

GOLDSRING INC
Form 10-K
April 12, 2010

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2009

OR

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

For the transition period from to

Commission File No. 000-32429

GOLDSRING, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other
jurisdiction of
incorporation or
organization)

1081
(Primary Standard
Industrial
Classification Code
Number)

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

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

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 Exchange Act).

Yes No

The aggregate market value of the 3,119,251,058 shares of voting stock held by non-affiliates of the registrant based on the closing price on the Over the Counter Bulletin Board on June 30, 2009 was \$37,400,000.

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

| Title of Class | Shares Outstanding April 9, 2010 |
|----------------|-------------------------------------|
| Common Stock | 3,782,450,927 |

DOCUMENTS INCORPORATED BY REFERENCE

None

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Statement Regarding Forward-Looking Statements

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

PART I

Item 1. Business

Overview

GoldSpring, Inc. is a North American precious metals mining company, headquartered in Nevada, with significant land holdings in the Comstock Gold-Silver District of Nevada. GoldSpring was incorporated in Florida in 1999 and redomiciled in Nevada in 2008. We have located a deposit of mineralized material in our Comstock holdings, at the Hartford Complex, and have secured several of the key mining permits required to resume mining. We completed the first phase of an exploration drilling program in the first quarter of 2009, and then analyzed the results to define the extent of the Hartford Deposit, assess other key exploration targets on our large land package and push the project toward production. The high-grade nature of the Hartford deposit and its potentially favorable configuration has potentially positioned us to become a profitable gold and silver producer in the future.

We operated the Billie the Kid pit as a test mine from 2004 to 2006. 16,175 ounces of gold and 68,514 ounces of silver were recovered from the mined material, using our heap leach processing facility in American Flat.

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

The exploration and developmental drilling program commenced at the Comstock project in mid December 2007 and continued through February 2009. During this program, we drilled 182 holes at the Lucerne / Hartford Complex at our Comstock Project. Once the drilling was complete, a mine model was built to evaluate the economic viability of the deposit. We wrote an in-house report to classify the mineralized material, based on the Society of Mining Engineers 2007 guidelines. Based on those favorable results, we made the decision to complete the necessary studies and return the mine to production.

We are actively seeking financing to reopen the mine, further expansion of our Comstock Lode Project and to meet our working capital needs. If we are unable to secure such financing, we may be unable to continue as a going concern.

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

| Name | Location | Type |
|--|----------------------------------|--|
| Comstock Lode Gold and Silver Properties | Storey and Lyon Counties, Nevada | Gold and silver lode claims |
| Spring Valley and Gold Canyon (South Comstock) | Lyon County, Nevada | Placer and lode gold and silver claims |
| Como | Lyon County, Nevada | Gold and silver lode claims |
| Big Mike | Pershing County, Nevada | Copper lode claims |

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

Our Comstock exploration activities include open pit gold and silver test mining. As defined by SEC Industry Guide 7, we have not yet established any proven or probable reserves at our Comstock Lode Project.. Therefore, all of our activities are considered test mining and exploratory in nature.

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

Employees

We have 14 employees, including our executives, managers, administrative staff, engineers, geologists, lab technicians, and process operators. We use consultants with specific skills to assist with various aspects of our

operation, including planning, scheduling, project evaluation, due diligence and acquisition initiatives.

Principal Markets

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

Government Regulation

Mining operations and exploration activities are subject to various national, state, and local laws and regulations in the United States, which govern prospecting, development, mining, production, exports, taxes, labor standards, occupational health, waste disposal, protection of the environment, mine safety, hazardous substances, and other matters. We have obtained or have pending applications for those licenses, permits, and other authorizations currently required to conduct our exploration and other programs. We believe that we are in compliance in all material respects with applicable mining, health, safety, and environmental statutes and regulations.

Reclamation

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

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

Competition

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

Financing Events

- In 2009, we financed operations through issuance of promissory notes and sales of our common stock, all in private placement transactions, which provided us with \$3,647,500 in net funding.
- In November 2009, we sold a 0.29% net smelter royalty on our Obester Property for \$260,000 to Precious Royalties, LLC. These funds were used to offset the purchase of the Obester Property in December 2009.

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 will require additional funds to pursue our business. We may not be able to secure further financing in the future or if we do, we may not be able to secure financing on favorable terms. 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.

If we are not able to obtain financing, it is unlikely that we will be able to continue as a going concern.

If we are unable to raise additional working capital through outside financing, it is unlikely that the cash generated from our internal operations will suffice as a primary source of the liquidity necessary for anticipated working capital requirements, capital expenditure requirements and interest payments associated with our lease obligations and indebtedness. There is no assurance that the Company's initiatives to improve its liquidity and financial position will be successful. Accordingly, there is substantial risk that the Company will be unable to continue as a going concern. In the event of insolvency, liquidation, reorganization, dissolution or other winding up of the Company, the Company's creditors would be entitled to payment in full out of the Company's assets before stockholders would be entitled to any payment, and it is unlikely that the value of such assets would exceed the claims on such assets.

We have received a qualified report from our independent auditors

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

Relative to our cash flows we have substantial indebtedness.

As of December 31, 2009, we had current indebtedness of \$16.1 million in addition to \$4.9 million of current accrued interest payable. For the fiscal year ended December 31, 2009, we had a deficit of cash flows from operating activities of \$3.6 million. Our substantial indebtedness, and our ability to incur additional indebtedness, may further negatively affect our cash flow and our ability to operate our business and react to changes in the economy or our industry.

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, if ever, or to continue long term operation of the Company.

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

We have invested capital and have otherwise been involved in various mineral properties and projects in Nevada where we may not have conducted sufficient exploration and engineering studies to minimize the risk of project failure to the extent that is typical in the mining industry or prudent considering our size. Our mineral projects involve high risks because we have not invested sufficient 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 due to limited resources. Standard industry practice calls for a mining company to prepare a formal mine plan and mining schedule and have these documents reviewed by a third party specialist. We do not have a formal mine plan that has been reviewed by a third party specialist. Because we have not established proven or probable reserves, there can be no assurance that we will be able to produce sufficient gold to recover our investment and operating costs.

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

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

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

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

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

Mineral exploration, particularly for gold and other precious metals, is highly speculative in nature, involves many risks, and frequently is nonproductive. There can be no assurance that our exploration and acquisition activities will be commercially successful. If 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, if any, 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. 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 anticipate expending sums for additional drilling and analysis which may or may not 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 the United States generally, and Nevada specifically, 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 (BLM) 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 Nevada 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 will increase.

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

Each of our officers and employees is important to our success. If any of them becomes unable or unwilling to continue in their respective positions and we are unable to find suitable replacements, our business and financial results could be materially negatively affected.

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

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

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

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

Outstanding convertible securities and warrants may result in substantial dilution.

At December 31, 2009 we had outstanding 3,662,067,844 shares of common stock. In addition, we had outstanding convertible notes and related interest plus various common stock purchase warrants. At December 31, 2009, these notes, related interest and warrants were convertible into or exercisable for a total of approximately 3.8 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 individually 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. The Financial Industry Regulatory Authority (FINRA) 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 FINRA 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 FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy or sell our stock and have an adverse effect on the market for our shares.

Item 2. Properties

Comstock Lode Project

Location, Access, and Title to the Property

We own or lease the following mineral exploration projects: The Comstock gold and silver exploration and test mining project, the Spring Valley and Gold Canyon placers project, the Como mineral claims, and the Big Mike copper project.

Our Comstock Lode Project is located in Storey and Lyon Counties, Nevada. The property is physically situated roughly three (3) miles south of Virginia City, Nevada. Paved state highways from Reno, Carson City, and Virginia City provide access to the property.

The Spring Valley and Gold Canyon project (South Comstock) is located in Lyon County, Nevada, approximately 1.5 miles south of Silver City, Nevada. We have performed geological reconnaissance and limited sampling on this property. During 2009, six drill holes were drilled on the property.

The Como mineral Claims are located in Lyon County, Nevada, approximately 15 miles east of Carson City. We have performed geological reconnaissance on this property, but have not drilled or collected any samples.

The Big Mike copper project is located in Pershing County, Nevada, and has not been explored or developed by us.

Comstock Lode Project

Our property rights to the mineral estate of the Comstock Lode Project consist of several mineral leases, numerous unpatented mineral claims, and fee ownership of real property.

Obester Property Purchase (2009):

In 2009, we secured long-term control of eleven patented mining claims in Storey and Lyons Counties, Nevada, through a purchase agreement from the Obester Group. This property includes five patented claims in the Lucerne / Billie the Kid area, representing the focus of our recent drilling program. It also includes six claims in the Occidental area, which provide a target for future exploration. The purchase supersedes a mining lease with Claire Obester, dated January 1, 1997, and a mining lease with Claire Obester, Jim Obester, Alan Obester, and Julian Smith dated May 1, 2008.

The total price to be paid to the Obester Group is \$1,650,000. A down-payment of \$250,000 was accepted, with the balance to be paid in quarterly payments of \$250,000 with an interest rate of 6%. These payments are current as of the date of this report. The transaction is expected to close through escrow on or before April 15, 2010. Once the transaction is complete, the Obester Group will receive a Net Smelter Royalty (NSR) of 1% of all future mineral production from the property, which reduces the our royalty obligation by 80%.

The purchase of this property was financed, in part, by an agreement to sell a NSR on the property to Precious Royalties, LLC. Under the agreement, Precious Royalties can earn up to a 5% NSR for a total price of \$4,500,000. The agreement calls for all funding to be received by March 31, 2010. During 2009, \$260,000 has been funded under the agreement, which was used to make the down payment on the property. As of December 31st, 2009, the Precious Royalties NSR was 0.29%.

Donovan Lease:

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

Fred Garrett Lease:

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

James Obester Lease:

We have a mineral exploration and mining lease agreement with James Obester dated August 1, 2008, covering ten unpatented claims located in Storey County. The lease remains in effect for as long as exploration, development,

mining, or processing operations are conducted on a continuous basis, without a lapse of activity for more than 180 days. We pay a royalty to the lessor amounting to \$200 per month for the first two years increasing to \$300 a month for the next three years and then increasing to \$500 per month thereafter, in addition to a royalty percentage of the Net Smelter Returns. The royalty percentage is a 2% NSR when gold is \$900 or less per ounce and 3% NSR when gold is greater than \$900 per ounce. We are also responsible for payment and filing of annual maintenance fees, if any, and taxes for these claims.

DWC Resources Letter of Intent:

On August 13, 2008, we entered into a binding letter of intent to purchase certain property owned by DWC Resources, Inc. in Storey County, Nevada. The purchase price is \$7,500,000, but is subject to adjustment pursuant to the results of a fairness opinion and/or appraisal to be obtained by us. The purchase price will be paid through issuance of a \$7,500,000 convertible promissory note which shall bear interest at the rate of 9% per year with quarterly interest payments due throughout the term of the note which is 5 years. The purchased assets include patented and unpatented lode mining claims owned by DWC Resources, Inc. in the Comstock Lode district. The letter of intent also provides for the payment of royalties ranging from 2% - 6% of "net smelter returns" based upon the price of gold per ounce and a 1% royalty to be paid to the party which sold the subject property to DWC Resources in 2007. There is also a commitment by us to expend a minimum of \$250,000 per year on exploration for five years. During 2009, we satisfied this annual obligation.

Sutro Tunnel Sublease:

Simultaneously with the DWC Resources Letter of intent, we entered into a binding letter of intent to sublease the Sutro Tunnel Lease dated January 1, 2008 between Sutro Tunnel Co. and John Winfield or his nominee. The purchase price for the sublease is \$2,000,000 (which is subject to adjustment upon receipt of a third party fairness opinion/appraisal) payable pursuant to the issuance of a \$2,000,000 convertible promissory note which shall bear interest at the rate of 9% per year with quarterly interest payments due throughout the term of the note which is 5 years. The letter of intent also provides for the payment of royalties ranging from 6% - 8% of "net smelter returns" based upon the price of gold per ounce and a 1% royalty to be paid to Mr. Winfield if Mr. Winfield provides an acceptable buyer of the Sutro Tunnel property. We are also required to fulfill lessee's obligations under the Sutro Tunnel Lease with regard to payment of royalties and exploration expenditures. During 2009, we satisfied this obligation.

Railroad & Gold Lease:

We entered into a mineral exploration and mining lease agreement with the Railroad and Gold, LLC on October 1, 2009 covering nine patented mining claims and sixteen unpatented mining claims in Storey County. The lease also includes rights for nine town lots and a rural parcel in American Flats. The lease is for an initial term of 15 years, but remains in effect for as long as exploration, development, mining, or processing operations are conducted on a continuous basis. We made an initial payment of \$25,000 for the lease. We will make annual advance minimum royalty payments, starting with \$30,000 on the first anniversary, and increasing by \$5,000 each year. We pay a royalty to the lessor of a 4% Net Smelter Return, which will be reduced by the sum of previously-paid advance minimum royalties. We are also responsible for payment and filing of annual maintenance fees, if any, and taxes for these claims.

GoldSpring Unpatented Claims:

In addition to the mineral leases, we hold 179 unpatented mineral claims in Storey County, hold eight unpatented mineral claims in Lyon County, and own title to 40 acres of land in Storey County. The W. Hughes Brockbank Living Trust has a lien against and a security interest in these unpatented mineral claims and the 40 acres of land pursuant to a Deed of Trust dated October 31, 2003, entered into with W. Hughes Brockbank Living Trust. The Deed of Trust was granted to secure a promissory note, dated October 31, 2003, in the amount of \$1 million for the balance of the purchase price for the property. The non-interest bearing promissory note requires ten quarterly payments of \$100,000 each. In 2007, Mr. Winfield's affiliates, Intergroup Corporation, Santa Fe Financial and Portsmouth Square, purchased the note from the W. Hughes Brockbank Living Trust. As of December 31, 2009, the outstanding balance of the note was \$250,000.

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Table of all Comstock Lode Project Owned or Controlled Patented Claims:

| Claim Number | Claim Name | Owner/Lessor | Position | Acres |
|--------------|------------------------------|----------------|----------|-------|
| 800-001-009 | Green | GSPG (Obester) | Fee | 11.0 |
| 800-001-11 | Echo Parcel | GSPG (Obester) | Fee | 7.0 |
| 800-001-12 | Lucerne | GSPG (Obester) | Fee | 8.0 |
| 800-001-08 | St. Louis Parcels | GSPG (Obester) | Fee | 7.0 |
| 800-002-71 | Billie the Kid | GSPG (Obester) | Fee | 18.0 |
| 800-001-010 | North Occidental | GSPG (Obester) | Fee | 7.2 |
| 800-001-025 | East North Occidental | GSPG (Obester) | Fee | 12.2 |
| 800-001-021 | Dean Parcel | GSPG (Obester) | Fee | 11.0 |
| 800-001-024 | South Occidental | GSPG (Obester) | Fee | 20.6 |
| 800-001-068 | Occidental | GSPG (Obester) | Fee | 7.8 |
| 800-001-026 | Edwards | GSPG (Obester) | Fee | 17.8 |
| USS 84 | Tarto Lode | Donovan | Lease | 1.0 |
| USS 86 | Hartford | Donovan | Lease | 14.0 |
| USS 1723 | Succor Lode | Donovan | Lease | 6.0 |
| USS 3760 | Olympia | Donovan | Lease | 6.0 |
| USS 4728 | Hardluck | Donovan | Lease | 6.0 |
| USS 4728 | Friendship | Donovan | Lease | 7.0 |
| USS 4728 | Brown Lode | Donovan | Lease | 8.0 |
| USS 125 | Niagra | Donovan / DWC | Lease | 3.0 |
| USS 1066 | S. Comstock | Donovan / DWC | Lease | 12.0 |
| 38822 | Bells Hill | DWC | Lease | 4.0 |
| 33721 | Black Bird | DWC | Lease | 11.0 |
| 2438 | Chonta Lode | DWC | Lease | 6.4 |
| 6916 | Cliffhouse | DWC | Lease | 16.9 |
| 3704 | Corey Jay Boer | DWC | Lease | 7.4 |
| 33733 | East Alamo Ledge | DWC | Lease | 11.9 |
| USS 49A/B | Front Lode A/B | DWC | Lease | 10.4 |
| 38822 | German | DWC | Lease | 3.6 |
| 16755 | Holman | DWC | Lease | 8.8 |
| 69 | Justice | DWC | Lease | 19.2 |
| 785 | Keystone Comstock | DWC | Lease | 12.1 |
| 1436 | Memphis | DWC | Lease | 14.1 |
| 39507 | Overland | DWC | Lease | 0.5 |
| 38822 | Sebastopol | DWC | Lease | 0.8 |
| 33722 | South Alamo | DWC | Lease | 9.4 |
| 39507 | Wedge | DWC | Lease | 1.2 |
| 16696 | White Lode | DWC | Lease | 11.8 |
| 353 | Woodville | DWC | Lease | 5.2 |
| USS 114 | Pride of Washoe | Garrett | Lease | 25.3 |
| USS 61 | Chollar Potosi (below Sutro) | RR & Gold | Lease | 35.2 |
| USS 178 | Culver | RR & Gold | Lease | 13.8 |
| USS 142/179 | Culver Addition | RR & Gold | Lease | 10.6 |

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| Claim Number | Claim Name | Owner/Lessor | Position | Acres |
|--------------|-----------------------------|-------------------|----------|-------|
| USS 357 | Frankel | RR & Gold | Lease | 5.5 |
| USS 126/107 | Gibbs | RR & Gold | Lease | 10.4 |
| USS 39 | Knickerbocker (N half) | RR & Gold | Lease | 5.4 |
| USS 215 | Rock Island | RR & Gold | Lease | 20.3 |
| USS 63 | Savage (below Sutro) | RR & Gold | Lease | 19.4 |
| USS 64 | Gould & Curry | RR & Gold / Sutro | Lease | 25.3 |
| 142 | Alpha | Sutro | Lease | 8.6 |
| USS 65 | Alta (Woodville) | Sutro | Lease | 24.7 |
| 128 | Bacon (USS 58) | Sutro | Lease | 1.5 |
| 129 | Bacon (USS 59) | Sutro | Lease | 0.6 |
| | Belcher | Sutro | Lease | |
| 130 | Burke & Hamilton | Sutro | Lease | 1.3 |
| 2611 | Capitol | Sutro | Lease | 9.2 |
| 131 | Challenge | Sutro | Lease | 1.5 |
| 1254 | Comstock Lode (Bullion) | Sutro | Lease | 27.3 |
| 68 | Confidence | Sutro | Lease | 4.0 |
| 9920 | Crown Point | Sutro | Lease | 3.3 |
| 149 | Empire North | Sutro | Lease | 1.8 |
| 150 | Empire South | Sutro | Lease | 0.7 |
| 216 | Exchequer | Sutro | Lease | 10.0 |
| 353 | Granville (Lady Washington) | Sutro | Lease | 5.9 |
| USS 146 | Grosh | Sutro | Lease | 7.4 |
| USS 147 | Grosh | Sutro | Lease | 5.3 |
| 3161 | Grosh Consolidated Mining | Sutro | Lease | 15.5 |
| 9919 | Imperial | Sutro | Lease | 2.6 |
| 125 | Joseph Trench | Sutro | Lease | 0.7 |
| USS 84 | Julia | Sutro | Lease | 9.1 |
| 9921 | Kentuck | Sutro | Lease | 0.9 |
| 9922 | Kentuck MG. | Sutro | Lease | 2.7 |
| 643 | La Cata | Sutro | Lease | 13.8 |
| 644 | Sara Ann | Sutro | Lease | 13.8 |
| | Seg. Belcher | Sutro | Lease | |
| USS 90 | Ward | Sutro | Lease | 7.1 |
| 143 | Wm Sharon | Sutro | Lease | 0.9 |
| 9918 | Yellow Jacket | Sutro | Lease | 7.7 |

Table of all Comstock Lode Project Owned or Controlled Unpatented Claims:

| Serial # | Claim Name | Location Date | Owner / Lessor | Type | Position | Land Source | Acres |
|-----------|-----------------------------|---------------|----------------|------|----------|-------------|-------|
| NMC416049 | Big Mike | 04/07/1987 | Donovan | Lode | Lease | BLM | 20.0 |
| NMC416048 | Cliff House Fraction | 04/07/1987 | Donovan | Lode | Lease | BLM | 4.0 |
| NMC416043 | Echo St. Louis Fraction | 04/07/1987 | Donovan | Lode | Lease | BLM | 0.3 |
| NMC416041 | Green St. Louis Fraction | 03/04/1987 | Donovan | Lode | Lease | BLM | 7.0 |
| NMC676492 | Hartford Lucerne Fraction | 04/07/1987 | Donovan | Lode | Lease | BLM | 0.9 |
| NMC416040 | Hartford South Extension | 04/07/1987 | Donovan | Lode | Lease | BLM | 3.0 |
| NMC416042 | Hartford St. Louis Fraction | 04/07/1987 | Donovan | Lode | Lease | BLM | 6.5 |
| NMC416044 | Justice Lucerne Fraction | 04/07/1987 | Donovan | Lode | Lease | BLM | 1.7 |
| NMC416046 | Justice Woodville Fraction | 04/07/1987 | Donovan | Lode | Lease | BLM | 3.1 |
| NMC416047 | New Deal Fraction | 04/07/1987 | Donovan | Lode | Lease | BLM | 12.0 |
| NMC416045 | South Comstock St. Louis | 04/07/1987 | Donovan | Lode | Lease | BLM | 1.0 |
| NMC416033 | Vindicator #8 | 04/06/1987 | Donovan | Lode | Lease | BLM | 20.7 |
| NMC705983 | Cook & Grey | 11/09/1953 | DWC | Lode | Fee | BLM | 1.8 |
| NMC116359 | Cumberland #2 | 08/19/1901 | DWC | Lode | Fee | BLM | 5.4 |
| NMC116360 | Cumberland #3 | 06/21/1902 | DWC | Lode | Fee | BLM | 1.0 |
| NMC116369 | Cumberland Frac | 09/28/1931 | DWC | Lode | Fee | BLM | 1.5 |
| NMC116356 | Flora Temple | 09/17/1957 | DWC | Lode | Fee | BLM | 0.2 |
| NMC705982 | New Flora Temple | 08/09/1994 | DWC | Lode | Fee | BLM | 5.1 |
| NMC116358 | Overland | 4/30/1875 | DWC | Lode | Fee | BLM | 2.7 |
| NMC116362 | Overlap | 10/01/1921 | DWC | Lode | Fee | BLM | 8.5 |
| NMC116363 | Overlap #1 | 10/01/1921 | DWC | Lode | Fee | BLM | 1.3 |
| NMC555211 | Overlap #3 | 04/24/1989 | DWC | Lode | Fee | BLM | 5.9 |
| NMC116351 | Windy Fraction | 11/09/1953 | DWC | Lode | Fee | BLM | 0.3 |
| NMC705983 | Woodville Extension | 08/10/1994 | DWC | Lode | Fee | BLM | 10.3 |
| NMC275502 | Alta #5 | 07/22/1983 | J. Obester | Lode | Lease | BLM | 20.7 |

