

PATRIOT GOLD CORP
Form 10-K
August 29, 2008

U.S. 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 May 31, 2008
Commission file number: 0--32919

PATRIOT GOLD CORP.
(Exact name of registrant as specified in its charter)

Nevada
(State of incorporation)

86-0947048
(I.R.S. Employer Identification No.)

501-1775 Bellevue Ave.
West Vancouver, B.C. Canada V7V 1A9
(Address of principal executive offices)

(604) 925-5257
(Registrant's telephone number, including area code)

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

Securities registered pursuant to Section 12(g) of the Exchange Act:
Common Stock, \$0.001 par value

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

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 registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller Reporting Company

(Do not check if a 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 voting and non-voting common equity held by non-affiliates computed by reference to the average bid and asked price of such common equity as November 30, 2007 was approximately \$2,022,440.

The number of shares of the issuer’s common stock issued and outstanding as of August 28, 2008 was 26,224,400 shares.

Documents Incorporated By Reference: None

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Glossary of Mining Terms

Adularia. A potassium-rich alteration mineral – a form of orthoclase.

Air track holes. Drill hole constructed with a small portable drill rig using an air-driven hammer.

BLEG sampling. Bulk leach sampling. A large sample of soil or rock that is leached using cyanide to determine gold and silver content down to a detection limit of as little as 1.0 parts per billion.

CSMT Survey. An electromagnetic method used to map the variation of the Earth's resistance to conduct electricity by measuring naturally occurring electric and magnetic fields at the Earth's surface.

Controlled Source Magneto-telluric Survey. The recording of variations in a generated electrical field using sophisticated survey methods.

Core holes. A hole in the ground that is left after the process where a hollow drill bit with diamond chip teeth is used to drill into the ground. The center of the hollow drill fills with the core of the rock that is being drilled into, and when the drill is extracted, a hole is left in the ground.

Felsic Tertiary Volcanic Rocks. Quartz-rich rocks derived from volcanoes and deposited between two and sixty-five million years ago.

Geochemical sampling. Sample of soil, rock, silt, water or vegetation analyzed to detect the presence of valuable metals or other metals which may accompany them. For example, arsenic may indicate the presence of gold.

Geochemical Sampling. Sampling of rocks or soil and determination of the absolute abundances of elements.

Geologic mapping. Producing a plan or sectional map of the rock types, structure and alteration.

Geophysical survey. Electrical, magnetic and other means used to detect features, which may be associated with mineral deposits

Ground magnetic survey. Recording variations in the earth's magnetic field and plotting same.

Ground radiometric survey. A survey of radioactive minerals on the land surface.

Leaching. Leaching is a cost effective process where ore is subjected to a chemical liquid that dissolves the mineral component from the ore, and then the liquid is collected and the metals extracted from it.

Magnetic lows. An occurrence that may be indicative of a destruction of magnetic minerals by later hydrothermal (hot water) fluids that have come up along these faults. These hydrothermal fluids may in turn have carried and deposited precious metals such as gold and/or silver.

Plug. Landform similar to a dome, but smaller.

Quartz Monzonite. A coarsely crystalline rock composed primarily of the minerals quartz, plagioclase and orthoclase.

Quartz Stockworks. A multi-directional quartz veinlets.

RC holes. Short form for Reverse Circulation Drill holes. These are holes left after the process of Reverse Circulation Drilling.

Resource. An estimate of the total tons and grade of a mineral deposit.

Reverse circulation drilling. A less expensive form of drilling that does not allow for the recovery of a tube or core of rock. The material is brought up from depth as a series of small chips of rock that are then bagged and sent in for analysis. This is a quicker and cheaper method of drilling, but does not give as much information about the underlying rocks.

Rhyolite plug dome. A domal feature formed by the extrusion of viscous quartz-rich volcanic rocks.

Scintillometer survey. A survey of radioactive minerals using a scintillometer, a hand-held, highly accurate measuring device.

Scoping Study. A detailed study of the various possible methods to mine a deposit.

Silicic dome. A convex landform created by extruding quartz-rich volcanic rocks

Tertiary. That portion of geologic time that includes abundant volcanism in the western U.S.

Trenching. A cost effective way of examining the structure and nature of mineral ores just beneath the surface. It involves digging long usually shallow trenches in carefully selected areas to expose unweathered rock and allow sampling.

Volcanic center. Origin of major volcanic activity

Volcanoclastic. Coarse, unsorted sedimentary rock formed from volcanic rocks.

Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking information. Forward-looking information includes statements relating to future actions, prospective products, future performance or results of current or anticipated products, sales and marketing efforts, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management of Patriot Gold Corp. (the “Company” or “we”) and other matters. Forward-looking information may be included in this Annual Report on Form 10-K or may be incorporated by reference from other documents filed with the Securities and Exchange Commission (the “SEC”) by the Company. One can find many of these statements by looking for words including, for example, “believes,” “expects,” “anticipates,” “estimates” or similar expressions in this Annual Report on Form 10-K or in documents incorporated by reference in this Annual Report on Form 10-K. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events.

The Company has based the forward-looking statements relating to the Company’s operations on management’s current expectations, estimates and projections about the Company and the industry in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that we cannot predict. In particular, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. Accordingly, the Company’s actual results may differ materially from those contemplated by these forward-looking statements. Any differences could result from a variety of factors, including, but not limited to general economic and business conditions, competition, and other factors.

PART I

Item 1. Description of Business.

We are engaged in natural resource exploration and anticipate acquiring, exploring, and if warranted and feasible, developing natural resource properties. Currently we are in the exploration state and are undertaking exploration programs in Arizona and Nevada.

History

We were incorporated in the State of Nevada on November 30, 1998. We were originally organized to engage in the business of breeding, raising and marketing ostriches, ostrich meat and ostrich by-products to the wholesale and retail markets. We operated from November 30, 1998 through approximately May 31, 2000 when we ceased all operations due to lack of capital.

Mr. Manfred Schultz and Mr. Gerald Hinkley were our sole officers and directors from inception in November 1998, until they resigned on October 31, 2002. During such time, Messrs. Schultz and Hinkley were responsible for maintaining the Company in compliance with all SEC and other rules and regulations and for finding a suitable business opportunity to acquire or merge with the Company. On October 20, 2002, Mr. Bruce Johnstone was appointed to the board of directors and as an officer. On October 31, 2002, Mr. Manfred Schultz and Mr. Gerald Hinkley resigned as directors and officers of the Company. The resignations were offered for personal reasons and not for any disagreement with management of the Company or its policies. Both resigning directors and the Company parted ways on good terms.

On or about May 1, 2001, the directors determined that it was in the best interest of our stockholders to become active again and we began seeking potential operating businesses and business opportunities with the intent to acquire or merge with such businesses. In June 2003, we filed an Amended and Restated Articles of Incorporation with the Secretary of State of the State of Nevada changing the name of our Company and authorizing the issuance of preferred stock.

On June 12, 2003, we issued 13,500,000 Series A 7% Redeemable Preferred Shares to Mr. Bruce Johnstone, our director and officer, in consideration for his services; this issuance having been previously approved by a vote of both the Board of Directors and the majority stockholders. Each Series A 7% Redeemable Preferred Share had the right to vote with the common shares on all matters requiring stockholder vote, including without limitation the election of directors. Mr. Johnstone received the shares in lieu of cash compensation for the services he provided to us. These services included, without limitation, the determination to transform the Company from the then business of ostrich meat production to the current business activity of resource exploration and ensuring that the Company would maintain its corporate existence. During this process, Mr. Johnstone was responsible for finding and securing qualified directors for the board, which made up the new management team for the Company. Along with this he was also responsible for arranging and closing our July 2003 private placement financing. These funds provided the necessary funding to secure the first resource exploration projects which Mr. Johnstone established when he signed the Letter of Intent with MinQuest Inc. on June 27, 2003.

On June 13, 2003, Messrs. Schultz and Hinkley, our former officers and directors, returned a total of 700,000 shares of common stock to us for cancellation. Given the fact that said individuals were no longer affiliated with the Company, at our request they agreed to return 70% of their holdings in the Company. We determined that having them maintain 30% of their initial holdings in the Company was adequate consideration for the four years' of services which they had performed. Since Messrs. Schultz and Hinkley were satisfied with our business plan to make the Company a natural resource exploration company, they did not request any consideration for the return of their shares.

On June 17, 2003, each issued and outstanding share of common stock was forward split at a rate of one for seven and six-tenths (1:7.6) so that each share of common stock became equal to 7.6 shares.

On June 17, 2003, we received a new trading symbol to reflect the company name change and forward split of the common stock. The new trading symbol is PGOL.

On June 23, 2003 the Board adopted a resolution to (i) increase the number of positions on the Board to a total of three and (ii) appoint to the newly created positions Mr. Robert A. Sibthorpe of Vancouver, B.C. and Mr. Robert D. Coale of Solana Beach, CA.

On July 21, 2003, Mr. Bruce Johnstone resigned as an officer and director. The resignation was offered for personal reasons and not for any disagreement with management of the Company or its policies. On July 21, 2003, Mr. Ronald C. Blomkamp was appointed as the President, Chief Executive and Financial Officer and Secretary and a director of the Company.

On October 13, 2005, Mr. Ronald Blomkamp, the Chairman, President, Chief Executive Officer, Chief Operating Officer, Secretary, and a director resigned from each of his positions as an officer and director of the Company. On the same date, the Company's board of directors voted to appoint Mr. Robert Coale as Chairman, President, Chief Executive Officer, Chief Operating Officer, Secretary and Treasurer. Also on the same date, the Company's board of directors elected Mr. Duncan Budge as a member of the board of directors of the Company.

On March 10, 2006 the Company granted stock options to Mr. Robert Coale, who is the Chairman, President, Chief Executive Officer, Chief Operating Officer, Secretary, Treasurer, and Director and to Mr. Robert Sibthorpe who is a director of the Company. In consideration therefor, Mr. Coale, Mr. Sibthorpe and the Company entered into Buy-Back Option Agreements, pursuant to which Messrs. Coale and Sibthorpe granted to the Company the option to purchase all or any portion of the 3,000,000 shares of the Company's common stock that are owned by each of Mr. Coale and Mr. Sibthorpe respectively for a purchase price of \$0.01 per share.

Also on March 10, 2006, the Company entered into a Redemption Agreement with Ronald Blomkamp, the Company's former President and Chief Executive Officer, pursuant to which the Company purchased from Mr. Blomkamp the 3,000,000 shares of the Company's common stock that were owned by Mr. Blomkamp. The purchase price for such shares paid to Mr. Blomkamp by the Company was \$0.01 per share, which amounted to an aggregate of \$30,000. The purchased share were returned to treasury and cancelled.

