1st NRG Corp.
Form 10-Q
May 20, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

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

For the transition period from ________________________ to _____________________

Commission File Number 0-2660

1ST NRG CORP

(Exact name of small registrant as specified in its charter)

Delaware	22-3386947
(State or other jurisdiction of Incorporation or organization)	(IRS Employer Identification No.)

1730 LaBounty Rd. #213, Ferndale WA 98248

(address of principal executive offices)

360-384-4390

(Registrant s telephone number, including area code)

(former name) (former address)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 |X| No |_|

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes |_| No |_|

Indicate by check mark whether the registrant is a large accelerated filer, an 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 filter |_| (Do not check if a smaller reporting company)

Smaller reporting company |X|

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

Indicate the number of outstanding of each of the issuer s classes of common stock as of the latest practicable date: 10,884,021 common shares as of May 11, 2009

For further information on documents incorporated by reference see Item 6 EXHIBITS AND REPORTS ON FORM 8-K in Part III.

Form 10-Q

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Item 1 Financial Statements

1st NRG CORP

(a Development Stage Company)

BALANCE SHEETS

(unaudited)

ASSETS	March 31, 2009	December 31, 2008
Current Asset		
Cash	$ 2	$ 288
Prepaid expenses and other assets	2,982	17,162
	$ 2,984	$ 17,450
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable	$ 130,445	$ 107,705
Accrued management compensation	1,082,883	1,020,383
Accrued interest	2,678	2,678
Cash advances	12,500	12,500
Advances from related parties	25,374	25,320
Current portion of loans payable	9,200	9,200
Current portion of loans payable to related party	4,252	4,252
Total current liabilities	1,267,332	1,182,038
Long-Term Liabilities		
Loan payable	27,431	27,431
Total long term liabilities	27,431	27,431
Total liabilities	1,294,763	1,209,469
Stockholders' Deficit		
Preferred stock - authorized 5,000,000 shares, par value $.001, none issued or outstanding	-	-
Common stock - authorized 25,000,000 shares, par value $0.02, 10,884,021 shares issued and outstanding for March 2009 and December 2008	217,680	217,680
Common stock issuable, 609,286 shares and 579,286 shares for March 2009 and December 2008 respectively	12,186	11,586

Stock subscription receivable	(5,000,000)	(5,000,000)
Additional paid-in capital	10,478,110	10,472,710
Accumulated deficit	(2,632,475)	(2,632,475)
Deficit accumulated during the development stage	(4,367,280)	(4,261,520)
	(1,291,779)	(1,192,019)
	$ 2,984	$ 17,450

See Notes to Financial Statements

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1st NRG CORP

(a Development Stage Company)

STATEMENTS OF OPERATIONS

For the Three Months Ended March 31, 2009 and 2008 and for the Period from

October 1, 2003 (the effective date of the development stage) through March 31, 2009

(unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	Cumulative During the Development Stage
Revenue	$ -	$ -	$ -
Expenses			
Management compensation	62,500	125,001	3,242,581
Consulting fees	15,000	220,000	15,000
General and administrative	28,250	30,720	955,166
	105,750	375,721	4,212,747
Other Income and Expense			
Income			
Interest earned	-	-	4,344
Extinguishment of related party debt	-	-	205,000
	-	-	209,344
Expense			
Interest expense	10	361	8,110
Loss of escrow deposits	-	-	355,767
	10	361	363,877
	10	361	154,533
Net loss	$ (105,760)	$ (376,082)	$ (4,367,280)
Net income (loss) per common share (basic and fully diluted)	$ (0.01)	$ (0.13)	
Weighted average number of shares outstanding	11,493,307	2,828,028	

1st NRG CORP

(a Development Stage Company)

STATEMENT OF STOCKHOLDERS' DEFICIT

For the Period from

October 1, 2003 (the effective date of the development stage) through March 31

(unaudited)

	Preferred Stock		Common Stock		Common Stock Issuable			
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Additional Paid-in Capital	Stock Subscriptions
Balance, September 30, 2003	-	$ -	306,675	$ 6,134	-	$ -	$ 1,582,105	$ -
Common stock issuable for management compensation, September 2003	-	-	-	-	1,950,000	39,000	1,911,000	-
Common stock issuable for debt and accrued expenses, September 2003					1,023,853	20,477	1,003,376	
Net loss								
Balance, December 31, 2003	-	-	306,675	6,134	2,973,853	59,477	4,496,481	-
Stock subscription issued for services to be provided, May 2004			150,000	3,000			717,000	(720,00