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| Serial # | Claim Name | Location Date | Owner / Lessor | Type | Position | Land Source | Acres |
|-----------|-----------------------|---------------|----------------|------|----------|-------------|-------|
| NMC275503 | Alta #6 | 07/22/1983 | J. Obester | Lode | Lease | BLM | 20.7 |
| NMC275504 | Alta #7 | 07/22/1983 | J. Obester | Lode | Lease | BLM | 20.7 |
| NMC275505 | Alta #8 | 07/22/1983 | J. Obester | Lode | Lease | BLM | 12.7 |
| NMC275506 | Alta #9 | 07/22/1983 | J. Obester | Lode | Lease | BLM | 20.7 |
| NMC275507 | Alta #10 | 07/22/1983 | J. Obester | Lode | Lease | BLM | 20.7 |
| NMC276609 | Alta #12 | 07/22/1983 | J. Obester | Lode | Lease | BLM | 12.1 |
| NMC300858 | Brunswick #1 | 12/24/1983 | J. Obester | Lode | Lease | BLM | 20.7 |
| NMC300859 | Brunswick #2 | 12/24/1983 | J. Obester | Lode | Lease | BLM | 20.7 |
| NMC300860 | Brunswick #4 | 12/24/1983 | J. Obester | Lode | Lease | BLM | 20.7 |
| NMC705397 | Alto No. 9 | 09/23/1994 | RR & Gold | Lode | Lease | BLM | 10.7 |
| NMC705392 | Angels East Annex | 07/22/1994 | RR & Gold | Lode | Lease | BLM | 7.4 |
| NMC705390 | Angels No. 1 | 07/21/1994 | RR & Gold | Lode | Lease | BLM | 14.6 |
| NMC705391 | Angels No. 2 | 09/22/1994 | RR & Gold | Lode | Lease | BLM | 20.7 |
| NMC705395 | Hawk | 09/26/1994 | RR & Gold | Lode | Lease | BLM | 12.9 |
| NMC705396 | Hawk Fraction | 09/26/1994 | RR & Gold | Lode | Lease | BLM | 18.8 |
| NMC705400 | Iona | 09/27/1994 | RR & Gold | Lode | Lease | BLM | 12.6 |
| NMC705388 | Latigo | 09/27/1994 | RR & Gold | Lode | Lease | BLM | 18.7 |
| NMC705389 | Latigo 2 | 09/27/1994 | RR & Gold | Lode | Lease | BLM | 22.4 |
| NMC705403 | Maryland Fraction | 09/26/1994 | RR & Gold | Lode | Lease | BLM | 20.7 |
| NMC705393 | Merrilite | 09/23/1994 | RR & Gold | Lode | Lease | BLM | 15.6 |
| NMC705394 | Merrilite North Annex | 07/22/1994 | RR & Gold | Lode | Lease | BLM | 15.7 |
| NMC705401 | Oro Plato | 09/27/1994 | RR & Gold | Lode | Lease | BLM | 14.4 |
| NMC705402 | Owl | 09/26/1994 | RR & Gold | Lode | Lease | BLM | 5.9 |
| NMC705398 | West Nick | 07/21/1994 | RR & Gold | Lode | Lease | BLM | 20.7 |
| NMC705399 | West Nick No. 1 | 09/26/1994 | RR & Gold | Lode | Lease | BLM | 20.7 |
| NMC821729 | Comstock #1 | 10/16/2000 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821730 | Comstock #2 | 10/16/2000 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821731 | Comstock #3 | 10/16/2000 | GSPG | Lode | Fee | BLM | 20.7 |

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| Serial # | Claim Name | Location Date | Owner / Lessor | Type | Position | Land Source | Acres |
|-----------|---------------|---------------|----------------|------|----------|-------------|-------|
| NMC821735 | Comstock #7 | 10/16/2000 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821736 | Comstock #8 | 10/16/2000 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821737 | Comstock #9 | 10/16/2000 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821739 | Comstock #11 | 10/16/2000 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821740 | Comstock #12 | 10/16/2000 | GSPG | Lode | Fee | BLM | 20.6 |
| NMC821741 | Comstock #13 | 12/01/2000 | GSPG | Lode | Fee | BLM | 20.6 |
| NMC821742 | Comstock #14 | 10/16/2000 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821743 | Comstock #15 | 10/16/2000 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821744 | Comstock #16 | 10/16/2000 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821745 | Comstock #17 | 12/01/2000 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821746 | Comstock #18 | 12/01/2000 | GSPG | Lode | Fee | BLM | 13.8 |
| NMC821492 | Comstock #115 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821493 | Comstock #116 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821494 | Comstock #117 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821495 | Comstock #118 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821496 | Comstock #119 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821497 | Comstock #120 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821498 | Comstock #121 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821499 | Comstock #122 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821500 | Comstock #123 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821501 | Comstock #124 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821502 | Comstock #125 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821503 | Comstock #126 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821504 | Comstock #127 | 04/08/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821505 | Comstock #128 | 04/08/2004 | GSPG | Lode | Fee | BLM | 13.8 |
| NMC821506 | Comstock #129 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821507 | Comstock #130 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821508 | Comstock #131 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821509 | Comstock #132 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821510 | Comstock #133 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |

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| Serial # | Claim Name | Location Date | Owner / Lessor | Type | Position | Land Source | Acres |
|-----------|-------------------|---------------|----------------|------|----------|-------------|-------|
| NMC821511 | Comstock #134 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821512 | Comstock #135 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821513 | Comstock #136 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821514 | Comstock #137 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821515 | Comstock #138 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821516 | Comstock #139 | 07/01/2004 | GSPG | Lode | Fee | BLM | 14.4 |
| NMC821517 | Comstock #140 | 07/01/2004 | GSPG | Lode | Fee | BLM | 18.3 |
| NMC821518 | Comstock #141 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC821519 | Comstock #142 | 07/01/2004 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC983353 | Comstock Lode 100 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 16.0 |
| NMC983354 | Comstock Lode 101 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 6.1 |
| NMC983355 | Comstock Lode 102 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 5.4 |
| NMC983356 | Comstock Lode 103 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 2.0 |
| NMC983357 | Comstock Lode 104 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 2.2 |
| NMC983358 | Comstock Lode 105 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 1.1 |
| NMC983359 | Comstock Lode 106 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 8.6 |
| NMC983360 | Comstock Lode 107 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 12.7 |
| NMC983361 | Comstock Lode 108 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 1.0 |
| NMC983362 | Comstock Lode 109 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 2.3 |
| NMC983363 | Comstock Lode 110 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 19.2 |
| NMC983364 | Comstock Lode 111 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983365 | Comstock Lode 112 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 16.6 |
| NMC983366 | Comstock Lode 113 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 17.1 |
| NMC983367 | Comstock Lode 114 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 1.7 |
| NMC983368 | Comstock Lode 115 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 12.2 |
| NMC983369 | Comstock Lode 116 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.4 |
| NMC983370 | Comstock Lode 117 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.4 |
| NMC983371 | Comstock Lode 118 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |

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| Serial # | Claim Name | Location Date | Owner / Lessor | Type | Position | Land Source | Acres |
|-----------|-------------------|---------------|----------------|------|----------|-------------|-------|
| NMC983372 | Comstock Lode 119 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983373 | Comstock Lode 120 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 1.1 |
| NMC983374 | Comstock Lode 121 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 4.1 |
| NMC983375 | Comstock Lode 122 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983376 | Comstock Lode 123 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 4.6 |
| NMC983377 | Comstock Lode 124 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983378 | Comstock Lode 125 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 13.5 |
| NMC983379 | Comstock Lode 126 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983380 | Comstock Lode 127 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983381 | Comstock Lode 128 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983382 | Comstock Lode 129 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983383 | Comstock Lode 130 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983384 | Comstock Lode 131 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983385 | Comstock Lode 132 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983386 | Comstock Lode 133 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983387 | Comstock Lode 134 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983388 | Comstock Lode 135 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983389 | Comstock Lode 136 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983390 | Comstock Lode 137 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983391 | Comstock Lode 138 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983392 | Comstock Lode 139 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983393 | Comstock Lode 140 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983394 | Comstock Lode 141 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983395 | Comstock Lode 142 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983396 | Comstock Lode 143 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983397 | Comstock Lode 144 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983398 | Comstock Lode 145 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |

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| Serial # | Claim Name | Location Date | Owner / Lessor | Type | Position | Land Source | Acres |
|-----------|-------------------|---------------|----------------|------|----------|-------------|-------|
| NMC983399 | Comstock Lode 146 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983400 | Comstock Lode 147 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983401 | Comstock Lode 148 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983402 | Comstock Lode 149 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.5 |
| NMC983403 | Comstock Lode 150 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 8.4 |
| NMC983404 | Comstock Lode 151 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 14.5 |
| NMC983405 | Comstock Lode 152 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.1 |
| NMC983406 | Comstock Lode 153 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983407 | Comstock Lode 154 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983408 | Comstock Lode 155 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983409 | Comstock Lode 156 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983410 | Comstock Lode 157 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983411 | Comstock Lode 158 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983412 | Comstock Lode 159 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983413 | Comstock Lode 160 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983414 | Comstock Lode 161 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 15.6 |
| NMC983415 | Comstock Lode 162 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 19.5 |
| NMC983416 | Comstock Lode 163 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 7.7 |
| NMC983417 | Comstock Lode 164 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 12.8 |
| NMC983418 | Comstock Lode 165 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.5 |
| NMC983419 | Comstock Lode 166 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 6.3 |
| NMC983420 | Comstock Lode 167 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC983421 | Comstock Lode 168 | 12/21/2007 | Plum Mining | Lode | Fee | BLM | 16.2 |
| NMC992973 | Comstock Lode 169 | 07/10/2008 | Plum Mining | Lode | Fee | BLM | 1.4 |
| NMC992974 | Comstock Lode 172 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC992975 | Comstock Lode 173 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC992976 | Comstock Lode 174 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 20.2 |

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| Serial # | Claim Name | Location Date | Owner / Lessor | Type | Position | Land Source | Acres |
|------------|-------------------|---------------|----------------|------|----------|-------------|-------|
| NMC992977 | Comstock Lode 175 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC992978 | Comstock Lode 176 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 15.5 |
| NMC992979 | Comstock Lode 177 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 19.0 |
| NMC992980 | Comstock Lode 179 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC992981 | Comstock Lode 180 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 20.7 |
| NMC992982 | Comstock Lode 181 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 20.1 |
| NMC992983 | Comstock Lode 182 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 10.3 |
| NMC992984 | Comstock Lode 183 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 19.8 |
| NMC992985 | Comstock Lode 184 | 04/25/2008 | Plum Mining | Lode | Fee | BLM | 0.0 |
| NMC965375 | Ghost #1 | 09/30/2007 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC965376 | Ghost #2 | 09/30/2007 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC965377 | Ghost #3 | 09/30/2007 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC965378 | Ghost #4 | 09/30/2007 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC965379 | Ghost #5 | 09/30/2007 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC965380 | Ghost #6 | 09/30/2007 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC965381 | Ghost #7 | 09/30/2007 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC965382 | Ghost #8 | 09/30/2007 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC965383 | Ghost #9 | 09/30/2007 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC965384 | Ghost #10 | 09/30/2007 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC965385 | Ghost #11 | 09/30/2007 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC810323 | Lee #2 | 11/31/1999 | GSPG | Lode | Fee | BLM | 19.8 |
| NMC810324 | Lee #3 | 11/31/1999 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC810321 | Lee #5 | 11/31/1999 | GSPG | Lode | Fee | BLM | 19.4 |
| NMC814553 | Lee #8 | 01/29/2000 | GSPG | Lode | Fee | BLM | 19.5 |
| NMC814554 | Lee #9 | 01/29/2000 | GSPG | Lode | Fee | BLM | 19.2 |
| NMC1003426 | Loring 1 | 11/24/2008 | GSPG | Lode | Fee | BLM | 11.0 |
| NMC1003427 | Loring 2 | 11/24/2008 | GSPG | Lode | Fee | BLM | 18.8 |
| NMC1003428 | Loring 3 | 11/24/2008 | GSPG | Lode | Fee | BLM | 18.7 |
| NMC1003429 | Loring 4 | 11/24/2008 | GSPG | Lode | Fee | BLM | 18.9 |
| NMC1003430 | Loring 5 | 11/24/2008 | GSPG | Lode | Fee | BLM | 15.6 |
| NMC1003431 | Loring 6 | 11/24/2008 | GSPG | Lode | Fee | BLM | 9.1 |
| NMC1003432 | Loring 7 | 11/24/2008 | GSPG | Lode | Fee | BLM | 1.6 |
| NMC1003433 | Loring 8 | 11/24/2008 | GSPG | Lode | Fee | BLM | 1.7 |
| NMC1003434 | Loring 9 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1003435 | Loring 10 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1003436 | Loring 11 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1003437 | Loring 12 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1003438 | Loring 13 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1003439 | Loring 14 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1003440 | Loring 15 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.7 |

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| Serial # | Claim Name | Location Date | Owner / Lessor | Type | Position | Land Source | Acres |
|------------|--------------------|---------------|----------------|------|----------|-------------|-------|
| NMC1003441 | Loring 16 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1003442 | Loring 17 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.6 |
| NMC1003443 | Loring 18 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1003444 | Loring 19 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1003445 | Loring 20 | 11/24/2008 | GSPG | Lode | Fee | BLM | 20.6 |
| NMC1003446 | Loring 21 | 11/24/2008 | GSPG | Lode | Fee | BLM | 13.9 |
| NMC1003447 | Loring 22 | 11/24/2008 | GSPG | Lode | Fee | BLM | 6.6 |
| NMC1000122 | Omaha Fraction #1 | 10/30/2008 | GSPG | Lode | Fee | BLM | 7.2 |
| NMC1000123 | Omaha Fraction #2 | 11/08/2008 | GSPG | Lode | Fee | BLM | 0.9 |
| NMC1000124 | Omaha Fraction #3 | 10/30/2008 | GSPG | Lode | Fee | BLM | 1.6 |
| NMC1000125 | Omaha Fraction #4 | 10/30/2008 | GSPG | Lode | Fee | BLM | 0.2 |
| NMC1000126 | Omaha Fraction #5 | 10/30/2008 | GSPG | Lode | Fee | BLM | 0.2 |
| NMC1000127 | Omaha Fraction #6 | 10/30/2008 | GSPG | Lode | Fee | BLM | 1.8 |
| NMC1000128 | Omaha Fraction #7 | 10/30/2008 | GSPG | Lode | Fee | BLM | 2.3 |
| NMC1000129 | Omaha Fraction #8 | 10/30/2008 | GSPG | Lode | Fee | BLM | 0.3 |
| NMC1000130 | Omaha Fraction #9 | 10/30/2008 | GSPG | Lode | Fee | BLM | 6.5 |
| NMC1000131 | Omaha Fraction #10 | 10/30/2008 | GSPG | Lode | Fee | BLM | 0.8 |
| NMC1000132 | Omaha Fraction #11 | 10/30/2008 | GSPG | Lode | Fee | BLM | 1.1 |
| NMC1000133 | Omaha Fraction #12 | 10/30/2008 | GSPG | Lode | Fee | BLM | 0.4 |
| NMC1000134 | Omaha Fraction #13 | 10/30/2008 | GSPG | Lode | Fee | BLM | 1.1 |
| NMC1000135 | Omaha Fraction #14 | 10/30/2008 | GSPG | Lode | Fee | BLM | 1.4 |
| NMC1000136 | Omaha Fraction #17 | 10/30/2008 | GSPG | Lode | Fee | BLM | 1.6 |
| NMC1000137 | Omaha Fraction #18 | 10/30/2008 | GSPG | Lode | Fee | BLM | 1.3 |
| NMC1000138 | Omaha Fraction #19 | 10/30/2008 | GSPG | Lode | Fee | BLM | 2.2 |
| NMC1000139 | Omaha Fraction #20 | 10/30/2008 | GSPG | Lode | Fee | BLM | 1.0 |
| NMC1000140 | Omaha Fraction #21 | 10/30/2008 | GSPG | Lode | Fee | BLM | 1.1 |
| NMC1000141 | Omaha Fraction #22 | 10/30/2008 | GSPG | Lode | Fee | BLM | 3.0 |

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| Serial # | Claim Name | Location Date | Owner / Lessor | Type | Position | Land Source | Acres |
|------------|--------------------|---------------|----------------|------|----------|-------------|-------|
| NMC1000142 | Omaha Fraction #23 | 10/30/2008 | GSPG | Lode | Fee | BLM | 2.3 |
| NMC1000143 | Omaha Fraction #24 | 10/30/2008 | GSPG | Lode | Fee | BLM | 2.3 |
| NMC704516 | Overman #1 | 08/27/1994 | GSPG | Lode | Fee | BLM | 1.0 |
| NMC884216 | Plum | 11/19/2004 | GSPG | Lode | Fee | BLM | 20.4 |
| NMC1015613 | West Lode 59 | 09/09/2009 | GSPG | Lode | Fee | BLM | 4.5 |
| NMC1015630 | West Lode 77 | 09/09/2009 | GSPG | Lode | Fee | BLM | 2.3 |
| NMC1015631 | West Lode 78 | 09/09/2009 | GSPG | Lode | Fee | BLM | 13.3 |
| NMC1015632 | West Lode 79 | 09/09/2009 | GSPG | Lode | Fee | BLM | 20.6 |
| NMC1015648 | West Lode 96 | 09/09/2009 | GSPG | Lode | Fee | BLM | 10.2 |
| NMC1015649 | West Lode 97 | 09/09/2009 | GSPG | Lode | Fee | BLM | 19.8 |
| NMC1015650 | West Lode 98 | 09/09/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015651 | West Lode 99 | 09/09/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015666 | West Lode 115 | 09/09/2009 | GSPG | Lode | Fee | BLM | 18.3 |
| NMC1015667 | West Lode 116 | 09/09/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015668 | West Lode 117 | 09/09/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015669 | West Lode 118 | 09/09/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015670 | West Lode 119 | 09/09/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015691 | West Lode 203 | 09/10/2009 | GSPG | Lode | Fee | BLM | 16.3 |
| NMC1015692 | West Lode 204 | 09/10/2009 | GSPG | Lode | Fee | BLM | 10.4 |
| NMC1015693 | West Lode 205 | 09/10/2009 | GSPG | Lode | Fee | BLM | 4.6 |
| NMC1015694 | West Lode 206 | 09/10/2009 | GSPG | Lode | Fee | BLM | 0.2 |
| NMC1015696 | West Lode 223 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015697 | West Lode 224 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015698 | West Lode 225 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015699 | West Lode 226 | 09/10/2009 | GSPG | Lode | Fee | BLM | 19.1 |
| NMC1015700 | West Lode 227 | 09/10/2009 | GSPG | Lode | Fee | BLM | 13.5 |
| NMC1015701 | West Lode 228 | 09/10/2009 | GSPG | Lode | Fee | BLM | 7.6 |
| NMC1015702 | West Lode 229 | 09/10/2009 | GSPG | Lode | Fee | BLM | 1.9 |
| NMC1015703 | West Lode 243 | 09/10/2009 | GSPG | Lode | Fee | BLM | 15.3 |

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| Serial # | Claim Name | Location Date | Owner / Lessor | Type | Position | Land Source | Acres |
|------------|---------------|---------------|----------------|------|----------|-------------|-------|
| NMC1015704 | West Lode 244 | 09/10/2009 | GSPG | Lode | Fee | BLM | 13.6 |
| NMC1015705 | West Lode 245 | 09/10/2009 | GSPG | Lode | Fee | BLM | 18.9 |
| NMC1015706 | West Lode 246 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015707 | West Lode 247 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015708 | West Lode 248 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015709 | West Lode 249 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.5 |
| NMC1015710 | West Lode 250 | 09/10/2009 | GSPG | Lode | Fee | BLM | 16.6 |
| NMC1015711 | West Lode 263 | 09/10/2009 | GSPG | Lode | Fee | BLM | 12.4 |
| NMC1015712 | West Lode 264 | 09/10/2009 | GSPG | Lode | Fee | BLM | 7.2 |
| NMC1015713 | West Lode 265 | 09/10/2009 | GSPG | Lode | Fee | BLM | 15.3 |
| NMC1015714 | West Lode 266 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015715 | West Lode 267 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015716 | West Lode 268 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015717 | West Lode 269 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015718 | West Lode 270 | 09/10/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015719 | West Lode 301 | 09/09/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015720 | West Lode 302 | 09/09/2009 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC1015721 | West Lode 303 | 09/09/2009 | GSPG | Lode | Fee | BLM | 20.7 |

Present Condition of Property and Work Performed

We have completed extensive geological mapping, sampling, and drilling on a portion of the Comstock Project property, in order to characterize the mineralized material. We have performed preliminary metallurgical testing, mine planning, and economic analysis, and have produced internal reports of our mineralized material inventory. However, we have not established reserves that meet the requirements of SEC Industry Guide 7. Therefore, any activity we perform on the property is considered exploratory in nature. Part of our exploration included operating a test mine. The purpose of the test mine was to determine our capital and operating costs, metallurgical recoveries, and other mining factors, and determine if we could make a profit over and above our capital and operating costs.

Description of Equipment and other Infrastructure Facilities

We own a mine office building and shop building, a Merrill-Crowe gold precipitation plant, an agglomerator, crusher, screen, water truck, generators, dozers, cement silo with a screw feeder, and conveyors. The Merrill-Crowe gold precipitation plant and the mineral processing equipment are less than five years old. The net book value of these assets and land at December 31, 2009 was \$416,189 and \$1,885,277 respectively.

Geology, Structure and Mineralization

Gold and silver mineralization in the project area is highly dependent on geologic structural ground preparation over million of years, as it is throughout the Comstock Mining District. The heavily-faulted, volcanic-hosted setting of the Plum Mine area is favorable with respect to the natural conditions under which gold and silver mineralization occurs.

Mineralization in the Hartford Complex area is hosted by the northwest striking Silver City fault zone and is enhanced in volume and grade where intersected by cross-cutting east-west and northeast striking structures. Detailed geologic studies by our geologic staff have identified four sub-parallel northwest striking faults within the Silver City fault zone. The spacing between these faults is about 150 feet, while thicknesses of mineralization along individual faults range from 40 to 120 feet.