Business Operations

We are a natural resource exploration company with an objective of acquiring, exploring, and if warranted and feasible, developing natural resource properties. Our primary focus in the natural resource sector is gold. We are an exploration stage company. We do not consider ourselves a “blank check” company required to comply with Rule 419 of the Securities and Exchange Commission, because we were not organized for the purpose of effecting, and our business plan is not to effect, a merger with or acquisition of an unidentified company or companies, or other entity or person. We do not intend to merge with or acquire another company in the next 12 months.

Though we have the expertise on our board of directors to take a resource property that hosts a viable ore deposit into mining production, the costs and time frame for doing so are considerable, and the subsequent return on investment for our shareholders would be very long term. Therefore, we anticipate selling or partnering any ore bodies that we may discover to a major mining company. Many major mining companies obtain their ore reserves through the purchase of ore bodies found by junior exploration companies. Although these major mining companies do some exploration work themselves, many of them rely on the junior resource exploration companies to provide them with future deposits for them to mine. By selling or partnering a deposit found by us to these major mining companies, it would provide an immediate return to our shareholders without the long time frame and cost of putting a mine into operation ourselves, and it would also provide future capital for the Company to continue operations.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we have either optioned or purchased in Nevada and Arizona contain commercially exploitable reserves. Exploration for natural reserves is a speculative venture involving substantial risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan and any money spent on exploration would be lost.

Natural resource exploration and development requires significant capital and our assets and resources are limited. Therefore, we anticipate participating in the natural resource industry through the selling or partnering of our properties, the purchase of small interests in producing properties, the purchase of properties where feasibility studies already exist or by the optioning of natural resource exploration and development projects. To date we have several properties under option, and are in the early stages of exploring these properties. There has been no indication as yet that any commercially viable mineral deposits exist on these properties, and there is no assurance that a commercially viable mineral deposit exists on any of our properties. Further exploration will be required before a final evaluation as to the economic and legal feasibility is determined.

Financing

In July 2003 we completed a private placement of shares and warrants which generated an aggregate of \$367,500 in proceeds. The private placement we closed in November 2003 generated an additional \$1,080,000 in gross proceeds. Also, \$2,060,825 and \$1,597,500 during the years ended May 31, 2004 and 2005, respectively, was obtained from the exercise of stock options issued under the Company's 2003 stock option plan. There were no fund raising activities undertaken by the Company during the fiscal year ended May 31, 2008. With the funds currently held by the Company, we are adequately funded for all work programs and option commitments for the next 12 months. If we were to develop any of our properties beyond the exploration activities currently being undertaken by the Company, we would need to raise further funding. If additional funding is required, management plans to seek the additional capital through private placements and public offerings of its common stock but there can be no assurances that management would be successful in its attempt to raise the additional funds.

Competition

The mineral exploration industry, in general, is intensively competitive and even if commercial quantities of ore are discovered, a ready market may not exist for sale of same. Numerous factors beyond our control may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in our not receiving an adequate return on invested capital.

Government Regulation

The federal government and various state and local governments have adopted laws and regulations regarding the protection of natural resources, human health and the environment. We will be required to conduct all exploration activities in accordance with all applicable laws and regulations. These may include requiring working permits for any exploration work that results in physical disturbances to the land and locating claims, posting claims and reporting work performed on the mineral claims. The laws and regulations may tell us how and where we can explore for natural resources, as well as environmental matters relating to exploration and development. Because these laws and regulations change frequently, the costs of compliance with existing and future environmental regulations cannot be predicted with certainty.

Any exploration or production on United States Federal land will have to comply with the Federal Land Management Planning Act which has the effect generally of protecting the environment. Any exploration or production on private property, whether owned or leased, will have to comply with the Endangered Species Act and the Clean Water Act. The cost of complying with environmental concerns under any of these acts varies on a case-by-case basis. In many instances the cost can be prohibitive to development. Environmental costs associated with a particular project must be factored into the overall cost evaluation of whether to proceed with the project.

Other than the normal bonding requirements, there are no costs to us at the present time in connection with compliance with environmental laws. However, since we do anticipate engaging in natural resource projects, these costs could occur at any time. Costs could extend into the millions of dollars for which we could be liable. In the event of liability, we would be entitled to contribution from other owners so that our percentage share of a particular project would be the percentage share of our liability on that project. However, other owners may not be willing or able to share in the cost of the liability. Even if liability is limited to our percentage share, any significant liability would wipe out our assets and resources.

Employees

We have commenced only limited operations. Therefore, we have no full time employees. Our sole officer and three directors provide planning and organizational services for us on a part-time basis.

Subsidiaries

We do not have any subsidiaries and we are not part of a group.

Item 1A. Risk Factors

Factors that May Affect Future Results

1. We will require additional funds in the future to achieve our current business strategy and our inability to obtain funding will cause our business to fail.

Based upon current plans we expect to incur operating losses in future periods. This will happen because there are expenses associated with the acquisition and exploration of natural resource properties. While we have sufficient cash on hand to fund our operating needs to May 31, 2009, we will need to raise additional funds in the future through public or private debt or equity sales in order to fund our future operations and fulfill contractual obligations. These financings may not be available when needed. Even if these financings are available, it may be on terms that we deem unacceptable or are materially adverse to your interests with respect to dilution of book value, dividend preferences, liquidation preferences, or other terms. Our inability to obtain financing would have an adverse effect on our ability to implement our current exploration in Arizona and Nevada, and as a result, could require us to diminish or suspend our operations and possibly cease our existence. Obtaining additional financing would be subject to a number of factors, including the market prices for the mineral property and silver and copper. These factors may make the timing, amount, terms or conditions of additional financing unavailable to us.

2. If we do not complete the required option payments and capital expenditure requirements mandated in our respective agreements with MinQuest, Inc. (“MinQuest”) we will lose our interest in that respective property and our business may fail.

If we do not make all of the property payments to MinQuest or incur the required expenditures in accordance with the respective property option agreements we will lose our option to purchase the respective property for which we have not made the payments and may not be able to continue to execute our business objectives if we are unable to find an alternate exploration interest. Since our payment obligations are non-refundable, if we do not make any payments, we will lose any payments previously made and all our rights to the properties.

3. Because of our reliance on MinQuest our operations would be severely impacted should our relationship with MinQuest be terminated for any reason.

A portion of our Moss property was acquired from MinQuest and we optioned the Bruner, Vernal, Whisky, NK, and Weepah properties from MinQuest. In addition, to date all of our exploration activity on these properties has been undertaken by MinQuest. As a result, MinQuest has significant knowledge about our properties and it would be very difficult for us to replace MinQuest should our relationship with them be terminated for any reason. To date, there have not been any conflicts between the Company and MinQuest.

4. Because our Directors serve as Officers and Directors of other companies engaged in mineral exploration, a potential conflict of interest could negatively impact our ability to acquire properties to explore and to run our business.

All of our Directors and Officers work for other mining and mineral exploration companies. Due to time demands placed on our Directors and Officers, and due to the competitive nature of the exploration business, the potential exists for conflicts of interest to occur from time to time that could adversely affect our ability to conduct our business. The Officers and Directors’ full-time employment with other entities limits the amount of time they can dedicate to us as a director or officer. Also, our Directors and Officers may have a conflict of interest in helping us identify and obtain the rights to mineral properties because they may also be considering the same properties. To mitigate these risks, we work with several geologists in order to ensure that we are not overly reliant on any one of our Directors to provide us with geological services. However, we cannot be certain that a conflict of interest will not arise in the future. To date, there have not been any conflicts of interest between any of our Directors or Officers and the Company.

5. Because of the speculative nature of exploration and development, there is a substantial risk that our business will fail.

The search for valuable natural resources as a business is extremely risky. We can provide investors with no assurance that the properties we have in Arizona and Nevada contain commercially exploitable reserves. Exploration for natural reserves is a speculative venture involving substantial risk. Few properties that are explored are ultimately developed into producing commercially feasible reserves. Problems such as unusual or unexpected formations and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. In such a case, we would be unable to complete our business plan.

6. Because we have not commenced business operations, we face a high risk of business failure due to our inability to predict the success of our business

We are in the initial stages of exploration of our mineral claims and thus have no way to evaluate the likelihood that we will be able to operate our business successfully. To date have been involved primarily in organizational activities, and the acquisition and exploration of the mineral claims. We have not earned any revenues as of the date of this report.

7. Because of the unique difficulties and uncertainties inherent in mineral exploration and the mining business, we face a high risk of business failure

Potential investors should be aware of the difficulties normally encountered by early-stage mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates.

In addition, the search for valuable minerals involves numerous hazards. As a result, we may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material adverse effect on our financial position.

8. Because we anticipate our operating expenses will increase prior to our earning revenues, we may never achieve profitability

Prior to completion of our exploration stage, we anticipate that we will incur increased operating expenses without realizing any revenues. Therefore, we expect to incur significant losses into the foreseeable future. We recognize that if we are unable to generate significant revenues from the exploration of our mineral claims we will not be able to earn profits or continue operations. There is no history upon which to base any assumption as to the likelihood that we will prove successful, and we can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations. If we are unsuccessful in addressing these risks, our business will most likely fail.

9. Because access to our mineral claims may be restricted by inclement weather, we may be delayed in our exploration

Access to our mineral properties may be restricted through some of the year due to weather in the area. As a result, any attempt to test or explore the property is largely limited to the times when weather permits such activities. These limitations can result in significant delays in exploration efforts. Such delays can have a significant negative effect on our results of operations.

10. Because our President has only agreed to provide his services on a part-time basis, he may not be able or willing to devote a sufficient amount of time to our business operations, causing our business to fail

Mr. Coale, our sole officer, provides his management services to a number of companies. Because we are in the early stages of our business, Mr. Coale will not be spending a significant amount of time working for the Company. Mr. Coale expects to expend approximately five hours per week on our business. Later, if the demands of our business require the full business time of Mr. Coale, he is prepared to adjust his timetable to devote more time to our business. However, it still may not be possible for Mr. Coale to devote sufficient time to the management of our business, as and when needed, especially if the demands of Mr. Coale's other interests increase. Competing demands on Mr. Coale's time may lead to a divergence between his interests and the interests of other shareholders.

Risks Related To Legal Uncertainty and Regulations

11. As we undertake exploration of our mineral claims, we will be subject to compliance with government regulation that may increase the anticipated cost of our exploration programs

There are several governmental regulations that materially restrict mineral exploration. We will be subject to the federal, state and local laws of the United States, Arizona, and Nevada as we carry out our exploration program. We may be required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these laws. While our planned exploration program budgets for regulatory compliance, there is a risk that new regulations could increase our costs of doing business and prevent us from carrying out our exploration programs.

Item 1B. Unresolved Staff Comments

There are no unresolved staff comments.