Issuance of common stock issuable			2,496,353	49,927	(2,496,353)	(49,927)		
Net loss								
Balance, December 31, 2004	-	-	2,953,028	59,061	477,500	9,550	5,213,481	(720,00
Net loss								
Balance, December 31, 2005	-	-	2,953,028	59,061	477,500	9,550	5,213,481	(720,00
Common stock issuable for prepaid expenses on services to be provided in 2007, November 2006					14,286	286	9,714	
Issuance of common stock for services, November 2006			25,000	500			27,000	
Net loss								
Balance, December 31, 2006	-	-	2,978,028	59,561	491,786	9,836	5,250,195	(720,00
Stock subscriptions returned, February 2007			(150,000)	(3,000)			(717,000)	720,00
Common stock issuable for cash, April 2007, net of issuance costs of $10,000					714,285	14,285	475,341	

Warrants issuable for cash, April 2007							374
Common stock issuable for cash, September 2007					9,375	187	10,858
Warrants issuable for cash, September 2007							3,955
Options issued for executive compensation, 2007							19,698
Net loss							
Balance, December 31, 2007	-	-	2,828,028	56,561	1,215,446	24,308	5,043,421
Common stock issued from issuable, June 2008			723,660	14,472	(723,660)	(14,472)	
Warrants issued for services, July 2008							271,186
Common stock issued for cash, August 2008			333,333	6,667			93,333
Common stock issued for cash, September 2008			150,000	3,000			42,000
Common stock issued for cash, October 2008			183,333	3,667			51,333
Common							

stock and warrants issued for stock								
subscription receivable supported by								
restricted cash, October 2008								
- allocated to common stock			6,499,000	129,980			1,148,859	(1,278,839
- allocated to warrants							3,721,161	(3,721,161
Common stock issuable to a Director for services								
received, October 2008					25,000	500	24,750	
Common stock issued for cash, November 2008			166,667	3,333			46,667	
Common stock issuable for services received,								
November 2008					62,500	1,250	30,000	
Net loss								
Balance December 31, 2008	-	-	10,884,021	217,680	579,286	11,586	10,472,710	(5,000,000

Common

stock issuable for services received, January 2009					30,000		600		5,400	
Net loss										
Balance March 31, 2009	- $	-	10,884,021	$ 217,680	609,286	$	12,186	$ 10,478,110	$	(5,000,00

See Notes to Financial Statements

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1st NRG CORP

(a Development Stage Company)

STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2009, and 2008 and for the Period from

October 1, 2003 (the effective date of the development stage) through March 31, 2009

(unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	Cumulative During the Development Stage
Cash Flows From Operating Activities			
Net loss	$ (105,760)	$ (376,082)	$ (4,367,280)
Adjustments to reconcile net loss to net cash			
used in operating activities			
Common stock issuable for:			
services	6,000		62,500
future services	-	-	10,000
Options issuable for mangement compensation	-	-	19,698
Warrants issued for services	-		271,186
Common stock issued for:			
management compensation	-		1,950,000
services	-	-	27,500
Gain on extinguishment of related party debt	-	-	(205,000)
Loss of deposits held in Escrow	-	-	355,767
Change in operating assets and liabilities			
Prepaid expenses and other assets	14,180	-	(2,981)
Accounts payable and accrued interest	22,740	225,404	164,288
Accrued management compensation	62,500	125,001	1,236,383
Net cash used in operating activities	(340)	(25,677)	(477,939)
Cash Flows From Investing Activity			
Increase in deposits in Escrow	-	-	(355,767)
Net cash used in investing activities		-	(355,767)

Cash Flows From Financing Activities						
Proceeds from contracts payable		-		-		12,361
Proceeds (Payments) on loans payable		-		12,418		(23,190)
Proceeds (Payments) on loans payable, related party		-		(1,870)		4,041
Proceeds from common stock and warrants, net		-		-		755,000
Proceeds (Payments) from advances from related parties		54		(6,440)		85,493
Capital Stock: Common stock 2008 Private Placement		-		21,573		-
Net cash provided by financing activities		54		25,681		833,705
Net change in cash		(286)		4		(1)
Cash, beginning of period		288		-		3
Cash, end of period	$	2	$	4	$	2
Supplementary Information - Non-cash Transactions:						
Common stock issued and issuable for debt						
and accrued expenses	$	-	$	-	$	1,041,353
Stock subscription (returned) issued for services to be provided		-		-		-
Common stock issued and issuable for services		6,000		-		62,500
Warrants issued for services		-		-		271,186
Common stock and warrants issued for stock subscriptions						
supported by restricted cash		-		-		5,000,000
	$	6,000	$	-	$	6,375,039