Mineralization within the project drill area is more gold enriched with silver to gold ratios of approximately 10:1. This compares to ratios of silver to gold of 100:1 over the historic Comstock bonanzas. Drilling has outlined gold and silver mineralization over a strike distance of nearly one mile, with in-fill drilling on 50 to 70 foot centers over .6 of a mile. Mineralization is open-ended to the north and south along strike and down-dip to the east.

Mineralized Material

Based on the results of the 2007-2009 drilling program, our team of mining industry professionals drafted a report, compiled in accordance with the Society of Mining, Metallurgy, and Exploration (SME) 2007 reporting guidelines. That report, finalized in June, 2009, estimated that our deposit of mineralized material contained 22.9 million tons, with an average grade of 0.028 ounces per ton gold and 0.370 ounces per ton silver. The report further estimated a mineable portion of the mineralized material to be 20.3 million tons, with an average grade of 0.029 ounces per ton gold, and 0.395 ounces per ton silver. However, we have not established any proven or probable reserves that meet the requirements of SEC Industry Guide 7.

Future Exploration Potential

The Comstock Mining district is a well-known, historic mining district, with over 150 years of production history. We have access to extensive reports and maps on various properties in the district, but to-date, we have only

conducted detailed geologic exploration on approximately 2% of our 5,200 acre land position. We are conducting an ongoing exploration program to locate and test surface mineral targets as well as deep underground bonanza targets by using historic compilation, geological mapping, geochemical and geophysical investigations and drilling.

Spring Valley Project (South Comstock)

We own a 100% interest in the 25 federal unpatented placer claims located in Lyon County, Nevada known as the Gold Canyon and Spring Valley claims. The 25 unpatented placer claims cover approximately 850 acres and are located about 30 miles southeast of Reno and six miles south of Virginia City, Nevada. In late 2008, we leased seven patented lode mining claims for this project. The properties are undeveloped and do not contain any open-pit or underground mines. We have not established any proven or probable reserves on the mineral claims. All of our activities associated with these properties are exploratory in nature. We have no plans to begin test mining operations on these properties in the near-term.

In 2008, we conducted geological reconnaissance in this area. As part of the 2007-2009 drilling program, six reverse circulation drill holes were drilled in Spring Valley. While all of these holes encountered anomalous mineralization, the fifth hole was significant as a “discovery hole”, encountering 30 feet of mineralized material averaging 0.209 ounces per ton gold, and 0.992 ounces per ton of silver. This previously-unknown mineral occurrence was found beneath just 40 feet of pediment. Additional drilling is needed to define the extent of this material.

Lyon County Unpatented Placer Claims:

| Serial # | Claim Name | Location Date | Owner | Type | Position | Land Source | Acres |
|-----------|-------------------|---------------|-------|--------|----------|-------------|-------|
| NMC677117 | Harlesk #1 | 3/8/1993 | GSPG | Placer | Fee | BLM | 4.4 |
| NMC677118 | Harlesk #2 | 3/8/1993 | GSPG | Placer | Fee | BLM | 19.7 |
| NMC677119 | Harlesk #3 | 3/8/1993 | GSPG | Placer | Fee | BLM | 17.8 |
| NMC677120 | Harlesk #4 | 3/8/1993 | GSPG | Placer | Fee | BLM | 4.5 |
| NMC677121 | Harlesk #5 | 3/8/1993 | GSPG | Placer | Fee | BLM | 20.1 |
| NMC677122 | Harlesk #6 | 3/8/1993 | GSPG | Placer | Fee | BLM | 17.7 |
| NMC677123 | Harlesk #7 | 3/8/1993 | GSPG | Placer | Fee | BLM | 20.3 |
| NMC677124 | Harlesk #8 | 3/8/1993 | GSPG | Placer | Fee | BLM | 17.4 |
| NMC677125 | Harlesk #9 | 3/8/1993 | GSPG | Placer | Fee | BLM | 18.9 |
| NMC677126 | Harlesk #10 | 3/8/1993 | GSPG | Placer | Fee | BLM | 19.9 |
| NMC872176 | Harlesk #100 | 4-19-2004 | GSPG | Placer | Fee | BLM | 21.0 |
| NMC872177 | Harlesk #101 | 4-19-2004 | GSPG | Placer | Fee | BLM | 21.2 |
| NMC872178 | Harlesk #102 | 4-19-2004 | GSPG | Placer | Fee | BLM | 21.0 |
| NMC872179 | Harlesk #103 | 4-19-2004 | GSPG | Placer | Fee | BLM | 20.8 |
| NMC99064 | SD Placer | 9/30/1967 | GSPG | Placer | Fee | BLM | 42.3 |
| NMC99065 | DS Placer | 9/30/1967 | GSPG | Placer | Fee | BLM | 82.1 |
| NMC99066 | Trio Claims | 9/30/1967 | GSPG | Placer | Fee | BLM | 41.5 |
| NMC99067 | Gold Star Placers | 7/18/1972 | GSPG | Placer | Fee | BLM | 81 |
| NMC99068 | Badger Placer | 8/13/1966 | GSPG | Placer | Fee | BLM | 21.0 |
| NMC99072 | EZ Placer | 2/6/1970 | GSPG | Placer | Fee | BLM | 40.2 |
| NMC99075 | Nugget Placer | 9/1/1959 | GSPG | Placer | Fee | BLM | 80.0 |
| NMC99076 | Star Placer | 11/12/1966 | GSPG | Placer | Fee | BLM | 41.1 |
| NMC99078 | Stans Placer | 9/2/1969 | GSPG | Placer | Fee | BLM | 80.3 |
| NMC99079 | Stangs Placer | 10/15/1969 | GSPG | Placer | Fee | BLM | 41 |
| NMC99074 | Mustang | 9/6/1969 | GSPG | Placer | Fee | BLM | 38 |

MICHAEL & KATHRYN S. DONDERO LEASE:

On November 1, 2008 we entered into a mineral exploration and mining lease agreement with Michael & Kathryn S. Dondero covering seven patented claims located in Lyon County. The lease remains in effect for as long as

exploration, development, mining, or processing operations are conducted on a continuous basis, without a lapse of activity for more than 180 days. We pay a royalty to the lessor amounting to the greater of \$1,000 per month or a 3% NSR. We are also responsible for payment and filing of annual maintenance fees, if any, and taxes for these claims. We also have an option to purchase the land and related patents for \$900,000.

Dondero Patented & Town Lots w/mineral rights Claims:

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

The Como Project

We own a 100% interest in the 8 unpatented lode mining claims, covering an area of approximately 168 acres in Lyon County, Nevada, that comprise the Como Project. We have conducted geological reconnaissance in this area, but have not conducted any drilling or sampling programs on this property.

Unpatented Como claims:

| Serial # | Claim Name | Location Date | Owner | Type | Position | Land | |
|----------|--------------|---------------|-------|------|----------|--------|-------|
| | | | | | | Source | Acres |
| NMC17092 | Como Comet 1 | 8/28/1976 | GSPG | Lode | Fee | BLM | 21.0 |
| NMC17093 | Como Comet 2 | 8/28/1976 | GSPG | Lode | Fee | BLM | 21.0 |
| NMC4439 | Como Comet 3 | 4/26/1977 | GSPG | Lode | Fee | BLM | 21.0 |
| NMC4440 | Como Comet 4 | 4/26/1977 | GSPG | Lode | Fee | BLM | 21.0 |
| NMC6121 | Como Comet 6 | 4/30/1977 | GSPG | Lode | Fee | BLM | 21.0 |
| NMC6122 | Como Comet 7 | 5/15/1977 | GSPG | Lode | Fee | BLM | 21.0 |
| NMC6123 | Como Comet 8 | 5/15/1977 | GSPG | Lode | Fee | BLM | 21.0 |
| NMC6124 | Como Comet 9 | 5/15/1977 | GSPG | Lode | Fee | BLM | 21.0 |

Big Mike Copper Project

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

At the end of September 2006, we entered into a ten year lease with a local company, controlled by a former GoldSpring director, for a 10 year lease of all of its mining claims for our Big Mike copper project. The lessor defaulted on the lease in 2009, and through his actions allowed a lien to be placed on the property by a contractor. We are negotiating to have the lien removed, and restore our property rights.

Unpatented Big Mike Claims:

| Serial # | Claim Name | Location Date | Owner | Type | Position | Land | |
|-----------|-----------------------|---------------|-------|--------|----------|--------|-------|
| | | | | | | Source | Acres |
| NMC87482 | Big Mike Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87483 | Big Mike 4 Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87484 | Big Mike 6 Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87485 | Big Mike 7 Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87486 | Big Mike 9 Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87487 | Big Mike 10 Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87488 | Big Mike 11 Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87489 | Big Mike 12 Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87490 | Big Mike 16 Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87491 | Big Mike 20 Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87492 | Big Mike 24 Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87493 | Big Mike 30 Lode | 6/18/1979 | GSPG | Lode | Fee | BLM | 20.7 |
| NMC87494 | Big Mike Extension | 7/27/1979 | GSPG | Lode | Fee | BLM | 17.7 |
| NMC87495 | Big Mike Extension #1 | 7/27/1979 | GSPG | Lode | Fee | BLM | 17.7 |
| NMC87496 | Big Mike Extension #2 | 7/26/1979 | GSPG | Lode | Fee | BLM | 17.7 |
| NMC87497 | Brandi Placer | 6/18/1979 | GSPG | Placer | Fee | BLM | 20.0 |
| NMC510111 | Big Ron | 7/26/1979 | GSPG | Lode | Fee | BLM | 20.0 |
| NMC510112 | Big Bruce | 7/26/1979 | GSPG | Lode | Fee | BLM | 20.0 |

Item 3. Legal Proceedings

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

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

None.

PART II

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

PRICE RANGE OF COMMON STOCK

Our common stock is currently traded on the OTC Bulletin Board under the symbol "GSPG.OB". The following table sets forth, for the periods indicated, the high and low inter-dealer closing prices per share of our common stock as reported on the Over The Counter Bulletin Board, without retail mark-up, mark-down or commission and may not represent actual transactions. As of December 31, 2009, we had over 11,000 holders of our common stock. That does not include the number of beneficial holders whose stock is held in the name of broker-dealers or banks. At December 31, 2009, we had 3,662,067,844, shares of common stock issued and outstanding.

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

| Year | Quarter | High | Low |
|------|---------|-------|------|
| 2008 | First | .0022 | .011 |
| 2008 | Second | .0035 | .017 |
| 2008 | Third | .006 | .018 |
| 2008 | Fourth | .024 | .011 |
| 2009 | First | .018 | .010 |
| 2009 | Second | .020 | .010 |
| 2009 | Third | .015 | .006 |
| 2009 | Fourth | .012 | .007 |

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information with respect to our common stock that may be issued upon the exercise of stock options under our incentive stock option plans as of December 31, 2009

| Plan Category | (a) Number of Securities to Be Issued Upon Exercise of Outstanding Options, | (b) Weighted- Average Exercise Price of Outstanding Options, Warrants, and | (c) Number of Securities Remaining Available for Future Issuance Under Equity |
|---------------|---|--|---|
|---------------|---|--|---|

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| | Warrants, and Rights | | Rights | Compensation Plans (Excluding Securities Reflected in Column (a)) |
|---|-------------------------|----|---------|--|
| Equity Compensation Plans Approved by Stockholders | 90,000,000 | \$ | 0.00963 | 700,000,000 |
| Equity Compensation Plans Not Approved by Stockholders | — | | — | — |
| Equity Compensation Plans Non Plan Based | 80,000,000 | \$ | 0.01119 | — |
| Total | 170,000,000 | \$ | .0104 | 700,000,000 |

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Dividend Policy

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

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

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

The following discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the year ended December 31, 2009, as well as our future results.

Overview

GoldSpring, Inc. is a North American precious metals mining company, focused in Nevada, with extensive, contiguous property in the Comstock Lode District. Our Company acquired two properties in the Comstock Lode in 2003. We secured permits, built an infrastructure and brought the exploration project into test mining production within a year of its acquisition. We began consolidating the Comstock Lode in 2005, by acquiring additional properties in the district, expanding our footprint and creating opportunities for exploration and mining.

We produced 16,175 ounces of gold and 68,514 ounces of silver between 2004 and 2006, from our test mining operation. Our test mining activities were suspended in 2007, and we began an exploration and drilling program to gather the detailed information to allow us to restart mining with a high degree of confidence.

We are looking to build on our success through the acquisition of other mineral properties in the Comstock Lode District with significant precious metals exploration potential. Our activities during 2009 were focused on specific objectives: to increase our mineralized material inventory through exploration, expand our mineral estate footprint in the Comstock, resume mining with optimized production of gold and silver, and maximize shareholder value.

Land

During 2009, we worked diligently to expand our mineral estate in the Comstock Lode mining district. We focused on accumulating contiguous properties with high potential as mineral exploration targets, as well as properties with the surface rights and water rights needed for mining.

On August 13, 2008, we entered into a binding letter of intent to purchase certain property owned by DWC Resources, Inc. in Storey County, Nevada. We simultaneously entered into a binding letter of intent to sublease the Sutro Tunnel Lease dated January 1, 2008 between Sutro Tunnel Co. and John Winfield or his nominee. During 2009, we continued to meet our obligations under the DWC and Sutro letters of intent, while negotiations continued to consummate these transactions. We expect to finalize the acquisitions during the first half of 2010.

We acquired a mining lease for nine patented mining claims and sixteen unpatented mining claims for our Comstock Lode project from Railroad and Gold, LLC. The lease also includes rights for nine town lots and a rural parcel in American Flats. These claims added 344 acres to the mineral estate for the project. The claims include a number of high quality exploration targets, including the area of the previously-mined Overman pit, and the under-exploited Caledonia area, which have been identified through our ongoing Comstock-wide geologic exploration program.

We purchased three town lots in Gold Hill, Nevada, totaling 4.79 acres, from Angelo and Joan Petrini. The property is adjacent to our northern extension exploration target. It provides potential drill locations, as well as a possible location for surface facilities. On February 17, 2009, we purchased these 4.79 acres in the Comstock District for \$130,000. We partially financed this transaction through a \$90,000 first deed of trust that is interest only for two years and bears interest at 16% per annum. The note is due and payable on February 17, 2011.

We secured long-term control of eleven patented mining claims in Storey and Lyons Counties, Nevada, through a purchase agreement from the Obester Group. This property includes five patented claims in the Lucerne / Billie the Kid area, which has been the focus of the recent drilling program. It also includes six claims in the Occidental area, which provide a target for future exploration. The claims have previously been controlled by GoldSpring and our predecessor organizations through mining leases.

The total price to be paid to the Obester Group is \$1,650,000. We made two initial payments totaling \$250,000, with the balance to be paid in quarterly payments of \$250,000 with an interest rate of 6%. These payments are current as of the date of this report. The transaction is expected to close through escrow on or before April 15, 2010. Once the transaction is complete, the Obester Group will receive a Net Smelter Royalty (NSR) of 1% of all future mineral production from the property.

We also entered into an agreement in October, 2009 with Precious Royalties, LLC, a Nevada LLC, to sell a Net Smelter Royalty (NSR) on gold and silver production from the patented claims purchased from the Obester Group. The agreement calls for a maximum NSR of 5%, based on funding of \$4,500,000, to be received by us by March 31, 2010. If the amount funded is less than \$4,500,000, the NSR percentage will be reduced proportionately. \$260,000 of this funding was received by us during 2009. As of the date of this report, a total of \$810,000 has been received from Precious Royalties, which has earned them a 0.95% NSR. The purchase agreement and the royalty sale combined to reduce our royalty obligation by 80% on these claims.

In the fourth quarter of 2009, we staked 165 lode mining claims in an area we called the "West Lode". This was contiguous to our earlier claims, and extended the project footprint significantly to the northwest. Our claim filings were initially accepted by the BLM and Washoe County. However, in the first quarter of 2010, we were notified by the BLM that a significant portion of this area had been withdrawn from mineral entry as part of the Washoe County master plan, and thus rendered the corresponding claims invalid. The remaining 43 lode mining claims continue to be recognized as valid claims by the BLM.

During 2009, we chose not to pursue the Drossulis mining lease, for six unpatented mining claims in Storey County, Nevada, nor the Leda Resources mining lease, for three unpatented mining claims in Storey and Washoe Counties, Nevada. This move allows us to focus our exploration resources on higher-quality mineral exploration targets.

At the end of 2009, our mineral estate in our Comstock Lode project includes 78 patented mining claims and 304 unpatented mining claims, totaling 5,200 acres. We continue to focus on adding strategic properties to our portfolio in the Comstock, which we believe will provide opportunities to increase our mineral resources through our ongoing exploration program.

Concluded Drill Program

The exploration and developmental drilling program that commenced at the Comstock project in mid December 2007 was completed during February 2009. We drilled 182 reverse circulation (RC) holes at the Lucerne / Hartford Complex, totaling 92,800' of drilling. Each drill hole was sampled on five-foot intervals, with assays performed by American Assay Labs, a certified, independent commercial laboratory. Check assays for certain intervals were performed by ALS Chemex Laboratories, a second certified, independent commercial laboratory.

Part of the 2007-2009 drilling program included six reverse circulation drill holes in Spring Valley. While all of these holes encountered anomalous mineralization, the fifth hole was significant as a "discovery hole", encountering 30 feet of mineralized material averaging 0.209 ounces per ton gold, and 0.992 ounces per ton of silver. This previously-unknown mineral occurrence was found beneath just 40 feet of pediment. Additional drilling is needed to define the extent of this material.

Completed Geological Model and Mine Plan

Once the 2007-2009 drilling program was complete, we worked with Techbase International, of Morrison, Colorado, to develop a three dimensional model of the mineralization in the Hartford Complex. The model used the assay information from the 182 newly-drilled drill holes, plus 514 holes drilled by previous operators. The Techbase software was used to geostatistically estimate gold and silver grades into a set of 10x10x10' cubes, in a project volume of 4,110' E-W, 4,510' N-S, and 1,200' vertically. This computerized definition of the mineralized material was used to develop a mine plan, and estimate the economics for a proposed mining and processing operation.

The GoldSpring team of mining industry professionals then drafted an internal report, compiled in accordance with the Society of Mining, Metallurgy, and Exploration (SME) 2007 reporting guidelines. That report, finalized in June, 2009, estimated that our deposit of mineralized material contained 22.9 million tons, with an average grade of 0.028 ounces per ton gold and 0.370 ounces per ton silver. The report further estimated the mineable portion of the mineralized material to be 20.3 million tons, with an average grade of 0.029 ounces per ton gold, and 0.395 ounces per ton silver. Based on this favorable result, the GoldSpring Board of Directors made a commitment to proceed with the steps necessary to resume mining and processing by early 2011.

A third-party review of the SME-based report, and its geostatistical modeling was completed by Robert Cameron, PhD, in September, 2009. Dr. Cameron is an authority on computerized mineral resource and reserve calculations and methodology. He visited the site and reviewed the project data, and interviewed the professional team. He re-ran portions of the analysis using the Techbase software. His report was favorable, and concluded that our estimation of the mineralized material was reasonable.

In December, 2009, we engaged Behre Dolbear, a mining consulting firm based in Denver, Colorado, to review our mine model, and to produce a technical report compliant with the Canadian NI 43-101 standard. The 43-101 standard is not recognized by SEC Guide 7, but this report is expected to help us attract international mining investors, who are accustomed to evaluating projects through this standard. The report is expected to be complete in the second quarter of 2010.

Permits

In March, 2009, we submitted a major modification application to our Water Pollution Control Permit, to the Nevada Division of Environmental Protection (NDEP). The modified permit was approved by the NDEP in November. The modifications to the permit include:

- Installation of a new three-stage crushing system;
- Construction and operation of two new crushed-material storage areas;
- Implementation of a high-grade milling circuit in a contained area;
- Increasing the capacity of the leach solution pumping system;
- Construction of a new pregnant solution pond; and
- Doubling the Merrill-Crowe processing plant capacity.

The milling circuit is a key factor in improving the economics of the project, once mining resumes. We estimate that the addition of the mill will improve gold recovery from 65% to approximately 95%. The improved crushing system will produce more-uniform crushed material, which will improve the recovery from heap leach processing.

We last modified our Reclamation Permit in mid-2008. No further modifications to the Reclamation Permit were required in 2009. We have maintained all of our Federal, State, and Local permits in good standing throughout the year. We did not have any liability associated with reclamation in 2009.

We expect to submit an application for a major modification to our Air Quality Permit and an application for a new Mercury Emissions Permit in April 2010. These permits are required before mining and processing can begin. Dennis Anderson, Professional Mine Engineer, leads the mine permitting efforts and is supported by the engineering consultants at Telesto Nevada, LLC, and Enviroscientists, Inc, both of Reno Nevada.

Organizational Changes

In October, Robert Reseigh was appointed to serve as interim Chief Executive Officer (CEO). In this role, Mr. Reseigh oversees all activities of the company, focusing on the resumption of mine production for our Comstock Lode project and the search for a permanent Chief Executive Officer. Mr. Reseigh has served as a Director of the Company since 2008, and is a recognized expert and independent consultant for tunnel, shaft, and mine development projects. He has over 40 years of experience in the mining and underground construction industries.

Financial

One of our primary goals is to resume mine production at our Comstock Lode project, which will require a significant capital investment. In November, we retained Moelis & Company to serve as our exclusive financial advisor. Moelis & Company is a global investment bank that provides financial advisory services and capital raising solutions to a broad client base, through its offices in New York, Boston, Chicago, Los Angeles, London, and Sydney. We are confident that the relationship will improve the likelihood that we will be able to finance our Comstock Lode project on favorable terms.

In December, we entered into a definitive agreement to obtain \$4.5 million in new debt financing for our Comstock Lode project. The financing is being provided through a consortium led by an existing shareholder, who is an accredited investor. The funding will be provided through convertible debentures, in six monthly increments of \$750,000, which commenced December 10th, 2009. Each debenture has a term of three years, carries an interest rate of 8%, and is convertible to restricted common stock, at \$.01 per share through maturity. The debentures also include warrants for 50% of the face amount, exercisable at \$.0175, a 100% premium to the current stock price, for three years.

Strategic Plan

We engaged Symmetry Advisors Inc. to guide our senior management through a planning process to build a detailed and optimized plan to further explore our Comstock Lode properties, return the mine to production, and unlock the

maximum value of the project for our shareholders. Symmetry Advisors, based in Cleveland, Ohio, is a management firm that directly enables organizational transformation, restructuring and performance improvements toward achieving an organization's stated goal.

Starting in November, 2009, Symmetry worked with our Directors, senior management, and technical team to establish a united goal for the company, draft a detailed strategic plan, backed up with detailed schedules and spending estimates required for achieving the goal. The plan was finalized in the first quarter of 2010, and presented to the Board of Directors for approval. The goal includes the resumption of mining by January, 2011, and the validation of mineralized material containing over 3 million gold-equivalent ounces within three years.