Item 2. Description of Properties.

We do not lease or own any real property. We currently maintain our corporate office on a month-to-month basis at an amount of CDN \$1,742 per month at #501-1775 Bellevue Avenue, West Vancouver, British Columbia, Canada, V7V 1A9. Management believes that our office space is suitable for our current needs.

In the following discussion relating to our interests in real property, there are references to “patented” mining claims and “unpatented” mining claims. A patented mining claim is one for which the U.S. government has passed its title to the claimant, giving that person title to the land as well as the minerals and other resources above and below the surface. The patented claim is then treated like any other private land and is subject to local property taxes. An unpatented mining claim on U.S. government lands establishes a claim to the locatable minerals (also referred to as stakeable minerals) on the land and the right of possession solely for mining purposes. No title to the land passes to the claimant. If a proven economic mineral deposit is developed, provisions of federal mining laws permit owners of unpatented mining claims to patent (to obtain title to) the claim. If one purchases an unpatented mining claim that is later declared invalid by the U.S. government, one could be evicted.

Bruner and Vernal Properties

Map of our Bruner and Vernal properties located in western Nevada.

Acquisition of Interest

Pursuant to a Property Option Agreement, dated as of July 25, 2003, with MinQuest, Inc., a Nevada corporation (“MinQuest”), we have the option to earn a 100% interest in the Bruner and Vernal mineral exploration properties located in Nevada. Together, these two properties consist of 28 mining claims on a total of 560 acres in the northwest trending Walker Lane located in western Nevada, as further described below.

Simultaneous with the execution and delivery of the Property Option Agreement, we paid MinQuest \$12,500. In order to earn a 100% interest in these two properties, we must pay MinQuest, Inc. and incur expenditures relating to mining operations in accordance with the following schedule: (i) on or before July 25, 2004, \$20,000 to MinQuest and \$75,000 in expenditures; (ii) on or before July 25, 2005, \$20,000 to MinQuest and an additional \$100,000 in expenditures; (iii) on or before July 25, 2006, \$20,000 to MinQuest and an additional \$100,000 in expenditures; (iv) on or before July 25, 2007, \$20,000 to MinQuest and an additional \$100,000 in expenditures; and (v) on or before July 25, 2008, an additional \$125,000 in expenditures. If we have not incurred the requisite expenditures to maintain our option in good standing, we have a 60-day period subsequent to July 25th to make such payment along with such amount which shall be deemed to have been an expenditure incurred by us during such period. Since our payment obligations are non-refundable, if we do not make any payments, we will lose any payments made and all our rights to the properties. If all said payments are made, then we will acquire all mining interests in the property, subject to MinQuest retaining a 3% royalty of the aggregate proceeds received by us from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the property, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges, including penalties.

Pursuant to the Property Option Agreement, we have a one-time option to purchase up to 2% of MinQuest’s royalty interest at a rate of \$1,000,000 for each 1%. We must exercise our option 90 days following completion of a bankable feasibility study of the Bruner and Vernal properties, which, as it relates to a mineral resource or reserve, is an evaluation of the economics for the extraction (mining), processing and marketing of a defined ore reserve that would justify financing from a banking or financing institution for putting the mine into production.

On July 25, 2003, we paid MinQuest \$12,500 with respect to the properties, and we owed an additional \$80,000 which was due in four equal annual installments commencing on July 25, 2004. With the approval of MinQuest, we paid the first installment on August 27, 2004 and we paid the second installment on September 20, 2005. On July 25, 2006 and 2007 respectively we made the third and fourth installments of \$20,000. The payment made on July 25, 2007 was the final payment due under the property option agreement for the Bruner and Vernal properties. By July 25, 2008, we were to have spent \$500,000 on exploration, and by that date we had spent an aggregate of approximately \$424,000 on exploration of the two properties resulting in a shortfall of approximately \$76,000. The Company intends to undertake an exploration program in 2009 to complete its obligations under the Bruner and Vernal agreement.

Bruner Property

Description and Location of the Bruner Property

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The property is located approximately 130 miles east-southeast of Reno, Nevada at the northern end of the Paradise Range. Access from Fallon, the closest town of any size, is by 50 miles of paved highway and 16 miles of gravel roads. We hold the property via 16 unpatented mining claims (320 acres).

Exploration History of the Bruner Property

The original operators at the Bruner Property are unknown. Prospecting at the property began in the early 1900's while mining was occurring on other properties located to the west. However, modern exploration of the property began in 1983 and included the following work:

- oIn 1983, Kennecott Minerals Company drilled fifteen RC holes (holes left after the process of reverse circulation drilling) on the property.
- oIn 1988-1990, Newmont Exploration Ltd. drilled approximately 10 RC holes; conducted detailed geologic mapping (producing a plan map of the rock types, structure and alteration), geochemical surveys (which is sampling of rocks or soil and determination of the absolute abundances of elements), air and ground magnetic surveys (recording variations in the earth's magnetic field and plotting same), and ground radiometric surveys (a survey of radioactive materials on the land surface).
- oIn 1990-1995, Miramar Mining Corp. drilled 5 RC holes and conducted BLEG (bulk leach extractable gold) sampling and air photo interpretation. BLEG sampling involves a large sample of soil or rock that is leached using cyanide to determine gold and silver content down to a detection limit of as little as 1.0 part per billion.

Geology of the Bruner Property Mineral Claims

The Bruner mining district is underlain by a sequence of intermediate to felsic Tertiary volcanic rocks (which are quartz-rich rocks derived from volcanoes and deposited between two and sixty-five million years ago), including ash flow tuffs, tuffaceous sediments, and flows. A volcanic center, the origin of major volcanic activity, is thought to underlay the district, with associated silicic domes (a convex landform created by extruding quartz-rich volcanic rocks) and plugs (landform similar to a dome, but smaller) intruding the volcanic section. The exposed stratigraphic section measures over 2,500 feet in thickness. The "Duluth Tuff", a variably crystal rich ash flow tuff, is the host for gold and silver mineralization. Flow banded silicic volcanics, volcanoclastics (coarse, unsorted sedimentary rock formed from volcanic rocks) and andesite underlie the tuff and flow-banded rhyolite overlies the host unit. Two generations of intrusive rocks have been described within the district. Ore in the Bruner district is hosted by vuggy, fractured, quartz-adularia (potassium-rich alteration mineral) -veined and/or stockworked tuff. Mineralization is primarily fault controlled, although some disseminated values do occur.

Current State of Exploration

The Bruner claims presently do not have any mineral reserves. The property that is the subject of our mineral claims is undeveloped and does not contain any open-pit or underground mines. There is no mining plant or equipment located on the property that is the subject of the mineral claims. Currently, there is no power supply to the mineral claims. Our planned exploration program is exploratory in nature and no mineral reserves may ever be found.

Geological Exploration Program

In July 2003, members of our Board of Directors and geology team made an onsite inspection of Bruner Property. From this visit, an exploration plan was determined and a schedule to begin work on the properties was organized to commence in the month of September 2003. The Company completed an exploration program consisting of geologic mapping, surface geochemical sampling, and a Global Positioning System geophysical survey (electrical, magnetic and other means used to detect features, which may be associated with mineral deposits) was also conducted. Such a survey measures the magnetic variations within the underlying rocks.

Since then, a ground magnetics survey and detailed mapping and rock sampling of the western portion of the claim block on the Bruner Property has been completed. The rock sampling is a collection of a series of small chips over a measured distance, which is then submitted for a chemical analysis, usually to determine the metallic content over the sampled interval. The magnetics indicate the presence of northwesterly and northerly trending faults under the pediment cover that may host gold mineralization. Faults, which are breaks in the rock along which the movement has taken place, are often the sites for the deposition of metallic rich fluids. A pediment cover is a broad, gently sloping surface at the base of a steeper slope. Geologic mapping of rocks exposed in the western portion of our claims shows several small quartz bearing structures trending northwest and dipping steeply to the northeast. These small structures are thought to be related to a much larger vein, often filled with quartz, contained within a fault or break in the rock (a fault-hosted vein system) under gravel cover in the broad valley south of the mapping. Approximately 1 square mile of ground magnetics was completed at Bruner. The survey was done on 50 meter spaced lines, run north-south using a GPS controlled Geometrics magnetometer, which is the geophysical instrument used in collecting magnetic data with an attached GPS that allows the operator to more precisely determine the location of each station where the magnetic signature is taken.

The interpretation shows numerous northwest and north-south trending magnetic lows associated with faults. Magnetic lows are an occurrence that may be indicative of a destruction of magnetic minerals by later hydrothermal (hot water) fluids that have come up along these faults. These hydrothermal fluids may in turn have carried and deposited precious metals such as gold and/or silver. A much more continuous northwest trending feature that has not been drill tested is located to the southeast, under gravel cover (where there is no exposure of rock at the surface). Data are sufficiently encouraging that an expanded CSMT survey is recommended to trace these structures in the third dimension.

Our exploration program to date at Bruner has included:

- o geologic mapping (producing a plan map of the rock types, structure and alteration);
- o rock chip geochemical sampling (sample of soil, rock, silt, water or vegetation analyzed to detect the presence of valuable metals or other metals which may accompany them (e.g., Arsenic may indicate the presence of gold);
- o a ground magnetic survey; and
- o a Controlled Source Magneto-telluric survey (recording variations in a generated electrical field using sophisticated survey methods).

In October 2004, we received the approval of a Notice of Intent for Exploration Drilling, and an environmental bond filed with the Nevada office of the Bureau of Land Management. A total of 18 drill sites were located to target both extensions of the gold intercepts in previous drilling and in geophysical anomalies found by a CSMT survey. A CSMT survey is an electromagnetic method used to map the variation of the Earth's resistance to conduct electricity by measuring naturally occurring electric and magnetic fields at the Earth's surface. With the proper approvals in place, we began drilling on the Bruner property on December 20, 2004. This drilling program was completed in March 2005 at a total cost of approximately \$153,800, with a total of 3,200 feet of reverse circulation (RC) drilling in 7 holes. The depths of the holes ranged from 300 to 750 feet. We have received assays for all holes and the results were encouraging enough that additional drilling was conducted.

Because of the favorable drilling results from the drilling program we began on December 20, 2004, we decided to conduct additional drill testing on the Bruner property, including both reverse circulation and core drilling. In April 2005, we filed an amended drilling plan with the Bureau of Land Management that allowed three fences of drill holes with the fences spaced 400 feet apart along the apparent trend of the mineralization. This program was completed in the fall of 2005 with 11 holes totaling 4,205 feet being drilled.