See Notes to Financial Statements

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NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Significant Accounting Policies

Organization

1st NRG Corp (the "Company") was formed under the laws of the State of Delaware on January 8, 1988. The Company's principal business activity was the exploration and development of mineral properties until the reorganization discussed below. Effective as of October 1, 2003, the Company discontinued its current operations and re-entered the development stage to examine new opportunities. The Company is currently pursuing opportunities in the oil and gas industry.

These financial statements have been prepared treating the Company as a development stage company, effective as of October 1, 2003.

Interim Period Financial Statements

The interim period financial statements have been prepared by the Company pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such SEC rules and regulations. The interim period financial statements should be read together with the audited financial statements and accompanying notes included in the Company s Form 10-K for the year ended December 31, 2008. In the opinion of the Company, the unaudited financial statements contained herein contain all adjustments (consisting of a normal recurring nature) necessary to present a fair statement of the results of the interim periods presented.

Going Concern

The Company has incurred significant losses from operations and has an accumulated deficit at March 31, 2009. The Company's ability to continue as a going concern is dependent upon obtaining additional financing and/or achieving a sustainable profitable level of operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As described below in Note 2 Restricted Cash and Stock Subscriptions Receivable, the Company has received an investment of $5 million, however the cash is currently being held in an escrow account subject to an "Account Control Agreement". To date no funds have been released to the Company under the Account Control Agreement. Management of the Company has undertaken steps to begin to secure the release of the funds from the escrow account. However there cannot be any assurances given that the Company will be successful in securing the release of funds under the terms of the Account Control Agreement.

Management has taken steps to seek additional financing for the Company with the goal of sustaining the operations of the Company. These steps include seeking additional or alternative commitments to finance acquisitions of the facilities for the liquefaction of coal and taking the steps to controlling and adjusting overhead and expenses to reflect its present reduced level of operations.

On March 16, 2009, the Company entered into a non-binding Letter of Intent to acquire Presidium Energy, LLC. The basic terms of the acquisition involve issuing the shareholders of Presidium approximately 63 million shares of the Company s common stock. The transaction is subject to successfully negotiating the final terms and conditions to be included in the closing documents.

Presidium Energy is an oil and gas exploration company headquartered in Traverse City, Michigan. The company has major drilling programs underway in Michigan, Indiana, and Oklahoma. The Company has a dual focus of oil exploration and the development of low-risk, unconventional natural gas plays to create long-term, stable income-producing assets for shareholders. Presidium is managed for creating maximum shareholder value by drilling in proven trends, acquiring extensive seismic data ahead of drilling, and targeting areas where both shale gas and oil can be produced. Presidium is aggressively developing four major project areas, with plans to keep at least four rigs active throughout 2009. Presidium holds rights to over 2300 drilling locations associated with over 300,000 net acres of oil and gas leasehold.

There can be no assurance that any of these efforts will be successful or that the Company will be able to continue operations or successfully negotiate final acquisition terms with Presidium.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that directly affect the results of reported assets and liabilities and disclosure of contingent assets and liabilities as of the balance sheet date, and the reported amounts of revenues and expenses for the periods presented. Actual results could differ from these estimates.

Cash

Cash consists of checking and savings accounts held at financial institutions with original maturities of 90 days or less, stated at market value. The Company did not pay cash for any interest or income taxes during 2009 or 2008.

Accrued Interest

There was a contract payable that bore interest at 15% which was retired by committing to issue shares and recognizing issuable shares in 2003. Related accrued interest remains unpaid at March 31, 2009.

Earnings Per Share

Basic loss per share is computed by dividing the net loss available to common stockholders by the weighted average number of common shares outstanding in the period. Diluted earnings per share takes into consideration common shares outstanding (computed under basic earnings per share) and potentially dilutive common shares. For the three months ended March 31, 2009, outstanding options and warrants were anti-dilutive because of the Company s net losses. Common stock issuable is considered outstanding as of the original approval date for purposes of earnings per share computations.

Fair Value of Financial Instruments

Financial instruments consist of cash, prepaid expenses, accounts payable, accrued management compensation, accrued interest, cash advances, and loans payable. The fair value of these financial instruments approximates the carrying amounts due to the short-term nature.