Early 2010 Developments

Our strategic plan calls for additional infill drilling and metallurgical testing prior to the resumption of mining. Two drilling programs are scheduled to begin during the first quarter, 2010. These drilling programs will be managed by Larry Martin, CPG, our Chief Geologist.

The first program is a reverse circulation drilling program, to provide additional information for a detailed mine design. It includes 52 infill holes in the Lucerne pit area, and another 12 condemnation holes in the areas designated for waste dumps and processing facilities. The drilling will initially be performed using two drilling rigs and crews supplied by George DeLong Construction, Inc., of Winnemucca, Nevada. Additional drilling rigs may be added later to accelerate the program.

The second drilling program will drill six core holes, using a diamond drilling rig and crews supplied by KB Drilling, of Moundhouse, Nevada. The core will be used for metallurgical testing, needed for final design of the processing flow sheet, and also for geotechnical testing, needed to finalize the slope stability calculations for the open pit walls.

The information from these drill programs will be used to develop a detailed mine design for reopening the mine, and to fine-tune our mineral processing procedures to maximize gold and silver recovery. We continue to take all needed steps needed to resume production.

The Company has prepared an application for a major modification to our Air Quality Permit and an application for a new Mercury Emissions Permit in the first quarter of 2010, under the direction of Dennis Anderson, PE, our Senior Engineer. These permits, to be issued by the Nevada Division of Environmental Protection (NDEP), are required before mining and processing can begin.

Additional activities planned for 2010:

A drilling program to evaluate what we have designated as the “northern extension” mineralization has been designed. This additional drilling will begin once the first program of infill and condemnation holes has been completed. Our strategic plan also calls for a program of exploration drilling on the 36 exploration targets already identified by our geologic team, throughout our extensive land holdings in the Comstock Lode district.

We will continue to increase our footprint in the Comstock Lode district by staking or leasing mining claims with potential for exploration success. We consider the historic Comstock Lode central to our growth strategy. We work collaboratively with Federal, State, and local regulatory agencies to ensure that we obtain all remaining permits needed resume mining.

The Company will accelerate our program to catalog and digitize our library of historic mining maps and reports, so that our team can leverage the knowledge accumulated by over 150 years of mining experience in the Comstock Lode.

Comparative Financial Information

| | Twelve Months ended December 31, 2009 | Twelve Months ended December 31, 2008 | Difference |
|---|--|--|---------------|
| Revenue | \$ 0 | \$ 0 | \$ 0 |
| Depreciation, depletion & amortization | 154,683 | 148,466 | (6,217) |
| Reclamation, Exploration and Test Mining Expenses | 2,864,854 | 3,896,931 | 1,032,077 |
| Consulting and professional | 244,610 | 213,507 | (31,103) |
| General and administrative | 1,303,939 | 3,882,372 | 2,578,433 |
| Gain Extinguishment of debt | - | (1,348,199) | (1,348,199) |
| Change in fair value of warrant and embedded liability, net | (2,829,446) | 31,965 | 2,861,411 |
| Other, net | (22,000) | 393,314 | (415,314) |
| Interest Expense | 4,348,029 | 9,268,367 | 4,921,298 |
| Net Loss | \$ (6,064,669) | \$ (16,487,683) | \$ 10,423,014 |

In years presented, we did not produce or sell any gold or silver at our Comstock project in Nevada. In February 2007, we suspended mining activity to focus on geology and exploration / developmental drilling and have not yet resumed mining.

Reclamation, Exploration and Test Mining Expenses were \$ 1,032,077 less for the year ended December 31, 2009 compared to the year ended December 31, 2008. The variance reflects the completion of our phase 1 Comstock Project exploration and developing drill program in the first quarter 2009. The Phase 1 drill program commenced in December 2007 and ended in February 2009.

Consulting and professional expenses for 2009 were \$244,610 compared to \$213,507 for 2008, amounting to a \$31,103 year over year increase. This negative variance stems from higher auditing and related fees in 2009.

2009 General and administrative expenses decreased by \$2,578,433 from 2008. The decrease reflects \$2.6 million of stock based compensation expense realized in 2008 from the issuance of stock options and stock grants. Total stock based compensation in 2009, which reflects stock grants issued to two employees, totaled \$67,250.

In 2008 we recorded a Gain on Extinguishment of Debt of \$1,348,199 which resulted from a modification of a conversion feature in two convertible notes.

Derivative change in Fair Value decreased in 2009 by \$2,861,411 from 2008. This favorable variance reflects the year over year fair value calculation change for beneficial features (embedded derivatives) and detachable instrument (warrants) contained in various notes at the end of 2009.

The year over year negative variance of \$415,314 of Other Expense primarily reflects an accrual adjustment to liquidated damages in 2008 resulting from the extinguishment of debt and financing costs.

Interest expense decreased in 2009 by \$4,921,298 from 2008. This favorable variance reflects \$5.4 million year over year decrease from the recognition of fair value calculation for convertible features (embedded derivatives) contained in various notes in 2009.

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

| | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Difference |
|---|---------------------------------------|---------------------------------------|---------------|
| Revenue | \$ 0 | \$ 0 | \$ 0 |
| Reclamation, Exploration and Test Mining Expenses | 287,033 | 1,481,100 | 1,194,067 |
| Consulting and professional | 67,000 | 71,522 | 4,522 |
| General and administrative | 281,269 | 2,349,598 | 2,068,329 |
| Gain Extinguishment of debt | 0 | (1,348,199) | (1,348,199) |
| Change in fair value of warrant and embedded derivative liability, net | (4,808,784) | 1,030,581 | 5,839,365 |
| Other, net | 0 | (183,999) | (183,999) |
| Interest Expense | 1,051,884 | 7,216,319 | 6,164,435 |
| Net Loss | \$ 3,080,988 | \$ (10,585,388) | \$ 13,666,376 |

In the fourth quarter 2009 and the fourth quarter 2008, we did not produce or sell any gold or silver at our Comstock project in Nevada. In February 2007, we suspended mining activity to focus on geology and exploration / developmental drilling and have not yet resumed mining.

Reclamation, Exploration and Test Mining Expenses were \$287,033 for the fourth quarter 2009 compared to \$1,481,100 for the fourth quarter 2008. The \$2,068,329 reduction in reclamation, exploration and test mining expenses reflects the completion of our Comstock Project exploration and developing drill program, which commenced in December 2007 and finished in the first quarter of 2009.

Fourth quarter 2009 General and administrative expenses decreased by \$2,068,329 compared to the fourth quarter of 2008. The decrease reflects \$1.8 million of stock based compensation expense realized in 2008 from the issuance of stock options and stock grants, and increased labor costs in 2008 from the hiring of additional employees in 2008 as part of our Comstock Project exploration drill program that ended in the first quarter 2009.

The Gain on Extinguishment of Debt of \$1,348,199 in 2008 arises out of modification of a conversion feature in two convertible note resulting in debt extinguishment accounting guidance to be applied.

Derivative change in Fair Value decreased in the fourth quarter 2009 by \$5,839,365 from the fourth quarter 2008. This favorable variance reflects the quarter over quarter fair value calculation change for beneficial features (embedded derivatives) and detachable instrument (warrants) contained in various notes at the end of 2009.

Interest expense for the fourth quarter 2009 was \$1,051,884 compared to \$7,216,319 in the fourth quarter 2008. The decrease in interest expenses of \$6,164,435 primarily represents the 2008 \$6.3 million fair value calculation for

convertible features (embedded derivatives) and detachable instruments (warrants) contained in various notes.

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

Liquidity and Capital Resources

Our cash resources are limited. Our continued existence and plans for mining production depend on our ability to obtain the capital necessary to operate, through the issuance of additional debt, royalty financing or equity. If we are unable to raise additional working capital through outside financing, it is unlikely that the cash generated from our internal operations will suffice as a primary source of the liquidity necessary for anticipated working capital requirements, capital expenditure requirements and interest payments associated with our lease obligations and indebtedness. For a further discussion of risks that can impact our liquidity, see Item 1A. "Risk Factors,"

During 2009, we secured \$3,647,500 in net financing. Specifically, we raised net \$902,500 through private placements of our common stock during the first fiscal quarter of 2009, \$2 million through the issuance of convertible notes and \$750,000 in December 2009, through the issuance of convertible notes. The December financing included a commitment of an additional \$3.75 million which should be in monthly tranches of \$750,000 through May of 2010. 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. See "Risk Factors -- If we are not able to obtain financing, it is unlikely that we will be able to continue as a going concern." We have yet to realize an operating profit at our Company. As disclosed herein, our independent registered public accounting firm raises substantial doubt about our ability to continue as a going concern due to our recurring losses and negative cash flow.

As of December 31, 2009, the Company was in default of the terms on several outstanding notes payable with John V. Winfield and affiliates ("the Winfield Group") totaling \$13,369,987 of principal and \$4,170,756 of interest. The Winfield Group consists of Mr. Winfield, Sante Fe Financial Corporation, Portsmouth Square and InterGroup Corporation, Combined, the Winfield Group represent the Company's largest creditor and a significant stockholder. Mr. Winfield is affiliated with these Companies through a direct controlling interest and/or as their Chairman of the Board. Because we are in default, the entire note balances of the defaulted notes have been recorded as current liabilities.

Mr. Winfield and his affiliates held various notes and debentures issued by the Company that are reported in several different liabilities accounts that are in default as of December 31, 2009. The notes are as follows:

| | Principal | Interest |
|--|---------------|--------------|
| Convertible Debentures Payable – Investors (Note 8) | \$ 687,929 | \$ 58,410 |
| Convertible Debentures Payable - Mandatory Redemption payment (Note 8) | 4,412,058 | 980,338 |
| Convertible Notes Payable - 2006 & 2007 (Note 8) | 1,620,000 | 932,658 |
| Promissory Notes – July 2005 Financing (Note 9) | 1,200,000 | 1,345,878 |
| Promissory Notes – Plum Mine (Note 9) | 250,000 | 56,250 |
| Promissory Notes Payable – December 2007 (Note 9) | 600,000 | 155,579 |
| Promissory Notes Payable – February 2008 (Note 9) | 600,000 | 142,189 |
| Convertible Notes Payable – 2008 (Note 8) | 2,500,000 | 390,897 |
| Convertible Notes Payable – December 2008 (Note 8) | 500,000 | 61,609 |
| Convertible Notes Payable – 2009 (Note 8) | 1,000,000 | 46,948 |
| | \$ 13,369,987 | \$ 4,170,756 |

The Winfield Group consists of Mr. Winfield and Santa Fe Financial Corporation, Portsmouth Square and InterGroup Corporation, and combined, represent the Company's largest creditor and a significant stockholder. Mr. Winfield is affiliated with these Companies through a direct controlling interest and/or as their Chairman of their respective board of directors. As of December 31, 2009, the Company is in technical default of the terms on several outstanding notes payable and accordingly the entire note balances of the defaulted notes have been recorded as current liabilities.

Item 8. Financial Statements and Supplementary Data

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of GoldSpring, Inc. as of December 31, 2009 and 2008 and the related consolidated statements of operations, changes in stockholders' deficiency and cash flows for the years ended December 31, 2009 and 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provided a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of GoldSpring, Inc. as of December 31, 2009 and 2008, and the consolidated results of its operations and its cash flows for the years then ended 2009 and 2008 in conformity with accounting principles generally accepted in the United States.

These consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has operating and liquidity concerns and, has incurred historical net losses approximating \$56,000,000 as of December 31, 2009. The Company also used cash in operating activities of \$3,564,779 in 2009. These factors raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. In this regard, Management is proposing to raise any necessary additional funds through loans and additional sales of its common stock. There is no assurance that the Company will be successful in raising additional capital.

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

Hollywood, Florida
April 2, 2010

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GOLDSRING, INC.
CONSOLIDATED BALANCE SHEETS

| | December 31, 2009 | December 31, 2008 |
|--|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 246,214 | \$ 322,938 |
| Total Current Assets | 246,214 | 322,938 |
| MINERAL RIGHTS, PLANT AND EQUIPMENT | | |
| Mineral rights | 1,270,547 | 1,530,547 |
| Plant and equipment, net | 2,301,466 | 489,236 |
| Total Mineral Rights, Plant and Equipment | 3,572,013 | 2,019,783 |
| RECLAMATION BOND DEPOSIT | 766,768 | 766,768 |
| LONG-LIVED DEFERRED RECLAMATION EXPENSE | 340,159 | 408,190 |
| TOTAL ASSETS | \$ 4,925,154 | \$ 3,517,679 |

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

GOLDSRING, INC.
CONSOLIDATED BALANCE SHEETS (Continued)

| | December 31, 2009 | December 31, 2008 |
|---|----------------------|----------------------|
| LIABILITIES AND STOCKHOLDERS' DEFICIENCY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 1,608,493 | \$ 1,222,933 |
| Accrued expenses | 271,054 | 121,750 |
| Accrued interest payable | 4,870,713 | 3,458,734 |
| Convertible debentures – current portion | 12,495,698 | 10,187,966 |
| Debt obligation – current portion | 3,650,000 | 2,660,565 |
| Total Current Liabilities | 22,895,958 | 17,651,948 |
| LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES | | |
| Convertible debentures | 3,025,325 | 3,282,563 |
| Debt obligation | 490,000 | - |
| Warrant and embedded derivative liability | 4,500,189 | 5,368,333 |
| Long-term reclamation liability | 1,186,966 | 1,105,342 |
| Total Long-Term Debt and Other Long-Term Liabilities | 9,202,480 | 9,756,238 |
| Total Liabilities | 32,098,438 | 27,408,186 |
| STOCKHOLDERS' DEFICIENCY | | |
| Common stock, \$.000666 par value 3,950,000,000 shares authorized, shares issued and outstanding were 3,662,067,844 (2009) and 3,380,948,371 (2008) | 2,438,937 | 2,251,712 |
| Additional paid-in capital | 25,316,171 | 22,721,504 |
| Accumulated deficit | (54,928,392) | (48,863,723) |
| Total Stockholders' Deficiency | (27,173,284) | (23,890,507) |
| TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY | \$ 4,925,154 | \$ 3,517,679 |

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

GOLDSRING, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

| | Years Ended December 31, | |
|---|--------------------------|-----------------|
| | 2009 | 2008 |
| REVENUE FROM GOLD SALES, Net | \$ | —\$ |
| COST AND EXPENSES | | |
| Depletion, depreciation and amortization | 154,683 | 148,466 |
| Reclamation, exploration and test mining expenses | 2,864,854 | 3,896,931 |
| General and administrative | 1,303,939 | 3,882,372 |
| Consultants and professional fees | 244,610 | 213,507 |
| Total Cost and Expenses | 4,568,086 | 8,141,276 |
| LOSS FROM OPERATIONS | (4,568,086) | (8,141,276) |
| OTHER INCOME (EXPENSE) | | |
| Gain on extinguishment of debt | — | 1,348,199 |
| Change in Fair Value of warrant and embedded derivative liability | 2,829,446 | (31,965) |
| Other, net | 22,000 | (393,314) |
| Interest expense | (4,348,029) | (9,269,327) |
| Total Other Expense | (1,496,583) | (8,346,407) |
| NET LOSS | \$ (6,064,669) | \$ (16,487,683) |
| Net loss per common share - basic | \$ (0.01) | \$ (0.01) |
| Basic weighted average common shares outstanding | 3,549,673,689 | 3,142,593,304 |

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

GOLDSRING, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIENCY
For the Years Ended December 31, 2009 and 2008

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

| | Common Shares Issued | Par value \$.000666 per share | Additional Paid-in Capital | Accumulated Deficit | Total |
|--|-------------------------|-------------------------------------|----------------------------------|------------------------|-----------------|
| December 31, 2007 (Restated) | 2,743,508,248 | \$ 1,827,177 | \$ 12,969,210 | \$ (32,376,040) | \$ (17,579,653) |
| Common stock issued for: | | | | | |
| Debenture principal | 196,155,028 | 130,639 | 1,949,634 | — | 2,080,273 |
| Debenture interest | 151,961,857 | 101,207 | 1,456,497 | — | 1,557,704 |
| Mineral rights | 3,866,667 | 2,575 | 76,983 | — | 79,558 |
| Consulting services | 7,166,704 | 4,773 | 106,323 | — | 111,096 |
| Mining software | 2,434,892 | 1,622 | 8,118 | — | 9,740 |
| Directors | 20,000,000 | 13,320 | 221,080 | — | 234,400 |
| Employees | 10,665,714 | 7,103 | 132,787 | — | 139,890 |
| Private placement | 137,000,000 | 91,242 | 1,428,758 | — | 1,520,000 |
| | 529,250,862 | 352,481 | 5,380,180 | — | 5,732,661 |
| Warrant cost and stock based option compensation | | | | | |
| Liquidated damages | 108,189,261 | 72,054 | 937,791 | — | 1,009,845 |
| Net loss | — | — | — | (16,487,683) | (16,487,683) |
| December 31, 2008 | 3,380,948,371 | \$ 2,251,712 | \$ 22,721,504 | \$ (48,863,723) | \$ (23,890,507) |
| Common stock issued for: | | | | | |
| Debenture principal | 26,652,890 | 17,751 | 174,517 | — | 192,268 |
| Debenture interest | 150,366,583 | 100,144 | 1,377,453 | — | 1,477,597 |
| Employees | 5,500,000 | 3,663 | 63,587 | — | 67,250 |
| Private placement | 98,600,000 | 65,667 | 836,833 | — | 902,500 |
| | 281,119,473 | 187,255 | 2,452,390 | — | 2,639,284 |
| Stock based option compensation | | | | | |
| | | | 142,277 | — | 142,277 |
| Net loss | — | — | — | (6,064,669) | (6,895,001) |
| December 31, 2009 | 3,662,067,844 | \$ 2,438,937 | \$ 25,316,171 | \$ (54,928,392) | \$ (27,173,284) |

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

GOLDSRING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years Ended December 31, | |
|--|-----------------------------|--------------------|
| | 2009 | 2008 |
| OPERATING ACTIVITIES: | | |
| Net loss | \$ (6,064,669) | \$ (16,487,683) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 154,683 | 148,466 |
| Stock warrants and stock based compensation and note accretion | 209,527 | 3,681,113 |
| Interest and liquidated damages paid through the issuance of stock | 1,477,597 | 2,567,549 |
| Interest from derivatives | 1,535,686 | 6,512,462 |
| Other | 5,000 | 120,836 |
| Extinguishment of debt | | (1,348,199) |
| Net change in derivative fair value | (2,829,446) | 31,965 |
| Net loss adjusted for non-cash operating activities | (5,511,622) | (4,773,491) |
| Changes in operating assets and liabilities: | | |
| Prepaid and other current assets | | 185,417 |
| Other current assets | | |
| Accounts payable | 385,560 | 917,296 |
| Accrued expenses | 1,561,283 | (711,186) |
| Other operating assets and liabilities | | |
| Other | | (130,052) |
| NET CASH USED IN OPERATING ACTIVITIES | (3,564,779) | (4,512,016) |
| INVESTING ACTIVITIES: | | |
| Reclamation bond deposit | | (389,599) |
| Mineral claims | 260,000 | (161,152) |
| Purchase of land, plant and equipment | (378,880) | (158,630) |
| NET CASH USED IN INVESTING ACTIVITIES | (118,880) | (709,381) |
| FINANCING ACTIVITIES: | | |
| Principal payments on Note Payable | (40,565) | (55,105) |
| Net proceeds from the issuance of company stock | 902,500 | 1,501,500 |
| Proceeds from the issuance of note payable to related party | 2,745,000 | 3,922,944 |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 3,606,935 | 5,369,339 |
| INCREASE IN CASH AND CASH EQUIVALANTS | (76,724) | 147,942 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 322,938 | 174,996 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 246,214 | \$ 322,938 |
| SUPPLEMENTAL CASH FLOW INFORMATION: | | |
| INCOME TAXES | \$ | \$ |
| INTEREST PAID | \$ | \$ |

GOLDSRING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Supplemental disclosure of non-cash investing and financing activities:

| | | |
|--|--------------|--------------|
| Issuance of company stock for interest | \$ 1,477,597 | \$ 1,557,704 |
| Issuance of company stock for liquidated damages | \$ | \$ 1,009,845 |
| Conversion of debt principal into company's common shares | \$ 192,268 | \$ 2,080,273 |
| Issuance of company stock to employees | \$ 67,250 | \$ 139,890 |
| Issuance of company stock for directors' fees | \$ | \$ 234,400 |
| Issuance of company stock for software | \$ | \$ 9,740 |
| Issuance of company stock for consulting services | \$ | \$ 111,096 |
| Issuance of company shares for acquisition of mineral claims | \$ | \$ 79,558 |
| Seller notes for acquisition of land | \$ 1,520,000 | \$ |
| Issuance of company stock for financing fees | \$ 36,000 | \$ |

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

GOLDSRING, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 For the years ended December 31, 2009 and 2008

Note 1 — Nature of Business

We are a North American precious metals mining company with an operating gold and silver test mine in northern Nevada. Our Company refocused as a mining company, when we acquired the Plum 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. Beginning in 2005, we started acquiring additional properties around the Plum project in Northern Nevada, expanding our footprint and creating opportunities for exploration. We are an emerging company operating test mine, looking to build on our success through the acquisition of other mineral properties in North America with reserves and exploration potential that can be efficiently put into near-term production. Our objectives are to increase production; increase reserves through exploration and acquisitions; expand our footprint at the Plum Mine; and maximize value for our shareholders.

Note 2 — Going Concern

The accompanying consolidated 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 net losses from operations and had no revenues from operations in either 2009 or 2008. For the year ended December 31, 2009 the Company incurred a net loss of \$6,064,699 and used cash in operations of approximately \$3,565,000. Further, the Company has inadequate working capital to maintain or develop its operations, and is dependent upon funds from private investors and the support of certain stockholders.

These factors raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. In this regard, Management is proposing to raise any necessary additional funds through loans and additional sales of its common stock. There is no assurance that the Company will be successful in raising additional capital.

Note 3 — Summary of Significant Accounting Policies

Terms and Definitions

| Company | GoldSpring, Inc. and Subsidiaries |
|-------------|---|
| ASC | Accounting Standards Codification |
| ASU | Accounting Standards Update |
| EITF | Emerging Issues Task Force |
| FASB | Financial Accounting Standards Board |
| FSP | FASB Staff Position |
| Plum LLC | Plum Mining Company, LLC |
| SAB | SEC Staff Accounting Bulletin |
| SEC | Securities Exchange Commission |
| SFAS or FAS | Statement of Financial Accounting Standards |
| SOP | Statement of Position |

Summarized below are the significant accounting policies of GoldSpring, Inc.

Principles of Consolidation

The consolidated financial statements include the accounts of our company and its wholly owned subsidiaries: GoldSpring, LLC, Ecovat Copper Nevada, LLC, The Plum Mining Company, LLC, and the Plum Mine Special Purpose Company LLC. All material inter-company transactions and balances have been eliminated in consolidation. Certain reclassifications have been made in the 2008 results to conform to the presentation used in 2009.