The Board of Directors approved a 2007 exploration budget of approximately \$120,000 for the Bruner Property. In November, 2007, the Company drilled three holes at Bruner to test deeper targets within the gold-bearing tuffaceous host rocks. The holes were drilled using an RC drill rig and totaled 3,240 feet. The holes were spaced roughly 400 feet apart on a line running east-northeast. All holes were angled steeply to the north to cut projected, south-dipping shear zones. Drill hole B-18 and B-19 were drilled 1,000 feet deep and B-20 was drilled 1,240 feet deep. All three holes contained intermittent gold at various depths.

The results show a distinct increase in gold grade from the southwest (B-18) to the northeast (B-20). Only hole B-20 contained economic grade gold over any significant width. Further drilling north and east of B-20 may be warranted to vector in on the strongest part of the gold system. The drill program confirmed that gold mineralization continues at depth and is hosted by tuffaceous rocks. The Company is currently evaluating these results and will determine the course of action for the Bruner property in the coming months.

Vernal Project

Description and Location of the Vernal Property

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The property is located approximately 140 miles east-southeast of Reno, Nevada on the west side of the Shoshone Mountains. Access from Fallon, the closest town of any size, is by 50 miles of paved highway and 30 miles of gravel roads. We hold the property via 12 unpatented mining claims (240 acres).

Exploration History of the Vernal Property

Historical work includes several short adits constructed on the property between 1907 and 1916. There appears to have been little or no mineral production.

Geology of the Vernal Mineral Claims

The Vernal Property is underlain by a thick sequence of Tertiary age rhyolitic volcanic rocks including tuffs, flows and intrusives. A volcanic center is thought to underlie the district, with an intruding rhyolite plug dome (a domal feature formed by the extrusion of viscous quartz-rich volcanic rocks) thought to be closely related to mineralization encountered by the geologists of Amselco, the U.S. subsidiary of a British company, who explored the Vernal Property back in the 1980's, and who in 1983 mapped, sampled and drilled the Vernal Property. Amelsco has not been involved with the Vernal Property over the last 20 years and is not associated with our option on the property or the exploration work we are doing there. A 225 foot wide zone of poorly outcropping quartz stockworks (a multi-directional quartz veinlet) and larger veining trends exists northeast from the northern margin of the plug. The veining consists of chalcedony containing 1-5% pyrite. Clay alteration of the host volcanics is strong. Northwest trending veins are also present, but very poorly exposed. Both directions carry gold values. Scattered vein float is found over the plug. The most significant gold values in rock chips come from veining in tuffaceous rocks north of the nearly east-west contact of the plug. This area has poor exposure, but sampling of old dumps and pits show an open-ended gold anomaly that measures 630 feet by 450 feet.

Current State of Exploration

The Vernal claims presently do not have any mineral reserves. The property that is the subject of our mineral claims is undeveloped and does not contain any open-pit or underground mines. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claim. Our planned exploration program is exploratory in nature and no mineral reserves may ever be found. There is no drilled resource on our claims.

Geological Exploration Program

In July 2003, members of our Board of Directors and geology team made an onsite inspection of Vernal. At the Vernal Property, mapping (the process of laying out a grid on the land for area identification where samples are taken) and sampling (the process of taking small quantities of soil and rock for analysis) have been completed. In March 2005, we initiated the process to secure the proper permits for trenching and geochemical sampling from the U.S. Forest Service. As a result of the Company not having immediate plans to conduct drilling on the Vernal Property in 2005, the Company stopped the permitting process before receiving permits for the Vernal Property.

Our exploration of the Vernal Property to date has consisted of geologic mapping and rock chip geochemical sampling. The Board of Directors has approved a budget of approximately \$55,000 (including the refundable bond of \$15,000) for the Vernal Property. The program is to include trenching and mapping. The Company is currently re-evaluating its plans for the Vernal as the Company may choose to make additional expenditures on the Bruner rather than the Vernal.

Moss Property

Moss Property

The Moss Property consists of 63 unpatented claims and 15 patented claims located in the Oatman District of Mohave County, Arizona. The Company acquired these claims in a series of transactions during fiscal 2004 and 2005.

Acquisition of Interest

Gintoff Claim

On November 14, 2003 the Company entered into a letter of intent to acquire a single patented claim from Gregory Gintoff. The total purchase price of \$50,000 was made in two installments of \$10,000 in December 2003 and \$40,000 in February 2004.

MinQuest Claims

We hold the MinQuest claims via 62 unpatented mining claims that were acquired from MinQuest. On March 4, 2004, we signed the agreement that earned us a 100 percent interest in these claims by paying MinQuest a one-time lease fee of \$50,000. The fee of \$50,000 was paid on July 7, 2004. A three percent NSR production royalty is retained by MinQuest.

Williams Property

The property is comprised of six patented claims, which as a group, we call the Williams Property. These claims were held collectively by as many as 23 owners within an extended family who were represented by Barbara Williams, a realtor, and a member of this extended family, who put together the letter of intent and arranged for the signing of the agreement by the numerous owners. None of these owners, including Barbara Williams, has or has had any relationship or affiliation with us prior to the agreement for the Williams Property.

In October 2003, our director Robert Sibthorpe (who is a geologist by training) had evaluated the proposal for the purchase of the Williams Property. His recommendation was to visit the site, and if the visual inspection supported the information presented in the proposal, then an offer to purchase should be drawn up. In November 2003 we executed a letter of intent to purchase a 100% interest in Williams Property owned by the extended family. This property is unrelated to and separate from the MinQuest Claims. The sellers delivered to us all information in their possession regarding the Williams Property. During the six-month period after the signing of the letter of intent we had the right to conduct our due diligence on the Williams Property and if we decided not to proceed we had to give the sellers and escrow agent notice no less than 10 days prior to the six-month anniversary of our intention not to close. During this period we could not perform mining or remove any ore from the property. We were responsible for all costs and expenses associated with the purchase of the Williams Property, including escrow fees, cost of feasibility study, charges resulting from any tests, environmental assessments reports or surveys, and any exploration activity costs. Once we had concluded our analysis and had determined that it is feasible to close on the purchase of the Williams Property, doing so would give us full rights to begin mining operations.

At the recommendation of Mr. Sibthorpe, in January, 2004, Mr. Robert Coale (P.E.), another one of our directors and our current President, visited the site to see the overall geological setting and occurrence of mineralization and evaluated the drilling program proposed by MinQuest, the company that we would contract to co-ordinate any work programs undertaken. At that time, the metallurgical data and reports that had been collected from the sellers were reviewed. Mr. Coale's analysis revealed that reagent (liquid chemicals used for leaching) consumptions are acceptable and deleterious compounds (things present in the ore that would be difficult to work with) were not apparent. He recommended bulk sampling at a selected location in the future once the definition of the ore body was further advanced through drilling. On January 31, 2004 Robert Sibthorpe wrote a report with a summary of the property, a review of the draft budget supplied by Richard Kern, our work program contractor, and a layout of the drilling program planned for the property.

The drilling was conducted throughout the spring and early summer of 2004, and in June 2004, Mr. Sibthorpe wrote a report incorporating the results of the drill program which encouraged us to pursue the project. Also in June 2004, Mr. Kern sent a memo to the Company regarding the potential at the Williams property. Mr. Kern's recommendation was that we should proceed with the purchase of the Williams Property.

On February 19, 2004, we executed a formal agreement to purchase the Williams Property for \$350,000. On February 27, 2004 we deposited \$25,000 with the title company, which was acting as escrow agent, and three months after signing, on June 14, 2004, we deposited an additional \$25,000. When the title company, acting as escrow agent, received the signature pages from the various sellers, the initial \$25,000 deposit was to be delivered to the sellers. On the three-month anniversary after we signed the definitive agreement, the second \$25,000 was to be delivered to the sellers. By mid-July, 2004, the escrow agent had received 19 of the 23 signatures, which under Arizona law was enough to complete the transaction, and on July 24, 2004, the first and second deposits of \$25,000 each were released to the sellers. On or before the 6-month anniversary after we signed the definitive agreement, the balance of \$300,000 was due to the sellers. As a result of our due diligence, we decided to complete the purchase of the Williams Property. On August 27, 2004 we paid the final \$300,000 to the escrow agent for the closing of the sale. On November 11, 2004, the escrow agent released the \$300,000 to the sellers for the closing of the sale, and, as a result, we now own 100% interest in the Williams Property.

Greenwood Claim

On January 18, 2005 the Company completed the acquisition of a single patented claim from an individual for \$150,000.

Martinez Claims

The Company acquired five patented claims from Ramon and Edna Martinez for a total of \$150,000. The Company made one payment of \$75,000 on November 8, 2004 and made the final payment of \$75,000 on February 14, 2005.

Ruth and Rattan Claims

On January 18, 2005, the Company made a single payment of \$25,000 to acquire two patented claims known as the Ruth and Rattan claims.

Description and Location of the Moss Property

The Moss Property is located in Mohave County, Arizona in the historic Oatman District, and is located some 5 miles northwest of the town of Oatman, with Kingman, Arizona to the east, Laughlin, Nevada to the west and Las Vegas, Nevada to the north. Access is via gravel roads from Bullhead City.

Exploration History of the Moss Property

Discovered in 1864, the Moss Mine was the first gold discovery made in the Oatman District. Historical records show that the Oatman District produced up to two million ounces of gold mostly from underground mines. The Moss Mine was worked intermittently through the 1930's but produced only minor amounts of gold. The mine lay idle until the early 1980's when a number of mining companies explored the district. These companies included Billiton Minerals, Magma Copper, Golconda Resources and Addwest Minerals.

Work already completed on the Williams portion of the Moss Property includes a pre-feasibility study as well as 36,000 feet of primarily reverse circulation drilling which was conducted over twenty years ago. Reverse circulation drilling is a less expensive form of drilling that does not allow for the recovery of a tube or core of rock, in which the material is brought up from depth as a series of small chips of rock that are then bagged and sent in for analysis. Though this is a quicker and cheaper method of drilling, reverse circulation drilling does not give as much information about the underlying rocks.

Geology of the Moss Property

The project area is underlain by Tertiary quartz monzonite (a coarsely crystalline rock composed primarily of the minerals quartz, plagioclase and orthoclase) intruding tertiary volcanics. Precambrian basement rocks underlie the volcanics. The veins consist of quartz-calcite and lesser adularia. The principal vein is up to 45 feet thick and can be followed on surface for over 5,000 feet. The hanging wall of the veins commonly have several tens of feet of stockwork veining. Gold values are somewhat erratic, but appear to be highest in the thicker and deeper parts of the vein explored to date.

Current State of Exploration

The Moss Property presently does not have any mineral reserves. The property that is the subject to our mineral claims is undeveloped and does not contain any open-pit or underground mines. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claim. Our planned exploration program is exploratory in nature and no mineral reserves may ever be found. There is no drilled resource on our claims.