Comprehensive Loss

Statements of Financial Accounting Standards ("SFAS") No. 130 "Reporting Comprehensive Income," establishes standards for reporting comprehensive income (loss) and its components in financial statements. Comprehensive loss, as defined, includes all changes in equity during a period from non-owner sources. To date, the Company has not had any significant transactions that are required to be reported in other comprehensive loss.

Stock-Based Compensation

The Company accounts for stock-based awards in accordance with SFAS No 123(R) which requires measurement of compensation cost for all stock-based awards at fair value on date of grant and recognition of compensation over the service period for awards expected to vest. The fair value of stock options is determined using the Black-Scholes valuation model, which is consistent with the Company s valuation techniques previously utilized for options in footnote disclosures required under SFAS No. 123, Accounting for Stock-Based Compensation , as amended by SFAS No. 148, Accounting for Stock Based Compensation Transition and Disclosure .

Income Taxes

The Company accounts for income taxes in accordance with the liability method. Under the liability method, deferred assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax basis. The Company establishes a valuation allowance to the extent that it is more likely than not that deferred tax assets will not be recoverable against future taxable income.

The Company accounts for uncertain income tax positions in accordance with FAS Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement 109 (FIN48). Accordingly the Company reports a liability for unrecognized tax benefits resulting from uncertain income tax positions taken or expected to be taken in an income tax return. Estimated interest and penalties are recorded as a component of interest expense and other expense, respectively.

Reclassifications

Certain amounts from the March 31, 2008, quarterly financial statements have been reclassified to conform to the current quarter presentation.

Note 2. Restricted Cash and Stock Subscription Receivable

The Company has received $5,000,000 from investors in exchange for 500 units of the Company s securities. Each unit includes 12,998 shares of the Company s stock and warrants to purchase an additional 21,682 shares of the Company s stock (see Note 3). The cash received from investors, representing the full value of the units, is held in a bank account, which is subject to an "Account Control Agreement".

As of March 31, 2009, no amounts have become available under the Account Control Agreement, accordingly no amounts have been released from stock subscriptions receivable and no liability has been accrued for the investor advisor fee as of that date.

Note 3. Stockholders Deficit

In July of 2008, the Company authorized, as part of a service contract, 250,000 stock purchase warrants which allowed the holder to purchase 250,000 shares at incremental exercise prices. In January 2009 , by mutual consent, the services contract and warrants were cancelled on agreement by the Company to issue 30,000 common shares at the then agreed trading price of $0.20 per share. No gain or loss has been recorded for the cancelled warrants. The value of $6,000 attributed to the shares has been recorded in the Operating Statement under Consulting Fees.

A summary of the warrants outstanding at March 31, 2009, is as follows:

	Number of warrants	Weighted Average Exercise Price		Remaining Contractual Term	Aggregate Intrinsic Value at March 31, 2009	
Balance at December 31, 2008	11,606,000	$	3.88	2.24 years	$	-
Warrants exercised	(0)					
Warrants cancelled	(250,000)					
Warrants expired	(0)					
Balance at March 31, 2009	11,356,000	$	3.84	1.99 years	$	-

In May 2007, the Company authorized 25,000 common stock options to the Company s CFO/Secretary as part of his employment contract. These warrants were cancelled by mutual consent during quarter ended March 31, 2009. No gain or loss has been recorded for this transaction.

The Company has no unvested warrants or stock options.

A summary of options outstanding at March 31, 2009, is as follows:

	Number of options	Weighted Average Exercise Price		Remaining Contractual Term	Aggregate Intrinsic Value at March 31, 2009	
Balance at December 31, 2008	25,000	$	20.00		$	-
Options exercised	-0					
Options cancelled	-25,000					
Options expired	-0					
Balance at March 31, 2009	-0	$	-		$	-

Note 4. Recent Accounting Pronouncements

In December 2008, the FASB issued Staff Position, or FSP, FAS 132(R)-1, Employers Disclosures about Postretirement Benefit Plan Assets. FSP FAS 132(R)-1, Employers Disclosure about Pensions and Other Postretirement Benefits, to require additional disclosures about plan assets held in an employer s defined benefit pension or other postretirement plan to provide users of financial statements with an understanding of: (i) how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies; (ii) the major categories of plan assets; (iii) the inputs and valuation techniques used to measure the fair value of plan assets including the level within the fair value hierarchy, using the guidance in SFAS No. 157; and (iv) significant concentrations of risk within plan assets. FSP FAS 132(R)-1 is effective for financial statements issued for fiscal years ending after December 15, 2009. The Company does not expect the adoption of FSP FAS 132(R)-1 to have a material effect on its financial statements.