Cash and Cash Equivalents

We consider all highly liquid debt securities purchased with original or remaining maturities of three months or less to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts payable, and accrued expenses approximate fair market value because of the short maturity of those instruments. Furthermore, convertible debenture and other notes payable amounts approximate fair value at December 31, 2009 and 2008.

Credit Risk

It is our practice to place our cash equivalents in high-quality money market securities with a major banking institution. Certain amounts of such funds are not insured by the Federal Deposit Insurance Corporation. However, we consider our credit risk associated with cash and cash equivalents to be minimal.

Impairment of Long Lived Assets and Long Lived Assets to be Disposed Of

The Company accounts for impairment and disposal of long-lived assets in accordance with ASC 360 Property, Plant, and Equipment. This ASC establishes the accounting model for long-lived assets to be disposed of by sale and applies to all long-lived assets, including discontinued operations. This statement requires those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or discontinued operations.

We implemented ASC 360 in our evaluation of the fair value of certain assets described in Notes 4 and 5.

Revenue Recognition

The Company recognizes revenue in accordance with the provisions of ASC 600 Revenue, which states that revenue is realized or realizable and earned when all of the following four criteria are met:

- 1) Persuasive evidence of an arrangement exists,
- 2) Delivery has occurred or services have been rendered,
- 3) The seller's price to the buyer is fixed or determinable, and
- 4) Collectability is reasonably assured.

Specifically, when we are in operational status, sales of gold and silver dore are recorded when we issue a sales order to our refiner, Johnson Matthey, to sell a specified quantity of metals. Sales orders are typically executed within 48 hours of receipt. Upon receipt of the sale order, Johnson-Matthey confirms quantities available and executes the sale at the current market price of the metals on the day and time of the sales order. We record revenues on the day the sales order is issued based on the confirmed quantity of metal at the confirmed market price. Proceeds from the sale of metals are typically wired to our bank within twenty-four hours.

Stock Issued For Services

We base the value of stock issued for services on the market value of our common stock at the date of issue or our estimate of the fair value of the services received, whichever is more reliably measurable.

Plant and Equipment

We state plant and equipment at cost. We provide depreciation and amortization in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives or productive value.

We capitalize expenditures for renewals and improvements that significantly extend the useful life of an asset. We charge expenditures for maintenance and repairs to operations when incurred. When assets are sold or retired, the cost of the asset and the related accumulated depreciation are removed from the accounts and any gain or loss is recognized at such time. We use the straight-line method of depreciation for financial reporting purposes, depreciating assets over useful lives ranging from 3 to 10 years.

We review the carrying value of our plant and equipment assets on a quarterly basis. Where information and conditions suggest impairment, we write-down these assets to net recoverable amount, based on estimated future cash flows that may be attained from them.

Mineral Rights

We defer acquisition costs until we determine the viability of the property. Since we do not have proven and probable reserves as defined by SEC Industry Guide 7, exploration expenditures are expensed as incurred.

We expense holding costs to maintain a property on a care and maintenance basis as incurred. Also, we were not in mining in 2009 and thus we did not amortize any of our mineral rights.

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We review the carrying value of our interest in each mineral claim on a quarterly basis to determine whether impairment has incurred in accordance with ASC 360 (formerly SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets.")

Where information and conditions suggest impairment, we write-down these properties to net recoverable amount, based on estimated discounted future cash flows. Our estimate of gold price, mineralized materials, operating capital, and reclamation costs are subject to risks and uncertainties affecting the recoverability of our investment in property, plant, and equipment. Although we have made our best estimate of these factors based on current conditions, it is possible that changes could occur in the near term that could adversely affect our estimate of net cash flows expected to be generated from our operating properties and the need for possible asset impairment write-downs.

Where estimates of future net operating cash flows are not available and where other conditions suggest impairment, we assess if carrying value can be recovered from net cash flows generated by the sale of the asset or other means.

Reclamation Liabilities and Asset Retirement Obligations

Minimum standards for site reclamation and closure have been established by various government agencies that affect certain of our operations. We calculate our estimates of reclamation liability based on current laws and regulations and the expected undiscounted future cash flows to be incurred in reclaiming, restoring, and closing our operating mine sites. When we incur reclamation liabilities that are not related to asset retirements we recognize the obligations in accordance with ASC 410.30 (formerly SOP No. 96-1).

The Company accounts for its reclamation liabilities and asset retirement obligations in accordance with ASC 410 Asset Retirement and Environmental Obligations (ASC 410). The ASC requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred. ASC 410 requires us to record a liability for the present value of our estimated environmental remediation costs and the related asset created with it when a recoverable asset (long-lived asset) can be realized.

Share Based Compensation

The Company accounts for share based compensation in accordance with ASC 718 Compensation – Stock Compensation. Accordingly, the Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award and recognizes cost over the requisite service period.

Earnings Per Common Share

In calculating earnings per common share, we compute basic earnings per share by dividing net loss by the weighted average number of common shares outstanding, excluding the dilutive effects of common stock equivalents. For the years ended December 31, 2009 and 2008, we had net losses for which the affect of common stock equivalents would be anti-dilutive. Accordingly only basic and dilutive loss per share is presented.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenditures during the reported periods. Actual results could differ materially from those estimates. Estimates may include those pertaining to the estimated useful lives and valuation of property and equipment, software and mineral rights determining the

estimated net realizable value of receivables, and the realization of deferred tax assets.

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Risks and Uncertainties

We regularly evaluate risks and uncertainties and, when probable that a loss or expense will be incurred, record a charge to current period operations.

Income Taxes

We recognize deferred tax assets and liabilities based on differences between the consolidated financial statement carrying amounts and tax bases of assets and liabilities (using the applicable enacted tax rates and laws). We provide a valuation allowance for deferred tax assets for which we do not consider realization of such deferred tax assets to be likely.

Recent Authoritative Pronouncements

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

Recent Authoritative Pronouncements

In June 2009, FASB issued its final SFAS No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a Replacement of FASB Statement No. 162”, codified as ASC 105. ASC 105 made the FASB Accounting Standards Codification (the Codification) the single source of U.S. GAAP used by nongovernmental entities in the preparation of financial statements, except for rules and interpretive releases of the SEC under authority of federal securities laws, which are sources of authoritative accounting guidance for SEC registrants. The Codification is meant to simplify user access to all authoritative accounting guidance by reorganizing U.S. GAAP pronouncements into roughly 90 accounting topics within a consistent structure; its purpose is not to create new accounting and reporting guidance. The Codification supersedes all existing non-SEC accounting and reporting standards and was effective for the Company beginning July 1, 2009. Following ASC 105, the FASB will not issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead, it will issue ASU. The FASB will not consider ASUs as authoritative in their own right; these updates will serve only to update the Codification, provide background information about the guidance, and provide the bases for conclusions on the change(s) in the Codification.

In August 2009, the FASB issued ASU 2009-05 which includes amendments to Subtopic 820-10, “Fair Value Measurements and Disclosures—Overall”. The update provides clarification that in circumstances, in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value using one or more of the techniques provided for in this update. The amendments in this ASU clarify that a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability and also clarifies that both a quoted price in an active market for the identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. The guidance provided in this ASU is effective for the first reporting period, including interim periods, beginning after issuance. The adoption of this standard did not have a material impact on the Company’s (consolidated) financial position and results of operations.

Other ASUs, not effective until after December 31, 2009, are not expected to have a significant effect on the Company’s consolidated financial position or results of operations.

Note 4 — Mineral Rights

Mineral rights at December 31, 2009 and 2008 consisted of the following:

| | 2009 | 2008 |
|------------------------|--------------|--------------|
| Comstock Placer Claims | \$ 100,000 | \$ 100,000 |
| Big Mike Copper Claims | 69,138 | 69,138 |
| Comstock Lode Claims | 1,011,409 | 1,271,409 |
| Water rights | 90,000 | 90,000 |
| | \$ 1,270,547 | \$ 1,530,547 |

In November 2009, we sold a 0.29% net smelter royalty on our Obester Property for \$260,000 to Precious Royalties, LLC. These funds were used to offset the purchase of the Obester Property in December 2009.

Note 5 — Property and Equipment, net

Plant and equipment at December 31, 2009 and 2008, consisted of the following:

| | 2009 | 2008 |
|-------------------------------|--------------|------------|
| Land and Building | \$ 2,327,443 | \$ 547,166 |
| Vehicle and Equipment | 302,094 | 302,094 |
| Processing and Lab | 704,528 | 585,924 |
| Furniture and Fixtures | 49,390 | 49,390 |
| | 3,383,455 | 1,484,574 |
| Less accumulated depreciation | (1,081,989) | (995,338) |
| | \$ 2,301,466 | \$ 489,236 |

During 2009, we purchased the Obester Property for \$1,650,000 and the Petrini Property for \$130,000. These have been included under land and buildings.

Depreciation expense for the years ended December 31, 2009 and 2008 was \$86,651 and \$80,434, respectively.

We use the straight-line method of depreciation for financial reporting purposes, depreciating buildings over 15 years and other assets over useful lives ranging from 3 to 10 years.

Note 6 – Reclamation Bond Deposit

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

The Nevada Revised Statutes and regulations promulgated thereunder by the Nevada State Environmental Commission and the Nevada Division of Environmental Protection, Bureau of Mining and Reclamation require a bond to be posted for mining projects to assure we will leave the site safe, stable and capable of providing for a productive post-mining land use. Pursuant to the approved Reclamation Plans we secured a \$1,106,882 mine reclamation financial assurance instrument through the Nevada Division of Minerals' Bond Pool Program. As required by the bond pool program, a cash deposit of \$766,768 was made.

Note 7 — Long-term Reclamation Liability and Deferred Reclamation Expense

We have an accrued a long-term liability of \$1,186,966 and \$1,105,342 as of December 31, 2009 and 2008 respectively, with regard to our obligations to reclaim our Comstock Mine facility based on our reclamation plan submitted and approved by the Nevada State Environmental Commission and Division of Environmental Protection. In conjunction with recording the reclamation liability we recorded a deferred reclamation expense of which the value is being amortized over the period of the anticipated land disturbance. Costs of future expenditures for environmental remediation are discounted to their present value. Such costs are based on management's current estimate of amounts expected to be incurred when the remediation work is performed within current laws and regulations. It is reasonably possible that, due to uncertainties associated with the application of laws and regulations by regulatory authorities and changes in reclamation or remediation technology, the ultimate cost of reclamation and remediation could change in the future. We periodically review accrued liabilities for such reclamation and remediation costs as evidence becomes available indicating that our liabilities have potentially changed. The reclamation liability accretion expense for 2009 was \$81,624 and the amortization of long-lived deferred reclamation expense was \$68,031 for 2009.

Following is a reconciliation of the aggregate retirement liability associated with our reclamation plan for our Comstock Project:

| | 2009 | 2008 |
|---|--------------|--------------|
| Long-term reclamation obligation 1/1/ | \$ 1,105,342 | \$ 553,190 |
| Additional obligations incurred | | 476,222 |
| Liabilities settled during the period | | |
| Increase in present value of the reclamation obligation (accretion expense) | 81,624 | 75,930 |
| Long-term asset retirement obligation 12/31/ | \$ 1,186,966 | \$ 1,105,342 |

Following is a reconciliation of the aggregate long-lived deferred reclamation expense associated with on our reclamation plan for our Comstock Project:

| | 2009 | 2008 |
|--|------------|------------|
| Net long-lived deferred reclamation expense 1/1/ | \$ 408,190 | \$ — |
| Additional obligations incurred | | 476,222 |
| Amortization of deferred reclamation expense | (68,031) | (68,032) |
| Long-term asset retirement obligation 12/31/ | \$ 340,159 | \$ 408,190 |

Note 8 - Convertible Debentures

The following is a summary of the Convertible debentures as of December 31, 2009 and 2008. :

| | 2009 | 2008 |
|---|--------------|--------------|
| Convertible Debentures Payable – Investors | \$ 1,105,908 | \$ 1,105,908 |
| Convertible Debentures Payable - Mandatory Redemption payment | 4,412,058 | 4,412,058 |
| Convertible Notes Payable - 2006 & 2007 | 2,170,000 | 2,170,000 |
| Convertible Notes Payable: June – November 2008 | 2,500,000 | 2,500,000 |
| Convertible Notes Payable – July 2008 Longview Amended and Restated Note) | 2,782,563 | 2,782,563 |
| Convertible Notes Payable – December 2008 | 500,000 | 500,000 |
| Convertible Notes Payable – May – August 2009 | 1,807,732 | |
| Convertible Notes Payable – December 2009, net | 242,762 | |

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| | | |
|--|--------------|--------------|
| Subtotal | 15,521,023 | 13,470,529 |
| Less current portion of convertible debentures | (12,495,698) | (10,187,966) |
| Long term portion of convertible debentures | \$ 3,025,325 | \$ 3,282,563 |

The terms of the convertible debentures included above are as follows:

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Convertible Debentures Payable – Investors

During March 2004, we completed a private placement of securities transaction (the “March Offering”), which generated \$10 million in gross proceeds from a group of accredited institutional and individual investors. On November 30, 2004, we restructured the March Offering and entered into a new agreement (the “Subscription Agreement”) whereby we exchanged 21,739,129 shares of common stock and 21,739,129 warrants issued for 8% convertible notes, with the following terms;

| | |
|--------------------------|--|
| Convertible Loan Amount: | \$11.1 million, which includes the initial \$10 million investment and approximately \$1.1 million in accrued penalties resulting from the delay in the registration of common stock held by investors. Since initial funding, approximately \$10 million has been paid or refinanced leaving a balance of approximately \$1.1 million. |
| Interest Rate: | 15%, payable in arrears in cash or stock at the lender’s option |
| Conversion: | The conversion price shall is 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 debenture; or (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. In no event shall the conversion price be higher than \$.01, as noted below. |
| Term: | Note is currently due and in default |

As a result of the Company completing other financing arrangements at a lower conversion price, the reset provision clause was triggered and established a new fixed maximum conversion rate of \$0.01 in February 2008.

Convertible Debentures Payable – Mandatory Redemption Payment

John V. Winfield, a major shareholder and note holder, and his affiliates elected to convert approximately \$3.3 million of their convertible debentures under the November 30, 2004 Subscription Agreement into common stock . In March 2005, because we did not deliver the share certificates within the period required in the November 30, 2004 subscription agreement, John V. Winfield and his affiliates, a major shareholder and note holder elected to demand payment of approximately \$6.9 million pursuant to the mandatory redemption payment provisions of the November 30, 2004 subscription agreement and consequently forfeited his right to receive shares in lieu of payment. The Company did not have sufficient funds to meet this obligation. On March 31, 2005, Mr. Winfield and his affiliates entered into a Settlement Agreement with the Company whereby he agreed to convert the \$6.9million obligation into Convertible Debentures (“the Debentures”).

The terms of the Debentures are noted below:

| | |
|--------------------|--|
| Convertible | |
| Loan Amount: | \$6.9 million, of which approximately \$2.5 million has been paid or refinanced since initial funding leaving a remaining balance of approximately \$4.4 million. |
| Interest Rate: | 18%, payable in arrears in cash or stock at the lender's option |
| Payments: | Monthly installments of principal and interest over a 24 month period with the remaining entire balance of unpaid principal and interest due on March 31, 2007 |
| Conversion: | 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; or (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. In no event shall the conversion price be higher than \$.01 |
| Term: | Note is currently due and in default |
| Security interest: | 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. |

As a result of the Company completing other financing arrangements at a lower conversion price, the reset provision clause was triggered and established a new fixed conversion rate of \$0.01 in February 2008.

Convertible Notes Payable – 2006 & 2007

The convertible notes payable as of December 31, 2009 and 2008 are as follows:

| | Face amount |
|-----------------------------------|-------------|
| Winfield Group Debentures Payable | \$1,620,000 |
| Longview Debentures Payable | 550,000 |
| | \$2,170,000 |

The terms of the agreement are as follows:

| | |
|----------------|---|
| Convertible | |
| Loan Amount: | \$2,170,000 |
| Interest Rate: | 18%, payable in arrears in cash or stock at the lender's option |

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| | |
|-------------|--|
| Conversion: | The principal amount of the Note and interest is convertible into GoldSpring Common Stock at the lesser of (A) \$.01 per share, or (B) .85 multiplied by the "Volume Weighted Average Price" for the Borrower's Common Stock for the five trading days immediately prior to the Conversion Date. |
| Term: | Note is currently due and in default |
| Warrants: | 20,000,000 |
| Security: | 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 |

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In February 2008, as a result of the Company completing other financing arrangements at a lower conversion price, the reset provision clause was triggered and established a new fixed conversion rate of \$0.01.

Convertible Notes Payable: June – November 2008

In June 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”). In each month, during the five months ended December 2008, Winfield lent the Company \$500,000 pursuant to the Loan Agreement. These notes have been in default since late 2008 because we had failed to make any monthly payment on the notes. Pursuant to the terms and conditions of the loan agreement, the notes become immediately payable upon default and thus the note balance has been recorded as a current liability.

The terms of the agreement are as follows:

| | |
|--------------------------|--|
| Convertible Loan Amount: | \$2,500,000 |
| Interest Rate: | 9%, payable in arrears in cash or stock at the lender’s option |
| Conversion: | The principal amount of the Note and interest is convertible into GoldSpring Common Stock at the lesser of (A) \$.01 per share, or (B) .85 multiplied by the “Volume Weighted Average Price” for the Borrower’s Common Stock for the five trading days immediately prior to the Conversion Date. |
| Term: | Three Years |
| Warrants: | 50% Stock warrant coverage (Maximum warrants: 80,000,000) with an exercise price of \$0.02 and a term of four (4) years |
| Security: | Security interest in all of the Company’s assets, pari passu with the existing security interests |

On December 22, 2008, as a result of the Company completing other financing arrangements at a lower conversion price, the reset provision clause was triggered and established a new fixed conversion rate of \$0.01.

Convertible Notes Payable – July 2008 (Longview Amended and Restated Note)

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:

| | |
|--------------------------|---|
| Convertible Loan Amount: | \$2,782,563 (Includes an initial principal amount of \$2,175,000 and accrued interest of \$607,563) |
| Expiration Date: | July 10, 2011 |
| Interest Rate: | 11%, payable per annum |

Conversion: The principal amount of the Note and interest is convertible into GoldSpring Common Stock at the lesser of (A) \$.01 per share, or (B) .85 multiplied by the "Volume Weighted Average Price" for the Borrower's Common Stock for the five trading days immediately prior to the Conversion Date.

Term: Three Years

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The Amended and Restated Promissory Note, in the aggregate, totals \$2,782,563, \$2,175,000 was outstanding principal and \$607,563 was related outstanding interest.

On December 22, 2008, as a result of the Company completing other financing arrangements at a lower conversion price, the reset provision clause was triggered and established a new fixed conversion rate of \$0.01.

Convertible Notes Payable –December 2008

On December 8, 2008, we completed a financing transaction with Mr. Winfield and his affiliates which provided us with \$500,000 in funding. Pursuant to the terms and conditions of the note agreement, the notes become immediately payable upon default and thus the note balance has been recorded as a current liability as of December 31, 2009

The terms of the agreement are as follows:

| | |
|--------------------------|--|
| Convertible Loan Amount: | \$500,000 |
| Interest Rate: | 11%, payable quarterly in cash or stock at the Company's option |
| Conversion: | The principal amount of the Note and interest is convertible into GoldSpring Common Stock at the lesser of (A) \$.01 per share, or (B) .85 multiplied by the "Volume Weighted Average Price" for the Borrower's Common Stock for the five trading days immediately prior to the Conversion Date. |
| Term: | Note is currently in default |
| Warrants: | 12,500,000 |
| Security: | Security interest in all of the Company's assets, pari passu with the existing security interests |

Convertible Notes Payable – May 2009- August 2009

On May 1, 2009 the Company secured a \$2,000,000 commitment for additional convertible debt financing. The agreement upon 30 days prior written notice, permitted the Company to request financing in tranches between \$250,000 and \$500,000 per request. Funding requests were permitted at any time between May 1, 2009 and August 28, 2009. The Company requested and received \$2,000,000 from this financing. The notes are in default because we do not have sufficient authorized shares. Pursuant to the terms and conditions of the loan agreement, the notes become immediately payable upon default and thus the note balance has been recorded as a current liability.

The terms of the agreement are as follows:

| | |
|--------------------------|--|
| Convertible Loan Amount: | \$2,000,000 |
| Interest Rate: | 9%, payable in arrears in cash or stock at the lender's option |
| Conversion: | The principal amount of the Note and interest is convertible into GoldSpring Common Stock at the lesser of (A) \$.0125 per share, or (B) .85 multiplied by the "Volume Weighted Average Price" for the Borrower's Common Stock for the five trading days immediately prior to the Conversion Date. |
| Term: | Note is currently in default |
| Warrants: | 50% Stock warrant coverage (Maximum warrants: 80,000,000) with an exercise price of \$0.02 and a term of four (4) years |
| Security: | Security interest in all of the Company's assets, pari passu with the existing security interests |

| | Note Balance |
|------------------------------|--------------|
| Balances @ January 1, 2009 | \$ — |
| Convertible Note | 2,000,000 |
| Principal Payments | (192,268) |
| Balances @ December 31, 2009 | 1,807,732 |

The Convertible Loan Agreement Payable –May through August 23 2009 contained both an embedded beneficial conversion feature and detachable warrants at the commitment dates. Accordingly, we applied the accounting guidance of ASC 470-20 which covers convertible instruments with beneficial conversion features to determine the fair value of these items. Specifically, it states that when an instrument contains both a detachable instrument (warrants) and an embedded beneficial conversion feature, the proceeds of issuance should be allocated among the detachable instrument and the convertible instrument based on their relative fair values. Accordingly, we applied 470-20-35 to determine the amount allocated to the convertible instrument.

Regarding the freestanding warrants, applied the guidance of ASC 815-40. These warrants are cashless and only require settlement in shares, not cash or transfer of assets, and there is no obligation for the Company to repurchase the shares. The warrants are indexed solely to our own stock. We determined that the warrants were not within the scope of ASC 480-10-25-15. The value of the warrants was determined to be \$545,404. In general, the fair value of the warrants is recorded as a debt discount and amortized over the term of the note, but since we were in default, the entire amount has been recognized as interest expense in 2009. The fair value of the convertible feature, based on the intrinsic value methodology, was \$897,867 and has been recognized as interest expense in 2009.

Because we do not have sufficient authorized shares to physically settle all outstanding potential conversions, should they occur, we may not be able to deliver the required shares. The guidance offered in ASC 815-40, indicates that "if share settlement is not within the control of the Company an asset or liability classification is required." Consequently, we finally classified its warrants as liabilities and began to measure them at fair value in each subsequent reporting period.