Geological Exploration Program

Our exploration of the Moss Property has consisted of geologic mapping, vein geochemical sampling and drill testing of the identified veins. The Moss Property contains the site of the former Moss Mine. The most significant historic mining at Moss Mine occurred on narrow veins that trend sub-parallel to the Moss Mine vein and dip steeply northerly. These veins should intersect the Moss Mine vein at depth. The deepest vein intercepts at Moss are less than 400 feet. The Ruth vein should intersect the Moss Mine vein at 800-900 feet below the surface. If the Moss Mine vein is the feeder for the Ruth vein it must contain similar gold values at that level. The Moss Mine vein needs drill testing to a depth of 900 feet to determine its potential to contain high-grade gold mineralization.

Phase 1 drilling has been completed at the Moss Property. A total of 36 holes were drilled totaling 8,807 feet. Thirty holes were drilled on the Gintoff Claim on the Moss Property, and six holes were drilled on one of the adjacent parcels of land. The easternmost section of the Property, which was mostly untested by drilling, was drilled with thirty reverse circulation holes. This allowed accurate cross-sections to be made for this area. The coverage on this section is generally two or three holes on 100 foot sections testing grades and widths from 50-250 feet down dip. In the western area, limited confirmation drilling was carried out and the results obtained were generally in line with the values obtained by previous operators. Geological information obtained may now provide a structural explanation for the lack of success obtained here to date by previous operators.

A study of all drilling results at the Moss Property indicates a tendency for total gold content to increase with intercept depth. Roughly 60% of the deeper holes have better intercepts than shallow holes. An example from our drilling tests the vein over a vertical extent of 300 feet. In this example the gold content nearly doubles between AR-5 and AR-23.

An expanded program of drilling began in April 2005, and was expected to be completed by May 2006. Approximately 12,000 feet of reverse circulation (RC) drilling was planned to be done to test for possible high-grade (0.30 ounces per ton or above) down-dip extensions of the Moss vein. We planned to drill 10 to 15 holes. The depths of these holes were to have ranged from 500 to 1,300 feet. The program budget for this program was \$643,700.

The first portion of this expanded drilling program was expected to be completed by the fall of 2005. However, after eight holes were attempted, drilling was halted because of difficulty in drilling through the granite, because the drilling rig that we contracted to use was too light to penetrate the rock. We had sought to contract a heavier rig to continue the program, which we had expected to happen by December 2005. The remainder of the program was completed when the Company completed 6 core holes from November 2006 to February 2007 for a total amount drilled of 3,917 feet. The exploration program failed to find higher grades but it did show that the vein system continues to at least 800 feet below the surface and appears to be thickening.

Encouraging drilling results from earlier programs warrant an initial Scoping Study level investigation, which is the determination of the indicated size and grade of the deposit and possible methods of mining and recovering the gold and silver. Tonnage and grade will be determined by outlining the mineralization on sections constructed every 100 feet across the deposit and using the average grade of the drilling intersections. An open pit is then designed that would allow extraction of the mineral in deposit. The option of underground mining is also considered. Tests are conducted to determine the best method of extracting the gold and silver. These tests would include the amenability of “heap leaching”. Heap leaching is the piling of ore on an impermeable liner, circulating gold/silver-dissolving solutions (normally cyanide) through the pile or “heap” and recovering the gold/silver from the circulating solution using carbon. Another method that would be tested is “milling” to recover the gold and silver. Milling involves crushing and grinding the ore into tiny particles that allow the gold/silver to be removed by simple gravity separation techniques or by using chemicals in solution. Determination of the best methods of mining and recovery of the precious metals then allows production costs to be calculated.

In the spring of 2008, the Company submitted core samples to a laboratory where leach testing was conducted. Leaching was conducted in both bench scale (Bottle rolls) and in columns using crushed ore as the feed sample. Three column leach tests at 3 different crush sizes were completed on the Moss drilling samples. They were leached for 120 days. The fine crush of ¼ inch had 66% of the gold and 42% of the silver recovered in 120 days. The recovery curve is still not flat at the end of 120 days indicating additional gold/silver could be recovered. The recoveries are already near the 70% Au and 50% Ag that is average for the industry. The 1 inch crush column recovered 39% of the gold and 14% of the silver after 120 days, but the leach curve again indicates no significant decrease in % recovery by month indicating that greater recoveries may be obtained over longer periods of time.

Using the column leach data obtained from the testing program completed in April 2008 as well as additional information, the Company may engage an outside firm to conduct a preliminary economic analysis that will evaluate the overall value of the property considering metallurgical recovery, volume and gold grade of mineralized rock, capital and operating costs, and other factors. This information will be used to define additional work needed to enhance the value of the property.

Margarita Property

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Acquisition of Interest

On January 29, 2008, the Company entered into an Assignment and Assumption Agreement (the "Agreement") with American Goldrush Corp. ("Goldrush") whereby Goldrush assigned all of its rights and obligations under the Margarita Property Option Agreement to the Company. Pursuant to the Agreement, the Company assumed the rights, and agreed to perform all of the duties and obligations, of Goldrush arising under the Margarita Property Option Agreement. Simultaneous with the execution and delivery of the Agreement, the Company paid Goldrush \$200,000 which amount represents the full payment and satisfaction for the assignment to the Company by Goldrush.

Included in the assignment to the Company were all sums incurred by Goldrush in connection with its exploration of the Margarita Property which includes a reclamation bond previously paid by Goldrush to the Forest Service in Arizona, all expenditure credits incurred by Goldrush prior to the execution of the Agreement and all property option payments made to the Margarita Property owner. In addition, Goldrush also assigned all of its rights and obligations under the Finders' Fee Agreement to the Company. Subsequent to the execution of the Agreement, Goldrush did not retain any interest in the Margarita Property.

The remaining annual option payments and minimum annual exploration expenditures under the Margarita Property Option Agreement are as noted below:

	Property Payments \$USD	Work Expenditures \$USD
By May 31, 2008	100,000	300,000
By May 31, 2009	125,000	300,000
By May 31, 2010	150,000	-
By May 31, 2011	200,000	-
By May 31, 2012	200,000	-
	\$ 775,000	\$ 600,000

The underlying Margarita Property Option Agreement is subject to a 2 % net smelter return royalty to the property owner, James Sorrell (the "optionor"), upon production. The Company has the option (exercisable for 90 days following completion of a bankable feasibility study) to buy the optionor's net smelter return interest for \$500,000 per 1% increment or \$1,000,000 for the entire 2% net smelter return interest.

In addition, the Margarita Property is subject to a Finder's Fee Agreement. The Company has agreed to pay a fee equal to 10% of the Property Option Payments made during the first three years of the Margarita Property Option Agreement. It is estimated that if the Company makes all of the remaining scheduled property option payments, the amount to be paid under the Finder's Fee Agreement by the Company will be \$22,500. If the Company terminates the Margarita Property Option Agreement, the Company will not owe any further payments under the Finder's Fee Agreement. If it has not been terminated earlier, the Finder's Fee Agreement will terminate automatically on July 14, 2009.

On July 25, 2008, subsequent to the completion of a drill program on the Margarita Property, the Company terminated its option under the property option agreement and does not currently have any interest in the Margarita Property. In exchange for its release from its obligations under the Margarita Property Agreement, the Company agreed to pay the 2008 annual claim filings fees on the property of \$8,268. Under the release agreement, the Company is not required to make the \$100,000 payment due May 31, 2008.

Description and Location of the Margarita Property

The original Margarita Property consisted of 39 unpatented claims covering approximately 640 acres in the Oro Blanco Mining District of Santa Cruz County, Arizona. In the first quarter of 2007, the Company staked an additional 30 claims covering 540 acres that became part of the ground covered by the Margarita Property Option Agreement. The claims are within the Coronado National Forest, and are approximately 10 miles north of the Mexican border. The Margarita Property is best reached by traveling south from Tucson on I-19 to the Arivaca Road and following the paved road to Arivaca, thence about 11 miles over the gravel-surfaced Ruby Road to the project area.

The Margarita Property consists of 69 unpatented claims covering approximately 1,180 acres in the Oro Blanco Mining District of Santa Cruz County, Arizona. The claims are within the Coronado National Forest, and are approximately 10 miles north of the Mexican border.

Exploration History of the Margarita Property

The Margarita Property is centrally located within a broad area of numerous old mines and prospects dating back to early Spanish colonial times where gold, silver, lead and copper were mined from Mesozoic and early Tertiary igneous rock units. Previous work on the property appears to demonstrate the presence of a zone at the Margarita Property of over 4,000 feet by 1,500 feet encompassing half a million tons of altered and mineralized tuff in a flat lying zone exhibiting gold mineralization. The mineralization averages between 0.05 and 0.06 troy ounces of gold per ton associated with intense silicification and clay pyrite alteration.

The previous work undertaken by the various explorers of the Margarita Property had not previously been collected in one location. During 2006, Goldrush expended most of its exploration activity collecting property data from various sources, preparing maps, and visiting the property to match the data with physical observation. Based on a review of all of the data available to Goldrush, several possible drill targets were identified including targets that were not located on the existing boundary of the Margarita Property. As a result, the Goldrush staked an additional 30 claims.

Goldrush formally approved a work plan for drilling on the Margarita Property. However, due to difficulties with locating a suitable contractor to undertake the drilling and due to insufficient funds available to Goldrush, it decided to assign its rights and obligations to the property to the Company.

Geology of the Margarita Property

The gold mineralization at the Margarita Property and related diggings in the area occurs as disseminations within limonite stained tuffaceous rocks exhibiting intense silicification. There are five such zones within the claim group with Margarita being the largest. Other similar zones have been identified outside of the claim boundary. Where exposed at the surface, the silicified rocks occur as low hills or modest, irregular hills of limonite stained tuff. They appear as tabular or manto like zones within tuffaceous beds in the subsurface. Prior drilling results show that the silicification and associated gold mineralization has lateral continuity but does not occupy the entire tuff bed, and no significant mineralization was reported from the quartz monzonite although the monzonite is believed by some to be the source of the mineralization. In the subsurface, the tuff occur as bands up to 50 feet or so in thickness alternating with parallel units of quartz monzonite. Extensive shallow drilling has shown that, in addition to the surface occurrences, there are as many as three mantos within a few hundred feet of the surface which are similar in character and mineralization to those at the surface.

The Margarita Property is centrally located within a broad area of numerous old mines and prospects dating back to early Spanish colonial times where gold, silver, lead and copper were mined from Mesozoic and early Tertiary igneous rock units. Previous work on the property appears to demonstrate the presence of a zone at the Margarita Property of over 4,000 feet by 1,500 feet encompassing half a million tons of altered and mineralized tuff in a flat lying zone exhibiting gold mineralization. The mineralization averages between 0.05 and 0.06 troy ounces of gold per ton associated with intense silicification and clay pyrite alteration.