In April 2009, the FASB issued FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or the Liability Have Significantly Decreased and Indentifying Transaction That Are Not Orderly. FSP FAS 157-4 amends SFAS No. 157 to provide additional guidance on (1) estimating fair value when the volume and level of activity for an asset or liability have significantly decreased in relation to normal market activity for the asset or liability; and (ii) circumstances that may indicate that a transaction is not orderly. FSP FAS 157-4 also requires additional disclosures about fair value measurements in interim and annual reporting periods. FSP FAS

157-4 is effective for interim and annual reporting periods ending after June 15, 2009. The Company does not expect adoption of FSP FAS 157-4 to have a material effect on its financial statements.

In April 2009, the FASB issued FSP FAS 115-2 and FAS 124-2, Recognition and Presentation of Other-Than-Temporary Impairments (FSPFAS 115-2). FSP FAS 115-2 provides additional guidance on the timing of impairment recognition and greater clarity about the credit and noncredit components of impaired debt securities that are not expected to be sold. FAP FAS 115-2 also requires additional disclosures about impairments in interim and annual reporting periods. FSP FAS 115-2 is effective for interim and annual reporting periods ending after June 15, 2009. The Company does not expect the adoption of FSP FAS 115-2 to have a material effect on its financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB 28-1, Interim Disclosures about Fair Value of Financial Instruments. FSP FAS 107-1 and APB 28-1 amends SFAS No. 107, Disclosures about Fair Value Instruments, to require disclosures about fair value of financial instruments in interim as well as in annual financial statements. This FSP also amend Accounting Principles Board (APB) Opinion No. 28, Interim Financial Reporting, to require those disclosures in all interim financial statements. FSP FAS 107-1 and APB 28-1 is effective for interim reporting periods ending after June 15, 2009. The Company does not expect the adoption of FSP FAS 107-1 and APB 28-1 to have a material effect on its financial statements.

Note 5. Related Party Transactions

The Company s offices are located in Ferndale, Washington. The office facilities are currently provided on a month to month basis by a Director of the Company and/or a Company controlled by the Director. The Director was paid $7,500 for facility costs consisting of rental expense for the three months ended March 31, 2009, which is included General and Administrative Expenses.

Note 6. Cash Advances and Advances from Related Parties

The Company has received cash advances from related and third parties to help fund the Company s operations. The advances are non-interest bearing and are due on demand.

Note 7. Loan Payable and Loan Payable from Related Party

In 2008, a related party paid operating expenses on behalf of the Company that must be repaid by October 9, 2009. The loan accrues interest at a rate of 10% per year.

In 2008, the Company receive loan proceeds for general corporate use to be repaid by August 1, 2009. The loan accrues interest at a rate of 10% per year.

Item 2. Management s Discussion and Analysis of Financial Conditions and Results of Operations

THE FOLLOWING INFORMATION CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS OF MANAGEMENT OF THE COMPANY. FORWARD-LOOKING STATEMENTS ARE STATEMENTS THAT ESTIMATE THE HAPPENING OF FUTURE EVENTS AND ARE NOT BASED ON HISTORICAL FACT. FORWARD-LOOKING STATEMENTS MAY BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY, SUCH AS "MAY," "SHALL," "WILL," "COULD," "EXPECT," "ESTIMATE," "ANTICIPATE," PLAN, "PREDICT," "PROBABLE," "POSSIBLE," "SHOULD," "CONTINUE," OR SIMILAR TERMS, VARIATIONS OF THOSE TERMS OR THE NEGATIVE OF THOSE TERMS. THE FORWARD-LOOKING STATEMENTS SPECIFIED IN THE FOLLOWING INFORMATION HAVE BEEN COMPILED BY OUR MANAGEMENT ON THE BASIS OF ASSUMPTIONS MADE BY MANAGEMENT AND CONSIDERED BY MANAGEMENT TO BE REASONABLE. OUR FUTURE OPERATING RESULTS, HOWEVER, ARE IMPOSSIBLE TO PREDICT AND NO REPRESENTATION, GUARANTY, OR WARRANTY IS TO BE INFERRED FROM THOSE FORWARD-LOOKING STATEMENTS.