The following summarizes the activity for Convertible Notes Payable – May 2009 – August 2009

| Note | Principal | Debt Discount (*) | Conversion Price per Share | Number of Shares Underlying Convertible Note | Effective Interest Rate | Earnings per Share Impact |
|------|-----------|-------------------|----------------------------|--|-------------------------|---------------------------|
| \$ | 2,000,000 | 1,443,271 | \$ 0.0125 | 160,000,000 | 33.1% | 0.01 |

(*) - The debt was in default and immediately due payable, therefore the entire unamortized debt discount was recognized as interest expense in 2009. The unamortized debt discount that was included in interest expense consists of the fair value of the warrants of \$545,404 and the convertible feature of \$897,867, for a total of \$1,443,271.

Convertible Notes Payable– December 2009

On December 10, 2009, we secured \$4,500,000 commitment for additional convertible debt financing. The agreement provided initial funding of \$750,000 and on each 30th day thereafter another tranche of \$750,000 through May 2010. As of December 31, 2009, we have received \$750,000 from this financing.

The terms of the agreement are as follows:

Convertible

Loan Amount: \$4,500,000 total commitment, of which \$750,000 was funded through December 31, 2009

Interest Rate: 8%, payable in arrears in cash or stock at the lender’s option

Conversion: The principal amount of the Note and interest is convertible into GoldSpring Common Stock at the lesser of (A) \$.01 per share, or (B) .85 multiplied by the “Volume Weighted Average Price” for the Borrower’s Common Stock for the five trading days immediately prior to the Conversion Date.

Term: Three Years

Warrants: 50% Stock warrant coverage (Maximum warrants: 257,142,857) with an exercise price of \$0.0175 and a term of three (3) years

Security: Security interest in all of the Company’s assets, subject to(a) Seller Note – plum Mine; (b) certain lenders (the “Additional Lenders”) as of March 31, 2005, July 15, 2005, September 26, 2005, December 12, 2007, June 27, 2008, December 8, 2008, May 1, 2009 and May 13, 2009.

The Convertible Loan Agreement Payable –December 2009 contained both an embedded beneficial conversion feature and detachable warrants at the commitment dates. Accordingly, we applied the accounting guidance of ASC 470-20 which covers convertible instruments with beneficial conversion features to determine the fair value of these items. Specifically, it states that when an instrument contains both a detachable instrument (warrants) and an embedded beneficial conversion feature, the proceeds of issuance should be allocated among the detachable instrument and the convertible instrument based on their relative fair values. Accordingly, we applied 470-20-35 to

determine the amount allocated to the convertible instrument.

Regarding the freestanding warrants, applied the guidance of ASC 815-40. These warrants are cashless and only require settlement in shares, not cash or transfer of assets, and there is no obligation for the Company to repurchase the shares. The warrants are indexed solely to our own stock. We determined that the warrants were not within the scope of ASC 480-10-25-15. The value of the warrants was determined to be \$201,428. The fair value of the warrants is recorded as a debt discount and amortized over the term of the note. In December 2009, \$4,196 of the fair value of the warrants was recognized as interest expense. The fair value of the convertible feature, based on the intrinsic value methodology, was \$316,602. The value of the conversion option is recorded as a debt discount and amortized over the term of the note. In December 2009, \$6,596 of the fair value of the convertible feature was recognized as interest expense

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Because we do not have sufficient authorized shares to physically settle all outstanding potential conversions, should they occur, we may not be able to deliver the required shares. The guidance offered in ASC 815-40, indicates that “if share settlement is not within the control of the Company an asset or liability classification is required.” Consequently, we finally classified its warrants as liabilities and began to measure them at fair value in each subsequent reporting period.

The following summarizes the activity for Convertible Notes Payable – May 2009 – August 2009

| | | Note Balance | |
|------------------------------|--|--------------|-----------|
| Balances @ January 1, 2009 | | \$ | — |
| Convertible Note | | | 750,000 |
| Debt Discount | | | (507,238) |
| Balances @ December 31, 2009 | | | 242,762 |

| Note Principal | Debt Discount | Conversion Price per Share | Number of Underlying Convertible Note | Effective Interest Rate | Earnings per Share Impact |
|----------------|---------------|----------------------------|---------------------------------------|-------------------------|---------------------------|
| \$ 750,000 | \$ 518,030 | \$ 0.01 | 75,000,000 | 31.0% | 0.01 |

The debt discount consists of the fair value of the warrants of \$201,428 and the convertible feature of \$316,602, for a total of \$507,238.

Debt Discount at December 31, 2009:

| | 2009 |
|--|--------------|
| Debt discount beginning balance – Jan. 1, 2009 | \$ — |
| Debt discount – embedded conversion feature | (316,602) |
| Debt discount – detachable warrants | (201,428) |
| Less amortization of debt discount | 10,792 |
| Unamortized debt discount | \$ (507,238) |

Note 9 —Debt Obligation

Our debt obligations as of December 31, 2009 and 2008 include the following:

| | 2009 | 2008 |
|--|--------------|--------------|
| Promissory Notes Payable - 2005 through 2008 | \$ 2,400,000 | \$ 2,400,000 |
| Debt –Note (Plum Mine) | 250,000 | 250,000 |
| Debt –Note (Obester Property) | 1,400,000 | — |
| Debt - Note (Petrini) | 90,000 | — |
| Equipment Financing | — | 10,565 |
| Subtotal | 4,140,000 | 2,660,565 |
| Less current portion | (3,650,000) | (2,660,565) |
| Long term portion of debt obligations | \$ 490,000 | \$ — |

The terms of the debt obligations listed above are as follows;

Promissory Notes Payable –2005 through 2008

The Company has the following promissory notes payable as of December 31, 2009 and 2008:

| | 2009 | 2008 |
|--|--------------|--------------|
| Promissory Notes Payable-July 2005 Financing | \$ 1,200,000 | \$ 1,200,000 |
| Promissory Notes Payable-December 2007 Financing | 600,000 | 600,000 |
| Promissory Notes Payable-January 2008 Financing | 600,000 | 600,000 |
| | \$ 2,400,000 | \$ 2,400,000 |

Promissory Notes Payable - July 2005 Financing

In July of 2005, we borrowed \$1.2 million from companies controlled by John V. Winfield, a major investor. 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 currently accrue interest at 17% 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, 2007. The notes are collateralized by substantially all of the Company's assets subject to the security interest of the Brockbank Trust (See Note 7). We had failed to make any payments on the notes; hence, they are in default and the original issue discount is fully amortized as of December 31, 2009.

Promissory Notes Payable – December 2007 Financing

In December 2007, we completed a financing transaction with Mr. Winfield and his affiliates 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 18% per annum, payable on or prior to the one year anniversary of the respective loan date. We had failed to make any payments on the notes; hence, they are in default and the original issue discount is fully amortized as of December 31, 2009.

Promissory Notes Payable – January 2008 Financing

On January 31, 2008, we completed a financing transaction with Mr. Winfield and his affiliates 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 18% per annum, payable on or prior to the one year anniversary of the respective loan date. We had failed to make any payments on the notes; hence, they are in default and the original issue discount is fully amortized as of December 31, 2009.

Debt – Note (Plum Mine)

We have a 5% bearing note payable note related to our purchase of the Plum Mining property. The note was payable on June 2006 and we are in default on this note. As of December 31, 2009 and 2008, we still had a \$250,000 note balance due. There is a first security interest on the assets of Plum Mining Property for this note.

Debt - Note (Obester Property)

In December 2009, we purchased mineral properties, which we had been leasing, from Claire Obester, Jim Obester, Alan Obester, and Julian Smith (“sellers”) for \$1,650,000 plus a 1% royalty. Pursuant to the purchase agreement, we made initial payments of \$250,000 and we issued a note to the “sellers” for \$1,400,000. The note bears interest of six percent (6%) per annum. Interest and principal payments shall be made in quarterly installments of \$250,000 with the first payment due on April 1, 2010 and continuing on the same day of each consecutive quarter, until July 1, 2011, when the then unpaid principal and accrued interest is due and payable.

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Debt - Note (Petrini Property)

On February 17, 2009 we purchased 4.79 acres in the Comstock District for \$130,000. We paid \$40,000 in cash and financed the balance of \$90,000 through a first deed of trust. The note is interest only for two years and bears interest at 16% per annum. The note is due and payable on February 17, 2011.

Equipment Financing

During 2004, we purchased certain equipment and financed our purchases through GMAC and Ford Motor Company credit agencies. Aggregated principal and interest due pursuant to the financings is due monthly in equal installments of \$1,054, at an average interest rate of 7.2%. In 2009, final principal of \$10,565 plus unpaid interest payments were made on these notes.

Note 10 - Debt Concentration

Mr. Winfield and his affiliates are the largest lenders to the Company. At December 31, 2009, we had approximately \$19,661,000 of outstanding note principal of which \$13,619,987 or 69%, was held by Mr. Winfield and his affiliates. In addition, of the \$13,619,987 total debt principal held by Mr. Winfield and his associates, \$13,441,000 represented convertible note principal and related interest due. Had Mr. Winfield converted all of his convertible holdings into our common stock at December 31, 2009, we would have been obligated to issue Mr. Winfield 2,134,000,000 shares representing 37% of our outstanding common shares. The amounts listed below have been reflected in the schedules presented in Note 8 and Note 9.

Debt Position with Mr. Winfield and his Affiliates

| Note Descriptions (Mr. Winfield and affiliates) | At December 31, 2009 | | |
|---|----------------------|---------------------|----------------------|
| | Principal | Unpaid Interest | Total |
| Convertible Notes Payable - Investors | \$ 687,929 | \$ 58,410 | \$ 746,339 |
| Convertible Debentures Payable - Mandatory Redemption Payment | 4,412,058 | 980,338 | 5,392,396 |
| Convertible Notes Payable - 2006 - 2007 | 1,620,000 | 932,658 | 2,552,658 |
| Convertible Notes Payable - June - November 2008 | 2,500,000 | 390,897 | 2,890,897 |
| Convertible Notes Payable - December 2008 | 500,000 | 61,609 | 561,609 |
| Convertible Notes Payable - May - August 2009 | 1,000,000 | 46,948 | 1,046,948 |
| Convertible Notes Payable - December 2009 | 250,000 | 556 | 250,556 |
| Promissory Note Payable - July 2005 | 1,200,000 | 1,345,878 | 2,545,878 |
| Promissory Note Payable - December 2007 Financing | 600,000 | 155,579 | 755,579 |
| Promissory Note Payable - January 2008 Financing | 600,000 | 142,189 | 742,189 |
| Debt Seller Note (Plum Mine) | 250,000 | 56,250 | 306,250 |
| Total at December 31, 2009 | \$ 13,619,987 | \$ 4,171,312 | \$ 17,791,299 |

Note 11 – Financial Instruments

The Company issues various note instruments with various terms but they are typically convertible into the Company's common stock and issued with detachable warrants. The following sections discuss in general those conversion features and warrants.

Conversion Features

The terms of the conversion feature of our debt instruments will differ between specific notes but their typical terms contain the following characteristics. Specific terms for each note are discussed in Notes 8 – 11 as appropriate.

- The conversion feature is an embedded beneficial conversion feature, where by debt is convertible into Goldspring's common stock at approximately 85% of market price (based on a "lookback" formula),
 - The embedded beneficial conversion feature is immediately exercisable,
 - Exercising the embedded beneficial conversion feature is not contingent on a future event,
- Exercising the embedded beneficial conversion feature may be converted into cash or stock at the discretion of the issuer (Goldspring),
- The conversion price is a fixed discount, there is no stated price floor or shares issued cap to the potential number of shares that can be converted to satisfy the conversion feature

Although such conversion features are typically considered equity instruments, because the conversion feature is a fixed discount from our traded stock price without a limit to the number of shares that may be issued, the Company cannot be assured that it has sufficient authorized shares to execute the conversion if presented. Accordingly, the Company is not "in control" of the conversion and recognition of the value of the conversion feature is deemed a liability for financial reporting purposes under the guidance offered in FAS 150. As liabilities related to financial instruments, we therefore apply fair value measurement to each conversion feature liability at each reporting period. See Note 13 for a discussion of fair value measurement.

Warrants

The terms of the warrants attached to our debt instruments will differ between specific notes but their typical terms contain the following characteristics. Specific terms for each note are discussed in Notes 8 – 11 as appropriate.

- Detachable warrants are included with the debt offering, as debt "sweetener", that generally provide for conversion at a fixed price,
 - There is no active trading market for our warrants
 - Goldspring lacks sufficient authorized shares to satisfy all conversion options if presented.

Although such warrants are typically considered equity instruments, because the Company cannot be assured that it has sufficient authorized shares to execute the conversion if presented. Accordingly, the Company is not "in control" of the conversion and recognition of the value of the conversion feature is deemed a liability for financial reporting purposes under the guidance offered in FAS 150. In addition, the guidance offered in ASC 815, indicates that "if share settlement is not within the control of the Company an asset or liability classification is required." Consequently, we classified our warrants as liabilities and began to measure them at fair value in each subsequent reporting period. See Note 13 for a discussion of fair value measurement.

Note 12 – Fair Value Measurements

As discussed in Note 3, ACS 820 provides a framework for measuring fair value under GAAP

ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk, including the Company's own credit risk.

In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discontinued cash flow models, and similar techniques.

The following describes the valuation methodologies the Company uses to measure financial assets and liabilities at fair value.

Liabilities Measured at Fair Value on a Recurring Basis

The following table presents our liabilities at December 31, 2009 and December 31, 2008, which are measured at fair value on a recurring basis:

| | Total | Fair Value Measurements at December 31, 2009 | | |
|-----------------------------------|---------------------|--|-------------|---------------------|
| | | Level 1 | Level 2 | Level 3 |
| Liabilities: | | | | |
| Convertible features and warrants | \$ 4,500,189 | \$ — | \$ — | \$ 4,500,189 |
| Total Liabilities | \$ 4,500,189 | \$ — | \$ — | \$ 4,500,189 |

| | Total | Fair Value Measurements at December 31, 2008 | | |
|-----------------------------------|---------------------|--|-------------|---------------------|
| | | Level 1 | Level 2 | Level 3 |
| Liabilities: | | | | |
| Convertible features and warrants | \$ 5,368,333 | \$ — | \$ — | \$ 5,368,333 |
| Total Liabilities | \$ 5,368,333 | \$ — | \$ — | \$ 5,368,333 |

As discussed in Note 12, conversion feature liability represents the discount on convertible notes proceeds associated with the fair value of the embedded conversion features of our notes. Warrant liabilities represent detachable warrants issued in association with various notes payable.

The fair values for the conversion feature and warrant liabilities included in Level 3 are estimated using industry standard valuation models, such as the Black-Scholes-Merton model. Level 3 derivative liabilities primarily include certain over-the-counter options.

Gains (losses) from changes in fair values of the conversion feature and warrant liabilities that are not designated as hedges are recognized in other income (expense). The amounts recognized during the year ended December 31, 2009 and December 31, 2008 are as follows:

| | Liabilities | | | |
|---|-------------------------|--------------|-------------------------|--------------|
| | As of December 31, 2009 | | As of December 31, 2008 | |
| | Balance Sheet Location | Fair Value | Balance Sheet Location | Fair Value |
| Derivative not designated as hedging Instruments under ASC 815 | | | | |
| Convertible features and warrants | Long-term Debt | \$ 4,500,189 | Long-term Debt | \$ 5,368,333 |
| Total Instruments not designated as hedging instruments under ASC 815 | | \$ 4,500,189 | | \$ 5,368,333 |

| Derivatives Not Designated as Hedging Instruments under ASC 815 | Location of Loss Recognized in income on Derivative | Amount of Loss Recognized in Income on Derivative | |
|---|---|---|--------------------------------------|
| | | For the year ended December 31, 2009 | For the year ended December 31, 2009 |
| Convertible features and warrants | Interest Expense | \$ 1,454,063 | \$ 4,594,948 |
| Total: | | \$ 1,454,063 | \$ 4,594,948 |

The following table indicates the changes in fair value of the instruments:

| | | Convertible Features and Warrants |
|------------------------------|----|---|
| Balances @ January 1, 2008 | \$ | 776,835 |
| Additions | | 4,591,498 |
| Reductions | | |
| Balances @ December 31, 2008 | | 5,368,333 |
| Additions | | 1,961,302 |
| Reductions | | (2,829,446) |
| Balances @ December 31, 2009 | \$ | 4,500,189 |

Note 13 — Stockholders' Equity

Common stock was issued during the year ended December 31, 2009 and December 31, 2008 for the following purposes:

| | 2009 Share | | 2008 Share | |
|-------------------------|--------------------|---------------------|--------------------|---------------------|
| | Issuances | Share Value | Issuances | Share Value |
| Debenture principal | 26,652,890 | \$ 192,268 | 196,155,028 | \$ 2,080,273 |
| Debenture Interest | 150,366,583 | 1,477,597 | 151,961,857 | 1,557,704 |
| Liquidated damages | — | — | 108,189,261 | 1,009,845 |
| Private placements | 98,600,000 | 986,000 | 137,000,000 | 1,520,000 |
| Mineral claims | — | — | 3,866,667 | 79,558 |
| Mining software | — | — | 2,434,892 | 9,740 |
| Consulting | — | — | 7,166,704 | 111,096 |
| Employees and directors | 5,500,000 | 67,250 | 30,665,714 | 374,290 |
| Total | 281,119,473 | \$ 2,723,115 | 637,440,123 | \$ 6,742,506 |

The following schedules provide additional detail on the summary listed above.

Debenture Principal, Debenture Interest and Liquidated Damages for 2009

The following represents principal and interest payments on debt, made in 2009 with the issuance of our common stock. The shares were valued in accordance with each respective convertible note's term as disclosed in Note 8.

| Note Description | Principal Payment Number of Shares | Value of Shares | Interest Payment Number of shares | Value of Shares |
|--|---|--------------------|--|--------------------|
| Convertible Debentures Payable-Investors | — | \$ — | 29,373,214 | \$ 257,618 |
| Convertible Debentures Payable- Mandatory Redemption payment | — | — | 99,000,000 | 990,000 |
| | — | — | 21,993,369 | 229,979 |

| | | | | |
|--|------------|------------|-------------|--------------|
| Long-Term Convertible Notes | | | | |
| – July 2008 (Longview Amended and Restated Note) | | | | |
| Convertible Notes: May 2009 | | | | |
| – Aug. 2009 | 26,652,890 | 192,268 | — | — |
| | 26,652,890 | \$ 192,268 | 150,366,583 | \$ 1,477,597 |

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Debenture Principal, Debenture Interest and Liquidated Damages

The following represents principal and interest payments on debt, made in 2008 with the issuance of our common stock.

| Note Description | Principal Payment Number of Shares | Value of Shares | Interest Payment Number of shares | Value of Shares |
|--|--|--------------------|--|--------------------|
| Convertible Debentures Payable-Investors | 47,587,404 | \$ 464,329 | 20,880,311 | \$ 193,339 |
| Convertible Debentures Payable- Mandatory Redemption payment | 134,001,185 | 1,325,000 | 116,849,523 | 1,113,785 |
| Convertible Debentures Payable- Failure to Deliver Shares | 9,258,584 | 90,944 | 6,815,961 | 66,942 |
| Long-Term Convertible Notes – July 2008 (Longview Amended and Restated Note) | — | — | 4,329,541 | 67,338 |
| Promissory Notes Payable-December 2005 Financing | 5,307,855 | 200,000 | 3,086,521 | 116,300 |
| | 196,155,028 | \$ 2,080,273 | 151,961,857 | \$ 1,557,704 |

Liquidated Damages

The following represents liquidated damage payments on debt, made during 2008 with the issuance of our common stock. There were no liquidated damages incurred or paid out during 2009.

| Note Description | Liquidated Damage Payment Number of Shares | Value of Shares | Total Shares Issued | Total Value of Shares |
|--|--|--------------------|------------------------|--------------------------|
| Convertible Debentures Payable-Investors | 18,799,801 | \$ 166,509 | 87,267,516 | \$ 824,177 |
| Convertible Debentures Payable- Mandatory Redemption payment | 87,686,922 | 826,618 | 338,537,630 | 3,265,403 |
| Convertible Debentures Payable- Failure to Deliver Shares | 1,702,538 | 16,718 | 17,777,083 | 174,604 |
| Longview Amended and Restated Note - 2008 | — | — | 4,329,541 | 67,338 |
| Promissory Notes Payable-December 2005 | — | — | 8,394,376 | 316,300 |

Financing

| | | | | |
|-------|-------------|--------------|-------------|--------------|
| Total | 108,189,261 | \$ 1,009,845 | 456,306,146 | \$ 4,647,822 |
|-------|-------------|--------------|-------------|--------------|

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Private Placements

The following 2009 private placement transactions raised a gross total of \$986,000 in exchange for 98,600,000 shares of our unregistered Common stock, placed with accredited investors. In general, the proceeds were used to fund exploratory drilling and for general working capital.

- During the first quarter 2009, \$986,000 for 98,600,000 shares at \$0.01 per share and 95,000,000 warrants. The warrants have an exercise price of \$.015 and a term of six years. .

The following 2008 private placement transactions raised a total of \$1,520,000 in exchange for 137,000,000 shares of our unregistered Common stock, were place with accredited investors. In general, the proceeds were used to fund exploratory drilling and for general working capital.

- In the first quarter 2008, \$500,000 for 40,000,000 shares at \$0.015 per share.
- During the second quarter 2008, \$500,000 for 40,000,000 shares at \$0.0125 per share and 40,000,000 warrants. The warrants have an exercise price of \$.02 and a term of six years. .
- On July 18, 2008, \$150,000 for 10,000,000 shares at \$0.015 per share.
- In December 2008, \$370,000 for 37,000,000 shares at \$0.01 per share and 32,000,000 warrants. The warrants have an exercise price of \$.015 and a term of six years.

Mineral Claims

In 2008, 3,866,667 unregistered common shares, valued at \$79,558 or an average of \$0.021 per share, were issued for the acquisition of mining claims in the Comstock Lode District.

Computer Software

Pursuant to an agreement in late 2007, a vendor in March 2008 was issued 2,434,892 shares valued at \$9,740 or \$0.004 per share, for computer modeling software.

Consultants

During 2008, the following shares were issued to consultants for services performed:

- In May 2008, a consultant was issued 5.53 million shares valued at \$88,480 or \$0.016 per share, for services.
- In August 2008, a consultant was issued 136,704 shares valued at \$2,616 or \$0.019 per share, for services
- In October 2008, a consultant was issued 500,000 shares valued at \$10,000 or \$0.02 per share, for services.