The accepted view of the intrusive relationship of the quartz monzonite with the parallel zones of tuff and the monzonite's relationship to the mineralizing event could be subject to alternative interpretations leading to broader potentials for bulk tonnage mineralization.

Current State of Exploration

The Margarita Property presently does not have any mineral reserves. The property that is the subject to our mineral claims is undeveloped and does not contain any open-pit or underground mines. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claim. Our planned exploration program is exploratory in nature and no mineral reserves may ever be found. There is no drilled resource on our claims.

Geological Exploration Program

The Company began its \$350,000 drill program in February 2008 and completed it in May 2008. The drill program was budgeted for ten core holes for a total of 7,500 feet. All of the holes were drilled using reverse circulation (RC) drilling techniques with samples being recovered for each five-foot interval of drilling. Samples were fire assayed for gold and for a suite of 34 other elements by inductively coupled plasma (ICP) analysis.

The location of the drill holes was established by considering the surface expressions of the mineral structure as well as certain geophysical data prepared by previous lease holders. The purpose of the drilling program is to test the theoretical geologic model developed for the property by defining possible higher-grade deep feeder zones, and mineralized zone structure and continuity. Based on the poor results of the drill program, the Company terminated the Margarita Property Option Agreement.

Whiskey Property

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Acquisition of Interest

On March 15, 2008, the Company executed a property option agreement with MinQuest granting the Company the right to acquire 100% of the mining interests in the Whiskey Property (“Whiskey”) currently controlled by MinQuest. Annual option payments and minimum annual exploration expenditures under the agreement are as noted below:

	Property Payments \$USD	Work Expenditures \$USD
Upon Execution of the Agreement	\$ 50,000	\$ -
By March 15, 2009	50,000	50,000
By March 15, 2010	50,000	150,000
By March 15, 2011	65,000	200,000
By March 15, 2012	80,000	350,000
By March 15, 2013	100,000	200,000
By March 15, 2014	100,000	200,000
By March 15, 2015	100,000	200,000
By March 15, 2016	100,000	200,000
By March 15, 2017	100,000	200,000
By March 15, 2018	250,000	750,000
	\$ 1,045,000	\$ 2,500,000

Upon execution of the Agreement, the Company paid MinQuest \$50,000 in relation to the execution of the agreement. Since the payment obligations are non-refundable, if any payments under the Agreement are not made, the Company will lose any previous payments made and all its rights to the respective property. If all said payments under the Agreement are made, then the Company will acquire all mining interests in the property. If the Company fails to make any payment when due, the Agreement gives the Company a 60-day grace period to pay the amount of the deficiency. MinQuest retained a 3% royalty of the aggregate proceeds received by the Company from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the property, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges, including penalties.

The Company has the one time right exercisable for 90 days following completion of a bankable feasibility study to buy up to one half (50%) of MinQuest’s royalty interest (i.e. an amount equal to 1.5% of the royalty interest) for \$2,250,000. The right to purchase the said royalty interest shall be exercised by the Company by providing the MinQuest with notice of the purchase accompanied by payment in the amount of USD \$2,250,000.

The Company may use MinQuest for its mineral exploration expertise on the property. In addition, any mineral interests staked, located, granted or acquired by either the Company or MinQuest which is located within a 1 mile radius of the property will be included in the option granted to the Company for the respective property. The agreement will terminate if the Company fails to comply with its obligations in the agreement and fails to cure such alleged breach. If the Company gives notice that it denies a default has occurred, the matter shall be determined finally through such means of dispute resolution as such matter has been subjected to by either party.

Description and Location of the Whiskey Property

The Whiskey is located in Mineral County, Nevada and currently consists of 83 unpatented mining claims. Access is via paved highway, gravel and dirt roads and the land is administered by the federal Bureau of Land Management.

Exploration History of the Whiskey Property

Portions of the property have been explored by Conoco from 1971 to 1973, Grayhill/US Minerals Exploration from 1981-1985, Homestake/Combined Metals Reduction from 1986-1991, Santa Fe Minerals from 1992 to 1994, and Newmont from 2003-2005. During the bulk of the exploration work the property was divided by ownership interests into the west and east halves. Only Newmont and MinQuest have completely controlled all of the alteration in the basin.

Past exploration includes rock chip sampling, geologic mapping, and drilling. Advanced argillic alteration is widespread along a set of east-southeast trending fault zones covering an area 17,000 feet long by 6000 feet wide. The alteration zone is covered on the east end by post-mineral volcanic cover and on the west end by recent alluvium. Drilling by the Homestake-Combined Metals Reduction joint venture was restricted to the southeast portion of the claim group. This effort encountered anomalous to ore-grade gold values in one of several siliceous knobs at the edge of the basalt. The drilling completed by Santa Fe and Dennison on the west end of the property encountered anomalous to ore grade gold values in 6 of 15 holes. The most recent work by Newmont suggested excellent potential for gold mineralization along strike of known gold mineralization, under alluvium cover and under post-mineral basalt cover. Newmont's target size was 3 million ounces. Targeting was primarily under post-mineral cover. Newmont dropped the property before testing their exploration model.

Geology of the Whiskey Property

The property lies within the Walker Lane structural zone and within a well mineralized easterly trend of volcanic hosted gold-silver deposits starting at Bodie and trending through Paradise Peak. A possible Cretaceous granite outcrops on the northeast portion of the property. The granite is equigranular and coarsely crystalline. Conoco initially believed the intrusive to be responsible for the large area of alteration within the Whiskey Flat area because of the intensely argillized and silicified rocks surrounding the intrusive and the potassic alteration developed along the southern margin of the stock. This conviction led to the relatively minor amount of mapping and sampling conducted during the 1971 through 1973 field seasons.

Tertiary volcanic rock consisting of andesite flows, rhyolite tuffs, pyroclastics flows and volcanoclastic sediments comprise the entire package of pre-mineral rocks. This package of pre-mineral rocks has been overlain by Tertiary to Quaternary age post-mineral basalt flows and extensive wind-blown sand. High angle faults trend easterly forming the north and south boundaries of the Whiskey Flats basin. Northerly trending faults offset the easterly trending fault zones in several places. At least one low angle fault occurs along the southern border of the property.

Alteration within the basin and along the margins consists of opaline replacement, intense argillization, and intense silicification of all pre-mineral rock types along structures. The alteration events are typical of Paradise Peak and Borealis style alteration events. The alteration can be traced over 17,000 feet in length and covers a broad area about 6500 feet across. One area of intense clay alteration has been exploited as a soil conditioner in the past. Considerable prospecting for metals has occurred throughout the rest of the area as demonstrated by numerous pits and shafts. Portions of the opaline alteration near the center of the claim block have reportedly been exploited for mercury. However, the best gold in drilling failed to show any evidence of prospecting.

The historic shafts and pits prospected brecciated, silicified and iron stained fault zones. Many of these breccias contain silica and/or alunite cementing the breccia fragments. Outcropping, intensely silicified rock on the southeast portion of the claim group is reported to contain gold at surface. This type of silicification forms bold knobs that have survived erosion and peak through the post-mineral basalt capping. Previous drilling efforts have focused on these intensely silicified knobs and their immediate projections. The early exploration successes in the surrounding area have driven much of the exploration philosophy at Whiskey Flats.

Initially, exploration in the Borealis district successfully identified discrete, "dish shaped" ore bodies by drilling on top of silicified knobs. This same exploration technique was employed at the Whiskey Flats property throughout all of the exploration programs described above. This method of exploration at Whiskey Flats has identified at least two areas of gold mineralization. The eastern end of the property hosts ore grade gold mineralization within a siliceous knob which is covered on the south and east by young basalt. The western end of the property contains several siliceous knobs with sub-ore grade intercepts over substantial widths. These knobs of silica dip to the south, covered on the south by basalt and on the west by wind-blown sand.

The recent identification of "feeder structures" under opaline silica at the Borealis Freedom Flats deposit has shifted the exploration philosophy to evaluation of the structures along strike of the apparent silica knobs. Several fault zones within the boundaries of the Whiskey claims were noted to be highly silicified and numerous faults contain opalized material on surface. These fault zones trend toward the silica knobs and are believed to be the structural features that provided permeability for the mobilization of mineralizing fluids. No drilling has targeted these fault zones.

Current State of Exploration

The Whiskey Property presently does not have any mineral reserves. The property that is the subject to our mineral claims is undeveloped and does not contain any open-pit or underground mines. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claim. Our planned exploration program is exploratory in nature and no mineral reserves may ever be found. There is no drilled resource on our claims.

Geological Exploration Program

The Company has received recommendations from MinQuest regarding an exploration program for the Whiskey Property. However, as the Whiskey Property was only acquired by the Company in March 2008, the Company has not yet determined a budget or work program for the property.

NK Property

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Acquisition of Interest

On March 15, 2008, the Company executed a property option agreement with MinQuest granting the Company the right to acquire 100% of the mining interests in the NK Property (“NK”) currently controlled by MinQuest. On July 25, 2008 the NK Property Option Agreement was amended whereby the annual minimum work expenditures were lowered to match those of the Weepah Agreement as the two properties are at a similar stage of exploration. Annual option payments and minimum annual exploration expenditures under the agreement are as noted below:

	Property Payments \$USD	Work Expenditures \$USD
Upon Execution of the Agreement	\$ 20,000	\$ -
By March 15, 2009	20,000	50,000
By March 15, 2010	20,000	75,000
By March 15, 2011	35,000	100,000
By March 15, 2012	45,000	250,000
By March 15, 2013	50,000	100,000
By March 15, 2014	50,000	100,000
By March 15, 2015	50,000	100,000
By March 15, 2016	50,000	100,000
By March 15, 2017	50,000	100,000
By March 15, 2018	100,000	250,000
	\$ 490,000	\$ 1,225,000

Upon execution of the Agreement, the Company paid MinQuest \$20,000 in relation to the execution of the agreement. Since the payment obligations are non-refundable, if any payments under the Agreement are not made, the Company will lose any previous payments made and all its rights to the respective property. If all said payments under the Agreement are made, then the Company will acquire all mining interests in the property. If the Company fails to make any payment when due, the Agreement gives the Company a 60-day grace period to pay the amount of the deficiency. MinQuest retained a 3% royalty of the aggregate proceeds received by the Company from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the property, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges, including penalties.

The Company has the one time right exercisable for 90 days following completion of a bankable feasibility study to buy up to one half (50%) of MinQuest's royalty interest (i.e. an amount equal to 1.5% of the royalty interest) for \$2,250,000. The right to purchase the said royalty interest shall be exercised by the Company by providing the MinQuest with notice of the purchase accompanied by payment in the amount of USD \$2,250,000.