This discussion and analysis should be read in conjunction with the accompanying Financial Statements and related notes. Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis we review our estimates and assumptions. Our estimates were based on our historical experience and other assumptions that we believe to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but we do not believe such differences will materially affect our financial position or results of operations. Our critical accounting policies, the policies we believe are most important to the presentation of our financial statements and require the most difficult, subjective and complex judgments are outlined below and have not changed significantly.

Background:

The Company was formed under the laws of the State of Delaware on January 8, 1988 and was inactive until 1995 when it entered into an agreement to acquire certain mineral properties. The operation of the mineral properties was unsuccessful and at December 31, 1999 the Company entered into a release agreement whereby all assets previously acquired, including staked placer leases and related production equipment located on the properties, were conveyed back in consideration for the release from all related debts and obligations. At present the Company holds no interest in any mineral properties.

The Company's principal business activity was the exploration and development of mineral properties until the reorganization approved by the shareholders as of September 24, 2003 (Exhibit 2.2). Effective October 1, 2003 the Company discontinued its current operations and re-entered the development stage to examine new opportunities.

In 2006 the Company pursued opportunities in Specialty Fuel and embarked on a path to leverage itself into favorable partnerships in the oil and gas space. Further, to reflect this change of direction, the Company changed its name to 1st NRG Corp.

In 2007 the Company continued pursuing opportunities in Specialty Fuels and in 2008 as a result of information acquired the Company refocused its efforts towards the acquisition of oil and gas assets.

On March 16, 2009 the Company entered into a non-binding Letter of Intent to acquire Presidium Energy, LLC. The basic terms of the acquisition involve issuing the shareholders of Presidium approximately 63 million shares of the Company s common stock. The transaction is subject to successfully negotiating the final terms and conditions to be included in the closing documents.

Presidium Energy is an oil and gas exploration company headquartered in Traverse City, Michigan. The company has major drilling programs underway in Michigan, Indiana, and Oklahoma. The Company has a dual focus of oil exploration and the development of low-risk, unconventional natural gas plays to create long-term, stable income-producing assets for shareholders. Presidium is managed for creating maximum shareholder value by drilling in proven trends, acquiring extensive seismic data ahead of drilling, and targeting areas where both shale gas and oil can be produced. Presidium is aggressively developing four major project areas, with plans to keep at least four rigs active throughout 2009. Presidium holds rights to over 2300 drilling locations associated with over 300,000 net acres of oil and gas leasehold.

Limited Operations:

The Company has not generated any significant revenues and will not generate significant revenues until it is able to develop new projects and sources of financing. Expenditures as shown in the *Statements of Operations* during the current three month period reflect a material increase over 2007 caused by the revised employment agreements (see Item 6(c) Exhibits 10.14.1 Employment agreement of Edward D. Renyk and 10.21.1.1 Employment Agreement of Dr. J. Greig); Consulting fees (see Notes To Financial Statements, Note 7 Contracts Payable); General and administrative expenses for the three months ended September 30, 2008 reflecting the additional cost for rents on the Ferndale head office facilities and contracting out of bookkeeping costs relative to our program to improve internal controls by separating the responsibilities of personnel; and professional fees related to preparation of presentation packages to elicit major financing.

At March 31, 2009 the Company had a stockholders' deficit of approximately $1,291,000.

Liquidity:

The financial statements of the Company contained herein have been prepared on a going concern basis. If the Company were unable to raise funds necessary to continue operations or were unable to generate positive cash flow from new operations, it might be forced to liquidate. In such event, it is unlikely that the Company would realize amounts sufficient to liquidate its liabilities recorded on the balance sheet.

On October 21, 2008, the Company caused effective and consummated the Stock Purchase Agreement under which the Company sold to a group of five (5) accredited institutional investors 500 units, each unit consisting of 12,998 shares of the Company s common stock and warrants exercisable at $1.24 per share to purchase an additional 21,682 shares of the Company s common stock. The warrants expire thirty (30) months from the closing of the transaction. Each unit was priced at $10,000 for an aggregate of five million dollars ($5,000,000) invested into the Company. The shares to be issued under the Stock Purchase Agreement are currently being held in escrow pending release under the terms and condition of the escrow agreement.

(See Financial Statements Note 2-Restricted Cash and Stock Subscription Receivable.)

There can be no assurance that any of these efforts will be successful.

Substantial Indebtedness to Related Parties:

The Company owed substantial amounts to related parties consisting of accrued management compensation, advances received primarily from Officers & Directors, and unsecured loans. There can be no assurance that the Company will be able to satisfy its obligations to the Related Parties.