Employees and directors

During 2009, the following share grants were issued to employees:

- Mr. Larry Martin, our Chief Geologist, pursuant to his employee contract, received three million (3,000,000) of our unregistered common shares. The value of the common shares at the time of issuance was \$37,250, averaging \$0.0124 per share. Shares are valued at the closing market price on date of issue.
- In April 2009, Dennis Anderson, the Company's senior engineer, pursuant to his employment arrangement, was issued a total of two million five hundred thousand (2,500,000) of our unregistered common shares. The value of the common shares at the time of issuance was \$30,000, averaging \$0.012 per share. Shares are valued at the closing market price on date of issue.

During 2008, the following share grants were issued to employees and Company directors:

- 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.
- In March 2008, Dennis Anderson, our senior engineer, was issued a total of one million of our unregistered shares, valued at \$18,690 or \$0.01869 per share, for services performed. In August 2008, Mr. Anderson, pursuant his employee agreement, was awarded 1.5 million unregistered shares valued at \$24,900 or \$0.0167 per share for achieving various milestones.
- In August 2008, Mr. James Golden, the Chief Operating Officer, exercised 10,000,000 stock options at a price of \$0.0525. Mr. Golden elected the cashless exercise method and thus received a total of 8,165,714 unregistered shares of our common stock. As of the date of this report, Mr. Golden has not sold any of these shares.

Note 14 - Earnings Per Share

Basic earnings per share is computed by dividing net loss, 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. For the years ended December 31, 2009 and December 31, 2008, there were approximately 3,777 million and 1,770 million, respectively, of common stock equivalent shares excluded from the dilutive earnings per share calculation because they were anti-dilutive. 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 Year Ended | |
|--|--------------------|-------|
| | December 31 | |
| | 2009 | 2008 |
| Weighted average number of common shares outstanding – basic | 3,550 | 3,143 |
| Dilution from convertible debt, stock options and warrants | 3,777 | 1,770 |
| Weighted average number of common shares outstanding – diluted | 7,327 | 4,913 |

Note 15- Share Based Compensation

Effective 2006, the Company adopted a stock option and incentive plan (“2006 Plan”), which provided for a maximum of 800,000,000 shares of common stock to be issued. Under the plan, stock options generally vest over three and expire in ten years from the date of the grant. Options are granted to employees and non-employee directors at exercise prices equal to the fair market value at the date of the grant.

As of December 31, 2009 and 2008, the Company had 182,000,000 outstanding Standard Employee and Director Options to acquire company shares, of which 176,000,000 of these derivatives were vested and exercisable. During the period ended December 31, 2009, there were no additional options issued and none had been exercised.

The Company recognizes stock based compensation expense over the requisite service period of the individual grant, which generally equals the vesting period. The plan entitles the holder to shares of common stock when the award vests. Awards generally vest ratably over three years. The fair value of the award is based upon the market price of the underlying common stock as of the date of the grant and is amortized over the applicable vesting period using the straight-line method. The Company uses newly issued shares of common stock to satisfy option exercises and stock awards

The fair value of each grant was estimated at the date of the grant using the Black-Scholes-Merton option pricing model. Black-Scholes-Merton utilizes assumptions related to volatility, the risk free interest rate, the dividend yield (which is assumed to be zero, as the Company has not paid, nor anticipates paying any, cash dividends and employee exercise behavior. Expected volatilities utilized in the model are based mainly on the historical volatility of the Company’s stock price and other factors.

The following is a summary of the assumptions used and the weighted average grant-date fair value of the stock options granted during the fiscal years ended December 31, 2009 and 2008.

| | 2009 | 2008 |
|--|--------|---------|
| Expected volatility (No options were issued in 2009) | —% | 199% |
| Expected term (years) | — | 5.14 |
| Risk free rate | —% | 3.09% |
| Dividend Yield | 0.0% | 0.0% |
| Weighted average grant date fair value | \$ 0.0 | \$ 0.01 |

Compensation expense for stock options is recognized using the fair value when the stock options are granted and is amortized over the options' vesting period. During the 12 month ended December 31, 2009, \$142,277 was recognized as compensation expense in the consolidated statements of operations. . As of December 31, 2009, the remaining unrecognized compensation costs related to unvested options was \$106,708.

A summary of the option activity under the Company’s share based compensation plan for the fiscal years ended December 31, 2009 and 2008 is as follows:

| | 2009 Options | 2009 Weighted Average Exercise Price | 2008 Options | 2008 Weighted Average Exercise Price |
|----------------------------|--------------|--------------------------------------|--------------|--------------------------------------|
| Balance, Beginning of year | 182,000,000 | \$0.011 | 10,000,000 | \$0.00963 |
| Granted | — | — | 182,000,000 | 0.00963 |

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| | | | | |
|-----------------------------|-------------|----------|-------------|-----------|
| Exercised | — | — | 10,000,000 | 0.00963 |
| Forfeited | — | — | 0 | — |
| Balance, end of year | 182,000,000 | 0.011 | 182,000,000 | 0.011 |
| Exercisable at December 31, | 176,000,000 | \$0.0107 | 170,000,000 | \$ 0.0104 |

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The following table sets forth stock options outstanding at December 31, 2009.

| | | | |
|---------------------------------------|-------------|--|------|
| Total Outstanding Options: | 182,000,000 | Total "in-the-money" Outstanding Options: | 0 |
| Average Price of Outstanding Options: | \$ 0.0110 | Average Price of "in-the-money" Outstanding Options: | \$ — |
| Total Vested Options: | 176,000,000 | Total "in-the-money" Vested Options: | 0 |
| Average Price of Vested Options: | \$ 0.0107 | Average Price of "in-the-money" Vested Options: | \$ — |
| Total Unvested Options: | 6,000,000 | Total "in-the-money" UN-Vested Options: | 0 |

Options Breakdown by Range as at 12/31/2009

| Range | Outstanding | | | Vested | | |
|--------------------|---------------------|----------------------------|-----------------|----------------|-----------------------------------|------------------------|
| | Outstanding Options | Remaining Contractual Life | WA Strike Price | Vested Options | Remaining Vested Contractual Life | WA Vested Strike Price |
| \$0.000 to \$0.040 | 182,000,000 | 8.3819 | \$ 0.0110 | 176,000,000 | 8.3692 | \$ 0.0107 |
| \$0.050 to \$0.090 | 0 | 0.0000 | \$ 0.0000 | 0 | 0.0000 | \$ 0.0000 |
| \$0.100 to \$0.140 | 0 | 0.0000 | \$ 0.0000 | 0 | 0.0000 | \$ 0.0000 |
| \$0.150 to \$0.190 | 0 | 0.0000 | \$ 0.0000 | 0 | 0.0000 | \$ 0.0000 |
| \$0.200 to \$0.250 | 0 | 0.0000 | \$ 0.0000 | 0 | 0.0000 | \$ 0.0000 |
| \$0.000 to \$0.250 | 182,000,000 | 8.3819 | \$ 0.0110 | 176,000,000 | 8.3692 | \$ 0.0107 |

The total options outstanding at December 31, 2009 had a weighted average remaining life of 8.3 years and an average intrinsic value of \$0 based upon the closing price of the Company's common stock of March 21, 2009. The total options exercisable at December 31, 2008 had a weighted average remaining life of 9.3 years and an average intrinsic value of \$0 based upon the closing price of the Company's common stock of March 20, 2009. The options exercised in 2008 were "cashless options". Because the Company maintained a full valuation allowance on our deferred tax assets, it did not recognize any tax benefit related to stock based compensation expense for the year ended December 31, 2009.

Note 16- Stock Warrants

As of January 1, 2009, GoldSpring Inc. had 104,200,000 outstanding warrants to acquire company shares, all of which were vested and exercisable. During 2009, the Company issued 197,928,571 of warrants associated with convertible debt issuances. During the period ended December 31, 2009, none of these were exercised. Warrants outstanding at December 31, 2009 were 302,128,571. No warrants expired during the fiscal year ended December 31, 2009.

The Company recognizes warrant compensation expense over the requisite service period of the individual grant, which generally equals the vesting period. The plan entitles the holder to shares of common stock when the award vests. Awards generally vest ratably over five years. The fair value of the award is based upon the market price of the underlying common stock as of the date of the grant and is amortized over the applicable vesting period using the straight-line method. The Company uses newly issued shares of common stock to satisfy warrant exercises and stock awards.

The fair value of each grant was estimated at the date of the grant using the Black-Scholes-Merton option pricing model. Black-Scholes-Merton utilizes assumptions related to volatility, the risk free interest rate, the dividend yield (which is assumed to be zero, as the Company has not paid, nor anticipates paying any, cash dividends and employee exercise behavior. Expected volatilities utilized in the model are based mainly on the historical volatility of the

Company's stock price and other factors.

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| | 2009 | 2008 |
|--|---------|---------|
| Weighted Average volatility | 148% | 149% |
| Expected term (years) | 4.43 | 4.12 |
| Risk free rate | 0.86% | 3.09% |
| Dividend Yield | 0.0% | 0.0% |
| Weighted average grant date fair value | \$ 0.01 | \$ 0.01 |

Stock warrant issuance is recognized using the fair value when granted and are amortized over the warrants' vesting period. During the year ended December 31, 2009, \$549,600 was recognized as interest expense in the consolidated statements of operations.

A summary of the warrant activity for the fiscal years ended December 31, 2009 and 2008 is as follows:

| | 2009 Warrants | 2009 Weighted Average Exercise Price | 2008 Warrants | 2008 Weighted Average Exercise Price |
|-----------------------------|------------------|--|------------------|--|
| Balance, Beginning of year | 104,200,000 | \$ 0.1440 | 47,800,000 | \$ 0.144 |
| Granted | 197,928,571 | \$ 0.0173 | 84,200,000 | \$ 0.0173 |
| Exercised | — | — | — | — |
| Forfeited | — | \$ 0.20 | (27,800,000) | 0.20 |
| Balance, end of year | 302,128,571 | \$ 0.0169 | 104,200,000 | \$ 0.169 |
| Exercisable at December 31, | 302,128,571 | \$ 0.0169 | 104,200,000 | \$ 0.169 |

A summary of outstanding warrant issuances at December 31, 2009 is as follows:

| Note Description | Issue Date | Number of Warrants | Original Term | Exercise Price |
|--------------------------------------|----------------------|-----------------------|------------------|----------------------------|
| Convertible Notes 2006 & 2007 | May 06 – June 07 | 20,000,000 | 5 years | Variable Exercise Price |
| Private Placement Q2 2008 | Q2 2008 | 40,000,000 | 6 years | \$ 0.02 |
| Private Placement Q4 2008 | Q4 2008 | 44,200,000 | 6 years | 0.015 |
| Private Placement Q1 2009 | Q1 2009 | 95,000,000 | 6 years | 0.015 |
| Convertible Notes May 09 – Aug 09 | Q2 2009 – Q3 2009 | 80,000,000 | 4 years | 0.02 |
| Convertible Notes Dec. 2009 | Dec. 2009 | 22,928,571 | 3 years | 0.0175 |
| Total | | 302,128,571 | | |

Variable Exercise Price – The exercise price is 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 upon day the warrants are exercise. These warrants have a "Cashless Exercise".

The following table sets forth warrants outstanding at December 31, 2009.

| | Total "in-the-money" Outstanding Warrants: | Total "in-the-money" Outstanding Warrants: |
|--|---|---|
| Total Outstanding Warrants: | 302,628,571 | 20,000,000 |
| Average Price of Outstanding Warrants: | \$0.0169 | \$0.0063 |

Average Price of "in-the-money"
Outstanding Warrants:

| | | | |
|-----------------------------------|-------------|---|------------|
| Total Vested Warrants: | 302,628,571 | Total "in-the-money" Vested Warrants: | 20,000,000 |
| Average Price of Vested Warrants: | \$0.0169 | Average Price of "in-the-money" Vested Options: | \$0.00063 |
| Total Unvested Options: | 0 | Total "in-the-money" Unvested Options: | 0 |

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Warrants Breakdown by Range as at 12/31/2008

| Range | Outstanding | | | Vested | | |
|--------------------|----------------------|----------------------------|-----------------------------|-----------------|-----------------------------------|------------------------|
| | Outstanding Warrants | Remaining Contractual Life | WA Outstanding Strike Price | Vested Warrants | Remaining Vested Contractual Life | WA Vested Strike Price |
| \$0.000 to \$0.040 | 302,628,571 | 4,3354 | \$ 0.0169 | 302,628,571 | 4.3354 | \$ 0.0169 |
| \$0.050 to \$0.090 | 0 | 0.0000 | \$ 0.0000 | 0 | 0.0000 | \$ 0.0000 |
| \$0.100 to \$0.140 | 0 | 0.0000 | \$ 0.0000 | 0 | 0.0000 | \$ 0.0000 |
| \$0.150 to \$0.190 | 0 | 0.0000 | \$ 0.0000 | 0 | 0.0000 | \$ 0.0000 |
| \$0.200 to \$0.250 | 0 | 0.0000 | \$ 0.0000 | 0 | 0.0000 | \$ 0.0000 |
| \$0.000 to \$0.250 | 302,628,571 | 4.3354 | \$ 0.0169 | 302,628,571 | 4.3354 | \$ 0.0169 |

Note 17 – Extinguishment of Debt

The following represents the reported gain from debt extinguishment resulting from a change in an embedded conversion option or an amendment and restatement of a note accounted for in accordance with the guidance offered in ASC 470-50.

| | For the Year Ended December 31 | |
|--|-----------------------------------|--------------|
| | 2009 | 2008 |
| Convertible Notes Payable - 2006 & 2007 | \$ — | \$ 127,647 |
| Long-Term Convertible Notes – July 2008 (Longview Amended and Restated Note) | — | 1,220,552 |
| Gain – Debt Extinguishment | \$ — | \$ 1,348,199 |

Extinguishment of Debt - Overview

In 2008, we performed an analysis to determine whether the change in an embedded conversion option and the amendment and restatement of a note would be recorded as an extinguishment of debt or a modification of debt. Based on our analysis, it was determined that the above change in an embedded conversion option and the amendment and restatement of a note qualified as debt extinguishment under ASC 470-50-40, and we recorded a gain of \$1,348,199 in the fourth quarter of fiscal 2008.

Convertible Notes Payable - 2006 & 2007

On February 20, 2008, as a result of the Company completing other financing arrangements, a “favored nations” clause was triggered in the 2006 and 2007 convertible notes, which changed the terms of the embedded conversion option and effectively established a fixed conversion rate of \$0.01. Our analysis indicated that the change in the embedded conversion option qualified as a substantial modification, and accordingly extinguishment of debt accounting should be applied.

Upon issuance, the embedded conversion option was “in the money”. We recorded the note in accordance with ASC 470-20 regarding accounting for a beneficial conversion feature. Our calculation of the intrinsic value of the new embedded conversion option was \$2,380,000. However, ASC 470-20 limits the allocation of proceeds to the conversion feature, to the face value of the note, therefore we recorded the value of the embedded conversion option at the face value of the note, which was \$2,170,000.

Since the modified notes provide for immediate conversion, subject to a 4.9% “blocking feature”, the entire debt discount has been charged to interest expense in accordance with the guidance offered in ASC 470-20. Debt discount results from the allocation of note proceeds to the intrinsic value of the embedded conversion option.

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A gain on Debt extinguishment of \$127,647 was recorded as a result of the reduction in the recorded value of the embedded conversion option prior to the change, compared to the value of the embedded conversion option after the change.

The following summarizes the convertible note;

| Note Principal | Unamortized Debt Discount | Conversion Price per Share | Number of Shares Underlying Convertible Note | Interest Expense |
|----------------|---------------------------|----------------------------|--|------------------|
| \$ 2,170,000 | —\$ | 0.01 | 217,000,000 | \$ 2,170,000 |

Long-Term Convertible Notes – July 2008 (Longview Amended and Restated Note)

Debt Extinguishment July 10, 2008

On July 10, 2008, the Company amended the terms of \$2,175,000 of unsecured promissory notes issued to Longview Fund, L.P. to (a) refinance the outstanding accrued interest of \$607,563 by adding it to the note balance, (b) extend the terms and (c) to add a conversion feature. The new debt instrument contained a fixed rate conversion feature of \$0.0175 per share which did not previously exist in the group of original notes being restated. Our analysis indicated that the change in the terms along with the change in the embedded conversion option qualified as a substantial modification, and accordingly extinguishment of debt accounting should be applied. We recorded the note in accordance with ASC 470-20 pertaining to the beneficial conversion feature. Our calculation of the intrinsic value of the new embedded conversion option was \$2,305,552. Since the amended and restated convertible note provide for immediate conversion, subject to a 4.9% “blocking feature”, the entire debt discount has been charged to interest expense in accordance with the guidance offered in ASC 470-20. Debt discount results from the allocation of note proceeds to the intrinsic value of the embedded conversion option.

The following summarizes the convertible note;

| Note Principal | Unamortized Debt Discount | Conversion Price per Share | Number of Shares Underlying Convertible Note | Interest Expense |
|----------------|---------------------------|----------------------------|--|------------------|
| \$ 2,782,563 | —\$ | 0.0175 | 159,003,600 | \$ 2,305,552 |

No gain or loss on extinguishment was recorded.

Debt Extinguishment December 22, 2008

The Longview Amended and Restated Note discussed above included a “full ratchet” provision which resets the stated conversion rate for all subsequent stock issuances that are less than the conversion price that would be in effect at that time. On December 22, 2008, as a result of the Company completing other financing arrangements at a lower conversion price, the reset provision clause was triggered and established a new fixed conversion rate of \$0.01. Our analysis indicated that the change in the terms along with the change in the embedded conversion option qualified as a substantial modification, and accordingly extinguishment of debt accounting should be applied. The intrinsic value of the convertible feature was determined to be \$1,085,000. In accordance with accounting guidance for

extinguishment of debt, we recorded a gain of \$1,220,552, representing the difference between the July 10, 2008 valuation of the convertible feature and the December 10, 2008 valuation of the convertible feature.

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The following table summarizes the Gain on Extinguishment of debt arising from the Long-Term Convertible Notes – July 2008 (Longview Amended and Restated Note)

| | |
|--|--------------|
| Long-Term Convertible Notes – July 2008 (Longview Amended and Restated Note) – Valuation of convertible feature at July 10, 2008 | \$ 2,305,552 |
| Long-Term Convertible Notes – July 2008 (Longview Amended and Restated Note) – Valuation of convertible feature at December 22, 2008 | 1,085,000 |
| Gain – Debt Extinguishment | \$ 1,220,552 |

The following summarizes the convertible note after the Change in the conversion amount;

| Note Principal | Unamortized Discount | Conversion Price per Share | Number of Shares Underlying Convertible Note |
|----------------|----------------------|----------------------------|--|
| \$ 2,782,563 | —\$ | 0.01 | 278,256,300 |

Note 18 — Income Taxes

The provision (benefit) for income taxes from continued operations for the years ended December 31, 2009 and 2008 consist of the following:

| | 2009 | 2008 |
|---------------------------------|-------------|-------------|
| Current: | | |
| Federal | \$ — | — |
| Deferred: | | |
| Federal | (2,384,000) | (5,771,000) |
| Increase in valuation allowance | 2,384,000 | 5,771,000 |
| Benefit for income taxes, net | \$ — | — |

| | December 31, 2009 and 2008 |
|-----------------------------------|-------------------------------|
| Statutory federal income tax rate | 35.0% |
| Increase in valuation allowance | (35.0)% |
| Effective tax rate | —% |

Deferred income taxes result from temporary differences in the recognition of income and expenses for the financial reporting purposes and for tax purposes. The tax effect of these temporary differences representing deferred tax asset and liabilities result principally from the following:

| | | |
|---|--------------|--------------|
| Deferred tax assets | | |
| Net operating loss carry-forwards | 19,500,000 | 17,100,000 |
| Stock-based compensation | 23,500 | 170,000 |
| Valuation allowance | (19,523,500) | (17,270,000) |
| Total deferred tax assets, net of valuation allowance | — | — |

The valuation allowance increased \$2,253,500 from December 31, 2008 to December 31, 2009.

At December 31, 2009 and 2008 the Company has a net operating loss carry-forward of approximately \$55.8 million and \$48.9 million respectively. These operating loss carry-forwards begin to expire in 2024 and can offset future taxable income, subject to certain limitations under section 382 of the Internal Revenue Code of 1986, as amended and other limitations under state tax laws.

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Note 19 - Subsequent Events

On January 13, 2010, we amended our Royalty Sale and Option Agreement dated October 15, 2009 with Precious Royalties, LLC. The amended agreement allows Precious Royalties until March 31, 2010 to purchase a 5% net smelter royalty on our Obester Property for \$4,500,000 less the \$260,000 already paid by Precious Royalties in 2009. Precious Royalties, in the event the entire \$4,500,000 is not paid, will receive a net smelter royalty on a pro rata basis. In January 2010, Precious Royalties paid \$550,000 increasing their total net smelter royalty purchase amount to \$810,000 (\$260,000 from 2009 plus \$550,000 from 2010). As of the date of this report, Precious Royalties has purchased a 0.95% net smelter royalty on our Obester Property for \$810,000.

We filed a definitive Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 on March 24, 2010. This Statement, which is being mailed to shareholders on or about March 29, 2010, is furnished in accordance with the requirements of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended. Notice was given that the holders of a majority of the shares outstanding shares of the Company's Common Stock (as of March 1, 2010) may act by written consent to approve a reverse stock split of the Company's issued and outstanding Common Stock, as determined by the Company's Board of Directors in a ratio of 1:200.

In the fourth quarter of 2009, we staked 165 lode mining claims in an area we called the "West Lode". This was contiguous to our earlier claims, and extended the project footprint significantly to the northwest. Our claim filings were initially accepted by the BLM and Washoe County. However, in the first quarter of 2010, we were notified by the BLM that a significant portion of this area had been withdrawn from mineral entry as part of the Washoe County master plan, and thus rendered the corresponding claims invalid. The remaining 43 lode mining claims continue to be recognized as valid claims by the BLM.

Item 9. Changes and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

ITEM 9A (T). CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, management performed, with the participation of our Principal Executive Officer and Principal Accounting Officer, an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the report we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's forms, and that such information is accumulated and communicated to our management including our Principal Executive Officer and our Principal Accounting Officer, to allow timely decisions regarding required disclosures. Our Principal Executive Officer and our Principal Accounting Officer concluded that, as of December 31, 2009, our disclosure controls and procedures were effective.

Management's Annual Report on Internal Control Over Financial Reporting.

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

that:

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- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized transactions.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management has evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2009. Management based its assessment on the framework set forth in COSO's Internal Control – Integrated Framework (1992) in conjunction with Securities and Exchange Commission Release No. 33-8820 entitled "Commission Guidance Regarding Management's Report on Internal Control Over Financial Reporting Under Section 13(a) or 15(d) of the Securities and Exchange Commission".