The Company may use MinQuest for its mineral exploration expertise on the property. In addition, any mineral interests staked, located, granted or acquired by either the Company or MinQuest which is located within a 1 mile radius of the property will be included in the option granted to the Company for the respective property. The agreement will terminate if the Company fails to comply with its obligations in the agreement and fails to cure such alleged breach. If the Company gives notice that it denies a default has occurred, the matter shall be determined finally through such means of dispute resolution as such matter has been subjected to by either party.

Description and Location of the NK Property

The NK currently consists of 24 unpatented mining claims and is located in Mineral County in an unincorporated mining area in west-central Nevada. Access is via paved highways and gravel roads and drainages.

Exploration History of the NK Property

The previous sampling and mapping indicates at least three separate mineralized zones from 30 to 80 feet thick bisecting the property from south to north. An additional area of alteration is indicated from silicified chips in float adjacent to the range front fault which parallels the eastern border of the range. Along with silicification of the host rock, some areas contain quartz veins as stockworks, barite and fluorite veining, and occasional gossanous areas of high sulfide content. Exploration work listed below has focused on apparent surface expressions of mineralization.

Westely Mines - 1984-1985 - Sampling and mapping

Brancote - 1991-1992 - Mapping and sampling

Hemlo, Cordex - 1993-1994 - Mapping and sampling

Geology of the NK Property

The regional geology consists of a thick pile of Tertiary to Oligocene volcanics ranging from rhyolite tuffs to basalt flows. Generally, the older rhyolite units have been altered and mineralized while the younger basalt flow post dates the mineralization.

Alteration consists of bleaching, argillization and silicification along low and high angle fault zones. Quartz veining filling microfractures, barite and fluorite veins, and occasional gossan zones representing massive sulfide fill faults and fractures within the altered areas. The best gold values are related to areas of silicified volcanic rock with secondary druzy quartz veinlets filling micro-fractures.

MinQuest believes the best target is the range front fault zone. Probable alteration of volcanoclastic sediments and rhyolite tuff appear to be related to the range front fault zone. This fault may have contributed additional structural preparation allowing further alteration and mineralization to occur. The entire structural zone has been mostly covered by shedding material from the hillside above. Further to the east argillized and opaline altered volcanic rock appears intermittently in the base of some ravines.

Current State of Exploration

The NK Property presently does not have any mineral reserves. The property that is the subject to our mineral claims is undeveloped and does not contain any open-pit or underground mines. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claim. Our planned exploration program is exploratory in nature and no mineral reserves may ever be found. There is no drilled resource on our claims.

Geological Exploration Program

The Company has received recommendations from MinQuest regarding an exploration program for the NK Property. However, as the NK Property was only acquired by the Company in March 2008, the Company has not yet determined a budget or work program for the property.

Weepah Property

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Acquisition of Interest

On March 15, 2008, the Company executed a property option agreement with MinQuest granting the Company the right to acquire 100% of the mining interests in the Weepah Property (“Weepah”) currently controlled by MinQuest. Annual option payments and minimum annual exploration expenditures under the agreement are as noted below:

	Property Payments \$USD	Work Expenditures \$USD
Upon Execution of the Agreement	\$ 20,000	\$ -
By March 15, 2009	20,000	50,000
By March 15, 2010	20,000	75,000
By March 15, 2011	35,000	100,000
By March 15, 2012	45,000	250,000
By March 15, 2013	50,000	100,000
By March 15, 2014	50,000	100,000
By March 15, 2015	50,000	100,000
By March 15, 2016	50,000	100,000
By March 15, 2017	50,000	100,000
By March 15, 2018	100,000	250,000
	\$ 490,000	\$ 1,225,000

Upon execution of the Agreement, the Company paid MinQuest \$20,000 in relation to the execution of the agreement. Since the payment obligations are non-refundable, if any payments under the Agreement are not made, the Company will lose any previous payments made and all its rights to the respective property. If all said payments under the Agreement are made, then the Company will acquire all mining interests in the property. If the Company fails to make any payment when due, the Agreement gives the Company a 60-day grace period to pay the amount of the deficiency. MinQuest retained a 3% royalty of the aggregate proceeds received by the Company from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the property, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges, including penalties.

The Company has the one time right exercisable for 90 days following completion of a bankable feasibility study to buy up to one half (50%) of MinQuest’s royalty interest (i.e. an amount equal to 1.5% of the royalty interest) for \$2,250,000. The right to purchase the said royalty interest shall be exercised by the Company by providing the MinQuest with notice of the purchase accompanied by payment in the amount of USD \$2,250,000.

The Company may use MinQuest for its mineral exploration expertise on the property. In addition, any mineral interests staked, located, granted or acquired by either the Company or MinQuest which is located within a 1 mile radius of the property will be included in the option granted to the Company for the respective property. The agreement will terminate if the Company fails to comply with its obligations in the agreement and fails to cure such alleged breach. If the Company gives notice that it denies a default has occurred, the matter shall be determined finally through such means of dispute resolution as such matter has been subjected to by either party.

Description and Location of the Weepah Property

The Weepah Property currently consists of 14 unpatented claims and is located in Esmeralda County, Nevada approximately 6 miles (9.6 km) northeast of Silver Peak and 21 miles (33.6 km) west-northwest of Goldfield, Nevada. Access is via 7 miles (11 km) of paved and gravel roads from the town of Silver Peak. The Weepah Hills prospect is approximately 5 miles (8 km) south of the historic Weepah mine and 8.5 miles (14 km) northeast of the Mineral Ridge mine.

Exploration History of the Weepah Property

The Weepah Property was likely first discovered in the 1860's when Silver Peak was first developed. No production is reported for the area, although historic workings suggest some small shipments may have occurred from high-grade veins. If so, the ore was probably shipped to the nearby Silver Peak mill. Recent exploration efforts began in the early 1980's when Grayhill Exploration sampled the property. Since then WX Syndicate, Newmont and Mountain West Exploration have conducted exploration efforts totaling over US\$100,000 in expenditures.

• Grayhill Exploration	1983-84	Geochemical sampling
• WX Syndicate	1986-91	4 RC holes for 500 feet (160 m)
• Newmont	1988	Geochemical sampling
• Mountain West	1991-92	Geochemical Sampling

A total of 500 feet (160 m) in 4 holes have been completed on the property. All of the drilling was shallow and drilled in the pediment. Drilling targeted the extension of mineralization within the range. Drilling failed to encounter the mineralized zone because geology of the area was not understood. This lack of understanding and dearth of exploration within the outcropping mineralized area leaves substantial potential for development of ore reserves.

Geology of the Weepah Property

The property lies within the southern portion of the Walker Lane structural corridor. Mineralization is hosted within the PreCambrian Wyman Formation, Reed Dolomite and Lone Mountain Formation. The Wyman Formation is composed of up to 300 meters of micaceous shale, thin to thick-bedded limestone and interbedded quartzite. The Reed Dolomite is composed of over 3000 feet of thick bedded dolostone with interbedded limestone and quartzite. The Lone Mountain Formation is composed of more than 2100 feet of massive dolomite and limestone with thin interbeds of shaley limestone. Gold and silver mineralization at the Weepah are associated with quartz stockworks, silicified limestone and disseminations within low and high-angle shear zones.

The Weepah Hills property contains excellent untested sediment hosted mineralization. Gold and silver mineralization identified at the Weepah Hills property is of similar grades as the nearby Weepah and Mineral Ridge mines. Surface sampling has identified two zones from 1200 to 1500 feet long and up to 50 feet wide.

Structure is the most important factor in ore control in the Silver Peak Mining District. At the Mineral Ridge deposit ore controls are believed to be associated with detachment faults and high angle shear zones. These structures have developed a system of stacked mineralized zones amenable to open-pit mining methods. The historic Weepah mine is associated with a high angle fault zone with coincident lateral migration of mineralizing fluids.

The Weepah Hills property has aspects of both nearby mines showing both low and high angle fault zones and associated mineralization. The Weepah Hills mineralization is largely localized along three parallel structures which trend northerly. The low angle structures measure 20 to 30 degrees dipping southeasterly and nearly parallel to bedding. The high angle structures dip 70 to 80 degrees to the west. The mineralization has been offset by a west-northwest fault on the south end and becomes covered by massive dolomite to the north. Gold/silver is hosted by silicified limestone, quartz veined shale and iron rich shear zones. The highest grade mineralization occurs in iron rich quartz veins within shale beds. Numerous dikes of intermediate to felsic origin have been mapped in within the core area.

Current State of Exploration

The Weepah Property presently does not have any mineral reserves. The property that is the subject to our mineral claims is undeveloped and does not contain any open-pit or underground mines. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claim. Our planned exploration program is exploratory in nature and no mineral reserves may ever be found. There is no drilled resource on our claims.

Geological Exploration Program

The Company has received recommendations from MinQuest regarding an exploration program for the Weepah Property. However, as the Weepah Property was only acquired by the Company in March 2008, the Company has not yet determined a budget or work program for the property.

Imperial Property

Acquisition of Interest

On May 30, 2008, the Company entered into an Assignment and Assumption Agreement (the “Agreement”) with American Goldfields Inc., a Nevada corporation (“Goldfields”), to acquire the exclusive option to an undivided right, title and interest in 22 unpatented Federal mining claims located in Esmeralda County, Nevada. Goldfields had originally acquired its exclusive option on the Property on June 30, 2004, when it entered into a Property Option Agreement (the “Property Agreement”) with MinQuest, the owner of the Imperial Property.

Pursuant to the Agreement, the Company assumed the rights, and agreed to perform all of the duties and obligations, of Goldfields arising under the Property Agreement. Simultaneous with the execution and delivery of the Agreement, the Company paid Goldfields \$250,000, which amount represents the full payment and satisfaction for the assignment by Goldfields to the Company of the Property Agreement and all rights and obligations with respect thereto. Included in the assignment were, without limitation, all sums incurred by Goldfields in connection with the Property, specifically (i) the refunding of the reclamation bond previously paid by Goldfields to the Bureau of Land Management in Nevada in the amount of \$13,255; (ii) the approximately \$277,000 of expenditures incurred by Goldfields prior to the Agreement; and (iii) the \$120,000 paid to MinQuest Inc. as option payments under the Property Agreement.

Description and Location of the Imperial Property

The Imperial Property is located in Esmeralda County, Nevada, approximately 60 kilometres southwest of Tonopah and 300 kilometers northwest of Las Vegas in the Railroad Springs Mining District. The property consists of 24 mineral claims elongated in an east-west direction, covering approximately 450 acres located in Railroad Pass between the Montezuma Range to the northeast and the Silver Peak Range to the southwest. The property covers portions of two adjacent US Geological Survey 7 ½' quadrangle map sheets: Lida Wash, Nevada and Montezuma Peak, SW Nevada. The center of the property is situated at approximately 117° 31' 43" West longitude and 37° 33' North latitude.