Item 4T. Controls and Procedures

Evaluation of Disclosure Controls and Procedures:

As required by Rule 13a-15 under the Exchange Act for the period ended December 31, 2008 we have carried out an evaluation of the effectiveness of the design and operation of our Company s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and based on this evaluation our Chief Strategic Officer and Chief Financial Officer (the Certifying Officers) conclude that our disclosure controls and procedures were not effective as of December 31, 2008 because of identified material weaknesses in our internal control over financial reporting as detailed below under (c) Material Weaknesses Identified .

Management s Report on Internal Control Over Financial Reporting:

Our Certifying Officers are responsible for establishing and maintaining our disclosure controls and procedures. The Certifying Officers have designed established disclosure controls and other procedures that are designed to ensure that material information required to be disclosed by the issuer in the reports that it files or submits under the Act (15 U.S.C. 78a et seq) is recorded, processed, summarized and reported, within the time periods specified in the Commission s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer s management, including its principal executive and principal financial officers, as appropriate to allow timely discussions regarding required disclosure is made known to them, particularly during the period in which this report was prepared.

Material Weaknesses Identified:

Our Certifying Officers are aware that with the limited level of operations, financial resources and availability of personnel that material weaknesses exist in the controls and procedures, particularly in the concentration of duties, lack of an audit committee and access to additional financial expertise, both within and external to the current composition of the Board of Directors. Specific weakness in internal control over financial reporting exists because of the following:

1.

Our Company is managed by a small number of individuals working out of offices in Ferndale, Washington and Richmond, British Columbia. We do not have a large enough number of independent staff or management members to provide third party oversight in the review of our financial transactions on an ongoing basis. Our CSO/Chairman of the Board/Director is solely responsible for initiating activities of the Company and CFO/Director is responsible for reviewing, and, until recently, recording the financial transactions, as well as the preparation and review of financial reports, including the preparation of the 10Q s and 10K. The electronically recorded and related physical records are maintained by the Ferndale office.

2.

The Company s Board of Directors consist of four members of which three make up the entire management team resulting in inadequate independent oversight of the management function as well as not having member to staff board of director committees, in particular an audit committee. The Company lacks a designated financial expert and no method of creating an effective whistleblower program.

3.

Our limited operations and business practices include complex technical accounting issues that require significant accounting and SEC reporting expertise. We do not have adequate accounting technical resources to ensure timely and accurate accounting and reporting for addressing such highly technical issues.

4.

There is a lack of independent supervisory review of accounting transactions, including the recording of general ledger journal entries, month end account reconciliations, and preparation of financial reporting.

Plan for Remediation of Material Weaknesses:

Our Chief Strategic Officer is actively engaged in actions to resolve these deficiencies by:

1.

pursuing short term and long term funding. Initial contracts are presently under active negotiation.

2.

actively recruiting members to add to the Board of Directors and has successfully concluded the first of two planned which will bring the Board up to full strength. The current addition was Mr. Erik Nelson effective June 15, 2008. (See Item 6. (b) Reports on Form 8-K)

3.

identifying and being in active negotiation with three potential candidates to fill the positions of Secretary, Chief Financial Officer (CFO), and President/Chief Executive Officer (CEO)

4.

pursuing active projects which include operational staffing to compliment the above actions and assist the Company in meeting its goals of fully meeting the requirements imposed by Sarbanes Oxley by its annual 2009 reporting date.

Changes in Internal Controls over Financial Reporting:

There have been no material changes in our internal controls over financial reporting that occurred during the quarter ended March 31, 2009 that have affected or are likely to affect our internal controls over financial reporting with the exception that the Company has engaged the services of an external bookkeeping service provider enabling it to separate the primary responsibility of recording from that of oversight and transformation of this information into the financial reporting activity.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

The company is not currently involved in any legal proceedings.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In July of 2008, the Company authorized, as part of a service contract, 250,000 stock purchase warrants which allowed the holder to purchase 250,000 shares at incremental exercise prices. In January 2009, by mutual consent, the services contract and warrants were cancelled on agreement by the Company to issue 30,000 common shares at the then agreed market price of $0.20 per share. No gain or loss has been recorded for the cancelled warrants. The value of $6,000 attributed to the shares has been recorded in the Operating Statement under Consulting Fees.