We believe that internal control over financial reporting is effective as of December 31, 2009. This annual report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this annual report.

There have been no changes during the quarter ended December 31, 2009 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.

Item 9B. Other Information

Not applicable.

Item 10. Directors, Executive Officers and Corporate Governance

Our board of directors directs the management of the business and affairs of our Company as provided in our certificate of incorporation, our by-laws and the Corporation Law of Nevada. Members of our board of directors keep informed about our business through discussions with senior management, by reviewing analyses and reports sent to them, and by participating in board and committee meetings.

Board Leadership Structure and Risk Oversight; Diversity

Our Company is led by Bill Nance, who has served as our chairman of the board since 2007. The board has three standing committees – audit, compensation and governance. Given our size, we do not have standing committees with meet independence requirements although that is our intention as we continue to grow, and the Board is responsible for overseeing risk management, and our full board receives periodic reports from management.

Our board leadership structure is used by other smaller public companies in the United States, and we believe that this leadership structure is effective for the Company. We believe that having a separate Chairman and President is the

correct form of leadership for our Company. We have two leaders for our Company and oversight of Company operations by experienced directors. We believe that our directors provide effective oversight of the risk management function, especially through dialogue between the full board and our management.

The Company does not currently consider diversity in identifying nominees for director. Due to the small size of the Company, the priority has been in attracting qualified directors, and issues such as diversity have not yet been considered.

The following table sets forth certain information regarding our directors and officers:

| Name | Age | Position |
|-------------------|-----|---|
| William J. Nance | 65 | Director |
| Robert A. Reseigh | 64 | Director, Interim Chief Executive Officer |
| Scott H. Jolcover | 59 | Director |
| Robert T. Faber | 50 | Director , President and CFO |
| James Golden | 51 | COO |

William J. Nance has been a director of our Company since October 2005. Mr. Nance is a Certified Public Accountant and private consultant to the real estate and banking industries. He is also President of Century Plaza Printers, Inc. Mr. Nance is also a Director of Intergroup Corporation, Santa Fe and Portsmouth. Mr. Nance provides financial and business expertise to the enterprise. The Company has determined that Mr. Nance should serve as a director due to his long history with the Company.

Scott H. Jolcover has served as an independent director since January 2008. Mr. Jolcover served as Manager of the Plum Mine prior to and after it was acquired by GoldSpring in November 2003. Since leaving GoldSpring in 2006, Mr. Jolcover has worked as a consultant. Mr. Jolcover's 25 year mining background and his network of contacts in the industry provides knowledge to the board. The Company has determined that Mr. Jolcover should serve as a director due to his extensive mining experience and history with the Company.

Executive Officers

Robert Reseigh, Interim Chief Executive Officer and Director

Mr. Reseigh was appointed as the Interim Chief Executive Officer in October 2009 and had been an independent director of the Company since September 2008. Mr. Reseigh has over 35 years of experience in the mining and underground construction industries. Mr. Reseigh, who holds an Engineer of Mines degree from the Colorado School of Mines, is a mining and civil engineering executive who has overseen over \$1 billion in civil and mine construction projects during his career. Mr. Reseigh spent nearly 20 years with the Peter Kiewit organization, which is a recognized world leader in the mining industry. He held several positions there, including Vice President and Area Manager for Precious Metals Mine Projects. Mr. Reseigh also served as Executive Vice President of Atkinson Construction Company, a subsidiary of Clark Construction, where he directed all construction projects performed by the corporation. Mr. Reseigh is a frequent speaker at mining and construction industry conferences and has published several industry-specific papers. Mr. Reseigh has also been appointed as a member of the Moles Association and the Beavers Association, East Coast- and West Coast- based associations of prominent individuals in the heavy construction industry.

The Company has determined that Mr. Reseigh should serve as a director due to his extensive experience in the mining industry.

Robert T. Faber, CPA* President and Chief Financial Officer

Mr. Faber is an executive with 20 years of diverse senior financial and operational management, business and acquisition experience, including 10 years of international business experience. Mr. Faber was named Chief Executive Officer and President of GoldSpring in September 2004. Prior to his appointment, he had served as Chief Financial Officer since June 2003. Prior to joining GoldSpring, Inc., Mr. Faber served as Vice President of United Site Services, Inc., from 2002 until 2003, a privately held service consolidator in the waste service industry. Additionally, Mr. Faber served as an executive with Allied Waste Industries from 2001 until 2002, overseeing a \$1.2 billion multi-state area and served as Chief Financial Officer with Frontier Waste Services, LLC from 1999 until 2001. Prior to Frontier Waste, Mr. Faber spent 17 years with Waste Management, Inc., a publicly traded environmental services company, during which time he served in senior positions both internationally and domestically. Mr. Faber's positions included Director of Finance of Waste Management's \$1.4 billion multi-country International operations based in London, England and Vice President and Controller for several \$100 million plus multi-state market areas.) The Company has determined that Mr. Faber should serve as a director due to his long history with the Company and his finance and accounting expertise.

(*License inactive)

Jim Golden, Chief Operating Officer

Mr. Golden is a mining engineer with over twenty-five years of experience in the mining industry before joining us in 2006. Mr. Golden's mining experience includes ten years with Peter Kiewit's mining division, where he was a district manager. A graduate of Montana Tech, Mr. Golden has owned his own consulting firm since 1990, where he has provided consulting services throughout the world for over 50 mining companies.

Information Relating to Corporate Governance and the Board of Directors

Our Board of Directors has determined, after considering all the relevant facts and circumstances, that Mr. each of Bob Reseigh and Scott Jolcover is an independent director, as "independence" is defined by Nasdaq, because they have no relationship with us that would interfere with their exercise of independent judgment. Mr. Nance is not independent due to his working relationship with John Winfield.

Our Board of Directors had established three standing committees: an Audit Committee, a Compensation Committee, and a Nominations and Corporate Governance Committee. Due to the fact that Mr. Nance, who is not independent, was the sole Director during most of 2007 and 2008, those Committees had been inactive. However, the committees were revived effective January 1, 2009. Mr. Nance qualifies as an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K, but is not independent as previously stated The following is a summary of the members of each of the committees:

Audit Committee:

William Nance – Chairperson
Robert Reseigh

Compensation Committee:

William Nance – Chairperson
Scott Jolcover

Corporate Governance and Nomination Committee

Robert Faber – Chairperson
Scott Jolcover

The Company has adopted a code of ethics that applies to Company's principal executive officer, principal financial officer and principal accounting officer. The code of ethics may be found on the Company's website at www.GoldSpring.us.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely upon a review of Forms 3, 4 and 5 and amendments thereto furnished to the Company during 2009, the Company has no knowledge of any person who, at any time during the fiscal year, was a director, officer, beneficial owner of more than ten percent of any class of equity securities of the Company, or any other person subject to section 16 of the Exchange Act with respect to the Company that failed to file on a timely basis, as disclosed in the above Forms, reports required by section 16(a) of the Exchange Act during 2009.

Item 11. Executive Compensation

The following table sets forth, for the periods indicated, the total compensation for services provided to us in all capacities by all executives who received aggregate compensation exceeding \$100,000 during 2009.

SUMMARY COMPENSATION TABLE

| Name and Principal Position | Year | Annual Compensation | | Long-Term Compensation Awards | Stock Grant Compensation (\$) | TOTAL |
|--|------|---------------------|------------|-----------------------------------|-------------------------------|------------|
| | | Salary (\$) | Bonus (\$) | Securities Underlying Options (#) | | |
| Robert A. Reseigh, Interim CEO (8) (9) | 2009 | \$ 42,000 | | | \$ — | 42,000 |
| Robert T. Faber(1)(2) | 2009 | 180,000 | | | | 180,000 |
| Robert T. Faber(1)(2) | 2008 | 180,000 | | 80,000,000 | | 180,000 |
| Robert T. Faber(1)(2) | 2007 | 180,000 | | | | 180,000 |
| Jim Golden, COO(3) | 2009 | 150,000 | | | | 150,000 |
| Jim Golden, COO(3) | 2008 | 150,000 | 69,949 | | | 219,949 |
| Jim Golden, COO(3) | 2007 | 150,000 | | 100,000,000 | | 150,000 |
| Dennis Anderson, Senior Engineer (4) (5)(7) | 2009 | 92,400 | | | 30,000 | 122,400 |
| Dennis Anderson, Senior Engineer (4) (5) (7) | 2008 | 76,300 | | | 43,760 | 120,060 |
| Larry Martin, Chief Geologist (6) (7) | 2009 | \$ 116,308 | \$ — | | \$ 40,650 | \$ 156,958 |

(1) Mr. Faber serves as the President and Chief Financial Officer. Mr. Faber served as President and Chief Executive Officer from September 2004 through October 6, 2009 and Chief Financial Officer since June 2003.

(2) \$103,000 of Mr. Faber's 2005 - 2009 salary has not yet been paid. We intend to pay this amount in 2010.

(3) Mr. Golden has served as Chief Operating Officer since October 2006. Prior to October 2006, Mr. Golden served as a consultant to our Company

(4) Mr. Anderson is a part-time employee who dedicates 70% of his time to GoldSpring.

(5) Mr. Anderson, as part of his employment arrangement, was granted a 5,000,000 share grant of which 2,500,000 shares were issued in 2008 and 2,500,000 were issued in 2009.

(6) Mr. Martin, pursuant to his employment agreement, was issued stock grants totaling 3,500,000 shares during 2009.

(7) We base the value of stock grants at the market value of our common stock at the date of issue.

(8) Mr. Reseigh was appointed as Chief Executive Officer on October 6, 2009.

(9) Mr. Reseigh does not draw a salary. Mr. Reseigh invoices us at a rate of \$1,000 per day.

Stock Options

During 2009, we did not issue stock options to any employee, officer or director. There were, however, shares of common stock underlying unexercised stock options at December 31, 2009. This information is summarized herein below.

Compensation expense for stock options is recognized using the fair value when the stock options are granted and is amortized over the options' vesting period. During the 12 month ended December 31, 2009, \$144,277 was recognized as compensation expense in the consolidated statements of loss with a corresponding increase in contributed deficit. As at December 31, 2009, 176,000,000 stock options were exercisable and the weighted average years to expiration were 8.3 years.

A summary of the option activity under the Company's share base compensation plan for the fiscal years ended December 31, 2009 and 2008 is as follows:

| | 2009 Options | 2009 Weighted Average Exercise Price | 2008 Options | 2008 Weighted Average Exercise Price |
|----------------------------------|--------------|--------------------------------------|---------------|--------------------------------------|
| Balance, Beginning of year | 182,000,000 | \$ 0.01 | 10,000,000 | \$ 0.01 |
| Granted | — | | —482,000,000 | 0,.01 |
| Exercised | — | | —(10,000,000) | 0.01 |
| Forfeited | — | | 0 | |
| Balance, end of year | 182,000,000 | \$ 0.01 | 182,000,000 | \$ 0.01 |
| Exercisable at December 31, 2009 | 176,000,000 | \$ 0.01 | 170,000,000 | \$ 0.01 |

OUTSTANDING STOCK OPTION AWARDS FISCAL YEAR END FOR 2009

| Name and Principal Position | Option Awards | | | | Stock Awards | | | | |
|-----------------------------|---|---|--|-----------------------|------------------------|---|---|---|--|
| | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Number of Securities Underlying Unearned Options (#) | Option Exercise Price | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested | Market Value of Shares or Units of Stock That Have Not Vested | Number of Shares or Other Rights That Have Not Vested | Market Value or Payout Value of Unearned Shares, Other Rights That Have Not Vested |
| Robert T. Faber | 80,000,000 | — | — | .01119 | 01/09/18 | — | — | — | — |
| Jim Golden | 90,000,000 | — | — | .00963 | 12/13/17 | — | — | — | — |
| William Nance | 1,500,000 | — | 1,500,000 | .02 | 9/30/18 | — | — | — | — |
| Robert Reseigh | 1,500,000 | — | 1,500,000 | .02 | 9/30/18 | — | — | — | — |

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| | | | |
|----------|-----------|-----------|---------|
| Jonathan | 1,500,000 | 1,500,000 | 9/30/18 |
| Jaffrey | | | .02 |
| Scott | 1,500,000 | 1,500,000 | 9/30/18 |
| Jolcover | | | .02 |

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| Name and Principal Position | Option Awards | | | Option Exercise Price | Option Expiration Date | Fair Value of Options at December 31, 2009 |
|-----------------------------|---|---|---|-----------------------|------------------------|--|
| | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Number of Securities Underlying Unexercised Options (#) | | | |
| Robert T. Faber | 80,000,000 | — | — | .01119 | 01/09/18 | \$ 560,000 |
| Jim Golden | 90,000,000 | — | — | .00963 | 12/13/17 | 629,000 |
| William Nance | 2,000,000 | — | 1,000,000 | .02 | 9/30/18 | 14,000 |
| Robert Reseigh | 2,000,000 | — | 1,000,000 | .02 | 9/30/18 | 14,000 |
| Scott Jolcover | 2,000,000 | — | 1,000,000 | .02 | 9/30/18 | 14,000 |
| Dennis Anderson | — | — | — | — | — | — |
| Larry Martin | — | — | — | — | — | — |
| TOTAL | 176,000,000 | | 3,000,000 | | | \$ 1,231,000 |

The fair value of each grant was estimated at December 31, 2009 using the Black-Scholes-Merton option pricing model. Black-Scholes-Merton utilizes assumptions related to volatility, the risk free interest rate, the dividend yield (which is assumed to be zero, as the Company has not paid, nor anticipates paying any, cash dividends and employee exercise behavior. Expected volatilities utilized in the model are based mainly on the historical volatility of the Company's stock price and other factors.

The following is a summary of the assumptions used and the weighted average grant-date fair value of the stock options.

| | 2009 | 2008 |
|--|---------|---------|
| Expected volatility | 233% | 199% |
| Expected term (years) | 5.14 | 5.14 |
| Risk free rate | 2.23% | 3.09% |
| Dividend Yield | 0.0% | 0.0% |
| Weighted average grant date fair value | \$ 0.01 | \$ 0.01 |

OUTSTANDING STOCK GRANT AWARDS AT FISCAL YEAR END FOR 2009

| Name and Principal Position | Stock Awards | | | | |
|-----------------------------|--------------------------------|------------------------------------|--|---|--|
| | Number of Shares or Units That | Market Value of Shares or Units of | Number of Unearned Shares or Other Rights That | Market Value or Payout Value of Unearned Shares, Units or | |

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| | Have Not Vested | Stock That Have Not Vested | Have Not Vested | Other Rights That Have Not Vested |
|-----------------|-----------------------|--|-----------------------|---|
| Dennis Anderson | — | — | — | — |
| Jim Golden | — | — | — | — |
| William Nance | — | — | — | — |
| Robert Reseigh | — | — | — | — |
| Scott Jolcover | — | — | — | — |
| Dennis Anderson | — | — | — | — |
| Larry Martin | 1,500,000 | \$ 11,100 | — | \$ — |

Compensation of Directors

The following table summarizes any compensation given in 2009 and 2008:

DIRECTOR COMPENSATION TABLE

| Name | Year | Fees Paid in Cash (1) | Stock Awards | Fair Value of Stock Grant at Issue Date | Option Awards | Fair Value of Options At Grant Date | All Other Compensation | Total |
|----------------------|------|-----------------------|--------------|---|---------------|-------------------------------------|------------------------|-----------|
| William Nance | 2009 | \$ 18,750 | — | \$ — | — | — | — | \$ 18,750 |
| William Nance | 2008 | 7,500 | 15,000,000 | 167,850 | 3,000,000 | 71,139 | — | 246,489 |
| Robert Reseigh | 2009 | 12,088 | — | — | — | — | — | 12,088 |
| Robert Reseigh | 2008 | 4,834 | — | — | 3,000,000 | 71,139 | — | 75,973 |
| Jonathan Jaffrey (2) | 2009 | 14,667 | — | — | — | — | — | 14,667 |
| Jonathan Jaffrey | 2008 | 5,667 | — | — | 3,000,000 | 71,139 | — | 76,806 |
| Scott Jolcover | 2009 | 12,088 | — | — | — | — | — | 12,088 |
| Scott Jolcover | 2008 | 4,834 | 5,000,000 | 66,550 | 3,000,000 | 71,139 | — | 142,523 |
| Robert Faber | 2009 | — | — | — | — | — | — | — |
| Robert Faber | 2008 | — | — | \$ — | — | — | — | — |

(1) As of January 31, 2010, unpaid director fees totaled \$129,000. We intend to pay this during 2010.

(2) On November 9, 2009, Mr. Jaffrey resigned from the board of directors.

DIRECTOR COMPENSATION TABLE

| Name | Fees Earned or Paid in Cash | Stock Awards | Option Awards | Non-Equity Incentive Plan Compensation | Nonqualified Deferred Compensation Earnings | All Other Compensation | Total |
|------------------|-----------------------------|--------------|---------------|--|---|------------------------|-------|
| William Nance | \$ 7,500 | 15,000,000 | 3,000,000 | — | — | — | — |
| Robert Reseigh | 4,834 | — | 3,000,000 | — | — | — | — |
| Jonathan Jaffrey | 5,667 | — | 3,000,000 | — | — | — | — |
| Scott Jolcover | 4,834 | 5,000,000 | 3,000,000 | — | — | — | — |
| Robert Faber | \$ — | — | — | — | — | — | — |

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth certain information regarding the beneficial ownership of our common stock as of December 31, 2009 by (1) each person who is known by us to be the beneficial owner of more than five percent of our issued and outstanding shares of common stock, (2) each of our directors and executive officers, and (3) all directors and officers as a group.

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| Title of Class Owned or into Which Warrants / Options are Convertible | Name and Address of Beneficial Owner (and Title for Employees, Officers and Directors) | Amount and Nature of Beneficial Ownership(1) | Percent of Class(2) |
|---|--|--|---------------------|
| Officers and Directors Common Stock | Robert A. Reseigh – Director & CEO PO BOX 1118 1200 American Flat Road Virginia City, NV 89440 | 1,875,000 | 0.1% |
| Common Stock | Robert T. Faber – Director, President & CFO PO BOX 1118 1200 American Flat Road Virginia City, NV 89440 | 80,180,000 | 2.1% |
| Common Stock | James Golden-COO PO BOX 1118 1200 American Flat Road Virginia City, NV 89440 | 98,265,714 | 2.6% |
| Common Stock | William Nance – Director 2025 Avenue of the Stars Los Angeles, CA 90067 | 17,000,000 | 0.5% |
| Common Stock | Scott Jolcover – Director PO Box 1298 Carson City, NV 89702 | 23,923,904 | 0.7% |
| All Officers and Directors as a Group | | 221,369,618 | 6.1% |
| Other 5% Holders Common Stock | None | | |

(1) Includes, when applicable, shares owned of record by such person's minor children and spouse and by other related individuals and entities over whose shares of common stock such person has custody, voting control, or power of disposition. Also includes shares of common stock that the identified person had the right to acquire within 60 days of December 31, 2008 by the exercise of vested stock options.

(2) The percentages shown include the shares of common stock that the person will have the right to acquire within 60 days of December 31, 2008. In calculating the percentage of ownership, all shares of common stock which the identified person will have the right to acquire within 60 days of December 31, 2008 upon the conversion of convertible notes or the exercise of warrants or stock options are deemed to be outstanding for the purpose of computing the percentage of shares of common stock owned by such person, but are not deemed to be outstanding for the purpose of computing the percentage of shares of common stock owned by any other person.

EQUITY COMPENSATION PLAN INFORMATION

See Part II Item 5

Item 13. Certain Relationships and Related Transactions, and Director Independence

There were no related party transactions as described in Item 404 of Regulation S-K during the fiscal years 2009 and 2008.

Item 14. Principal Accountants Fees and Services

The aggregate fees billed to our company by Jewett Schwartz, for the fiscal years ended December 31, 2009 and December 31, 2008, are as follows:

| | 2008 | 2007 |
|--------------------|-----------|-----------|
| Audit fees | \$ 40,000 | \$ 52,500 |
| Audit-related fees | \$ 12,000 | \$ 10,000 |
| Tax fees | \$ 10,000 | \$ 10,000 |
| All other fees | \$ 0 | \$ 0 |

Audit Committee Pre-Approval Policies

The charter of our Audit Committee provides that the duties and responsibilities of our Audit Committee include the pre-approval of all audits, audit-related, tax, and other services permitted by law or applicable SEC regulations (including fee and cost ranges) to be performed by our independent auditor. Any pre-approved services that will involve fees or costs exceeding pre-approved levels will also require specific pre-approval by the Audit Committee. Unless otherwise specified by the Audit Committee in pre-approving a service, the pre-approval will be effective for the 12-month period following pre-approval. The Audit Committee will not approve any non-audit services prohibited by applicable SEC regulations or any services in connection with a transaction initially recommended by the independent auditor, the purpose of which may be tax avoidance and the tax treatment of which may not be supported by the Internal Revenue Code and related regulations.

To the extent deemed appropriate, the Audit Committee may delegate pre-approval authority to the Chairman of the Audit Committee or any one or more other members of the Audit Committee provided that any member of the Audit Committee who has exercised any such delegation must report any such pre-approval decision to the Audit Committee at its next scheduled meeting. The Audit Committee will not delegate to management the pre-approval of services to be performed by the independent auditor.

Our Audit Committee requires that our independent auditor, in conjunction with our Chief Financial Officer, be responsible for seeking pre-approval for providing services to us and that any request for pre-approval must inform the Audit Committee about each service to be provided and must provide detail as to the particular service to be provided. Our Audit Committee Chair and Audit Committee Financial Expert is William Nance.

Item 15. Exhibits Financial Statement Schedules.

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

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

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

(2)

Exhibits filed as part of this Report:

Exhibit

| | |
|--------|--|
| Number | Exhibit |
| 23.1 | Consent of Jewett, Schwartz Wolfe & Associates |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a), promulgated under the Securities Exchange Act of 1934, as amended. |
| 31.2 | Certification of 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 |
| 32.2 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GoldSpring, Inc.

/s/ Robert T. Faber
 Robert T. Faber
 President, and
 Director
 (Principal Financial Officer)

Date April 9, 2010

Pursuant to the requirements of Section 12 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.

| Signature | Title | Date |
|--|--|---------------|
| /s/ ROBERT T. FABER Robert T. Faber | President, Chief Financial Officer and Director (Principal Financial Officer) | April 9, 2010 |
| /s/ scott h. jolCover Scott H. Jolcover | Director | April 9, 2010 |
| /s/ William Nance William Nance | Chairman of the Board and Director | April 9, 2010 |

/s/ Robert a. reseigh
Robert A. Reseigh

Director, Interim Chief Executive Officer
(Principal Executive Officer)

April 9, 2010