On October 21, 2008, the Company caused effective and consummated the Stock Purchase Agreement under which the Company sold to a group of five (5) accredited institutional investors 500 units, each unit consisting of 12,998 shares of the Company s common stock and warrants exercisable at $1.24 per share to purchase an additional 21,682 shares of the Company s common stock. The warrants expire thirty (30) months from the closing of the transaction. Each unit was priced at $10,000 for an aggregate of five million dollars ($5,000,000) invested into the Company. The shares to be issued under the Stock Purchase Agreement are currently being held in escrow pending release under the terms and condition of the escrow agreement.

A summary of vested options and warrants outstanding at March 31· 2009 is as follows:

	Number of shares		**Weighted Average Exercise Price**		**Aggregate Intrinsic Value**	
	Options	**Warrants**	**Options**	**Warrants**	**Options**	**Warrants**
Balance at December 31, 2008	25,000	11,606,000	$20.00	$3.88	$0	$0
Options/Warrants exercised	(0)	(0)				
Options/Warrants canceled	(25,000)	(250,000)				
Options/Warrants expired	(0)	(0)				
Options/Warrants outstanding and exercisable at March 31, 2009	(0)	11,356,000	$0	$1.38	$0	$0

The Company has no unvested stock options or warrants.

Item 3. Defaults Upon Senior Securities

The Company is not currently in default upon any securities.

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

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a)

Exhibits: The following Exhibits are furnished as part of this report.

None

(b) Reports on Form 8-K

(c)

Documents Incorporated by Reference

Part I Item 2. Exhibit 10.14.1 Employment Agreement of Edward D. Renyk Incorporated by reference to Company s Form 10K-SB Accession Number 0001137171-07-001138 filed August 20, 2007.

Part I Item 2. Exhibit 10.21.1.1 Employment Agreement of J. Greig Incorporated by reference to Company s Form 8-K Accession Number 0001137171-07-000608 filed April 30, 2007.

31 & 32 Certification

SIGNATURES

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

1ST NRG CORP

/s/ J. Greig

Dated: May 11, 2009

By: Dr. J. Greig, Ph.D.

CSO and

Principal Executive Officer

/s/ E. D. Renyk

Dated: May 11, 2009

By: E. D. Renyk

Principal Accounting Officer

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934,

RULES 13a-14 AND 15d-14

AS ADOPTED PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of 1st NRG CORP (the Company) on Form 10-Q for the period ending March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Dr. J. Greig, Chief Strategic Officer of the Company, certify, pursuant to Rules 13a-14 and 15-d14 of the Securities Exchange Act of 1934 (the Exchange Act), as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002, that:

1.I have reviewed this Report;

2.Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3.Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of, and for, the periods presented in this Report;

4.I and the other certifying officers of the Company are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:

(a)

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including any consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b)

Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(c)

Disclosed in this Report any change in the Company s internal control over financial reporting that occurred during the Company s most recent fiscal quarter (the Company s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting; and

5.I and the other certifying officers have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company s auditors and to the audit committee of the Company s board of directors (or persons performing the equivalent functions):

(a)

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b)

Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ J. Greig

Dr. J. Greig, Chief Strategic Officer

May 11, 2009

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934,

RULES 13a-14 AND 15d-14

AS ADOPTED PURSUANT TO

SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of 1st NRG CORP. (the Company) on Form 10-Q for the period ending March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, E. D. Renyk, Chief Accounting Officer of the Company, certify, pursuant to Rules 13a-14 and 15-d14 of the Securities Exchange Act of 1934 (the Exchange Act), as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002, that:

1.I have reviewed this Report;

2.Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3.Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of, and for, the periods presented in this Report;

4.I and the other certifying officers of the Company are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and have:

(a)

Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including any consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

(b)

Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

(c)

Disclosed in this Report any change in the Company s internal control over financial reporting that occurred during the Company s most recent fiscal quarter (the Company s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting; and

5.I and the other certifying officers have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company s auditors and to the audit committee of the Company s board of directors (or persons performing the equivalent functions):

(a)

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b)

Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

/s/ E. D. Renyk

E. D. Renyk, Chief Accounting Officer

May 11, 2009

Exhibit 32

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of 1st NRG CORP (the Company) on Form 10-Q for the period ending March 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the Report), we, Dr. J. Greig, Chief Strategic Officer of the Company, and E. D. Renyk, Chief Accounting Officer of the Company, respectively certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1.

The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2.

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ J. Greig

/s/ E. D. Renyk

Dr. J. Greig, Chief Strategic Officer

E. D. Renyk, Chief Accounting Officer

May 11, 2009

May 11, 2009