Land claims in the district are administered under Department of Interior, Bureau of Land Management ("BLM") under the Federal Land Policy and Management Act of 1976. The Imperial claims cover portions of Sections 34, 35, and 36 in Township 4S, Range 40 East in Esmeralda County, Nevada. None of the claims have been legally surveyed. The property is most easily accessed from the community of Silver Peak, Nevada by following US route 95 west from Tonopah for a distance of 35 kilometers and turning south onto paved State Highway 295 for 21 kilometers and then west on a secondary gravel road for 500 meters to the eastern claim boundary.

MinQuest is the registered owner of 14 of the claims that make up the Imperial Property. Ten of the claims (Lida 1 to Lida 10) are registered to Richard Kern, Michael Forth, and James Motter. Under the terms of a Letter Agreement, the Lida claims have been leased to MinQuest for a period of 20 years. The lease allows MinQuest to transfer title to third parties providing all conditions of the original agreement are met.

Exploration History of the Imperial Property

The Imperial Property was first developed in the 1920's but apparently had little or no production until the late 1930's. The Imperial Mine produced approximately 10,000 tons of ore and was probably shut down at the beginning of World War II. The mine has two adits, the longest of which has approximately 2,600 feet of drifts and crosscuts. A 200 foot shaft, which is not accessible, is also located on the property.

The property has been explored by Energy Reserves Group, Goldsil Mining, Felmont Oil, and Nevada Star Resource Corporation. Felmont conducted the bulk of the work during 1983 – 1984 including drilling 19 reverse circulation holes. Five of these holes intercepted significant thickness of oxide gold in “Carlin-style” mineralization. Six of their holes were drilled on the area that hosted the Imperial Mine. No other holes were drilled on this target that is more than a mile long. Felmont dropped the property partly because they lost the rights to the portion of the claim covering the Imperial Mine and partly because they were taken over by Homestake.

Nevada Star conducted a soil survey over the non-Imperial Mine claim block in 1987 and partially tested the area around two of the better Felmont holes with shallow, close-spaced grid drilling. This work which defined an area of gold mineralization and confirmed the presence of Carlin-style gold in silty rocks adjacent to northeast trending high angle feeder faults, was to be followed up by drill testing of this and several other targets. However, Nevada Star was unable to raise the capital needed to continue and relinquished the property.

Goldfields completed a two phase exploration drill program that focused on the high-grade vein and disseminated gold targets within the Imperial Property. The program included 31 reverse circulation holes for a total of 7,935 feet of drilling.

The first phase of the program was completed in the fall of 2004 and included 10 drill holes for a total of 2,995 feet. All of these holes were drilled on the Imperial Target. In addition to the drilling Goldfields has also conducted underground sampling. A total of 40 samples have been taken of quartz vein related mineralization underground. This work confirmed the presence of high grade values in the two adits sampled and will help target further drilling.

Of the first ten drill holes drilled, several intersected stopes which were not visible on existing underground maps. This was to be expected to some extent, as Phase I of the drill program was designed to test an area of previous underground mining which had already had extensive workings. Of particular interest was drill hole IR-4 which intersected 10 feet of high grade gold. This 10 foot interval (105’ to 115’) averages 0.50 oz/ton gold occurs within a 40 foot interval (110’ to 140’) that averages 0.154 oz/ton gold. Seven of the ten holes drilled contain gold intercepts exceeding 1.0 ppm (0.029 oz/ton).

The second phase of the drilling was completed in the fall of 2005. This phase included 21 holes for a total of 4,940 feet. Goldfields drilled 14 holes in the Resource Target area with all but 5 containing +0.01 oz/ton gold intercepts. Two of the holes intersected, or came close to intersecting, the feeder structure within the favorable host sediment. Hole IR-22 contained 35 feet averaging 0.072 oz/ton gold and IR-23 contained 25 feet at 0.034 oz/ton gold including 5 feet at 0.096 oz/ton at the bottom of the hole. The drilling indicates the gold is located within one nearly flat-lying favorable sedimentary unit (a calcareous siltstone) that is approximately 50 feet thick. Gold grade drops off quickly as one moves away from the feeder fault. Holes drilled beneath the mineralized unit, even those intersecting the feeder fault, were barren. The flat-lying mineralization appears to dip gently to the northwest and is approximately 200 feet wide and 40 to 50 feet thick. The gold bearing horizon has not been drilled to the southwest.

Two holes targeted the Jasperoid Breccia Target with one hole being drilled under the gold bearing jasperoid and another targeting the possible intersection of the northeast trending feeder fault with the Imperial fault. Both of these holes (IR-25 and 26) were barren. Just as at the Resource Target, these holes drilled beneath the favorable stratigraphy and missed the mineralization. Future drilling should be collared above the favorable horizon in proximity to the feeder fault.

In addition to the drilling, a total of 40 channel (continuous and consistent amount) samples were taken across veins exposed in the upper and lower adits. Sample widths were noted. Once at the assay lab each was weighed. Sample preparation, performed by ALS Chemex in Reno, Nevada, consisted of crushing the entire sample, splitting off 1,000 grams, pulverizing all 1,000 grams and splitting off 50 grams of this pulp for fire assay for gold and 50 grams for silver.

Geology of the Imperial Property

The geology of the property is described in a December, 2002 report by Geoffrey N. Goodall, President of Global Geological Consultants Ltd., a private consulting firm. Regionally, the Imperial Property is located within the Walker Lane which hosts several precious metal deposits. Two distinct types of gold mineralization occur on the Imperial Property. The first type is associated with high angle bodies of jasperoid that outcrop along the east-west axis of the property. The second type of mineralization is identified from drill hole data in the eastern part of the property. Here gold mineralization is associated with flat lying bedding and is disseminated throughout highly altered limonite stained decalcified siltstones.

Structurally, two fault sets appear closely related to mineralization. The Imperial Fault and other associated west-northwest structural zones have received the bulk of the exploration within the district. Numerous northeast trending faults, some of which are shown by soil geochemistry, have received little attention as possible feeders. Nearly all gold anomalies from the eastern half of the claims have a northeast trend. These anomalies are thought to be leakage along feeder faults.

Three primary Carlin-type targets are present at Imperial. The first and most important is the Imperial Target that has only one hole on the favourable side of the approximately 1,600 meter long structure. The second target, called the Resource Target is an open-ended 500 meter long gold in soil anomaly along a northeast trending fault system. A final target called the Jasperoid Breccia Target is a large anomaly under cover in the central portion of the claim group. The anomaly is 400 meters long and has gold in soil anomaly at its west end.

Current State of Exploration

The Imperial Property presently does not have any mineral reserves. The property that is the subject to our mineral claims is undeveloped and does not contain any open-pit or underground mines. There is no mining plant or equipment located on the property that is the subject of the mineral claim. Currently, there is no power supply to the mineral claim. Our planned exploration program is exploratory in nature and no mineral reserves may ever be found. There is no drilled resource on our claims.

Geological Exploration Program

The Company is currently evaluating the drill locations and results of the programs completed by Goldfields in order to determine the next phase of exploration for the Imperial Property.

Item 3. Legal Proceedings.

There are no pending legal proceedings to which the Company is a party or in which any director, officer or affiliate of the Company, any owner of record or beneficially of more than 5% of any class of voting securities of the Company, or security holder is a party adverse to the Company or has a material interest adverse to the Company. The Company's properties are not the subject of any pending legal proceedings.

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

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

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

Market Information.

Our common stock is traded on the Financial Industry Regulatory Authority Over The Counter Bulletin Board ("OTCBB") under the symbol "PGOL." The OTCBB does not have any quantitative or qualitative standards such as those required for companies listed on Nasdaq. The following table sets forth the range of quarterly high and low closing bid prices of the common stock as reported on <http://finance.yahoo.com> during the years ending May 31, 2008 and May 31, 2007:

Financial Quarter		Bid Price Information*	
Year	Quarter	High Bid Price	Low Bid Price
2008	Fourth Quarter	\$0.11	\$0.07
	Third Quarter	\$0.12	\$0.075
	Second Quarter	\$0.15	\$0.085
	First Quarter	\$0.16	\$0.085
2007	Fourth Quarter	\$0.21	\$0.09
	Third Quarter	\$0.17	\$0.09
	Second Quarter	\$0.23	\$0.06
	First Quarter	\$0.26	\$0.11

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

Holder.

On August 27, 2008, there were approximately 68 (sixty-eight) holders of record of the Company's common stock.

Dividends.

The Company has not declared or paid any cash dividends on its common stock nor does it anticipate paying any in the foreseeable future. Furthermore, the Company expects to retain any future earnings to finance its operations and expansion. The payment of cash dividends in the future will be at the discretion of its Board of Directors and will depend upon its earnings levels, capital requirements, any restrictive loan covenants and other factors the Board considers relevant.

Warrants or Options.

No warrants, options or other securities convertible or exchangeable into equity securities were issued during the fiscal year ending May 31, 2008.

Securities Authorized for Issuance under Equity Compensation Plans

We do not have any equity compensation plans that were approved by our shareholders. Set forth below is certain information as of May 31, 2008, the end of our most recently completed fiscal year, regarding equity compensation plans that have not been approved by our stockholders.

Equity compensation plans not approved by stockholders – as of May 31, 2008

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
2003 Stock Option Plan	5,546,000 (1)	\$0.26	506,000
2005 Stock Option Plan	2,000,000	\$0.25	1,000,000
Share Purchase Warrants	3,456,000	\$1.48	N/A

(1) Since the plan provides for appropriate adjustments in the event of stock splits and other similar events, when our common stock was forward split on June 17, 2003, a corresponding adjustment was made to the option plan. Accordingly, as of June 17, 2003 there were 2,546,000 shares available for issuance under the Stock Option Plan. On September 22, 2003, we amended our Stock Option Plan by increasing the number of shares available for issuance under the plan to 5,546,000 shares

As of May 31, 2008, there were a total of 5,040,000 options granted under the 2003 Plan with exercise prices ranging from \$0.05 per share to \$1.50 per share. There were also a total of 1,000,000 options granted under the 2005 Plan with an exercise price of \$0.25 per share.

The following discussion describes material terms of grants made pursuant to the stock option plans:

Pursuant to the 2003 and 2005 Stock Option Plans, grants of shares can be made to employees, officers, directors, consultants and independent contractors of non-qualified stock options as well as stock options to employees that qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986 (“Code”). The Plan is administered by the Option Committee of the Board of Directors (the “Committee”), which has, subject to specified limitations, the full authority to grant options and establish the terms and conditions for vesting and exercise thereof. Currently the entire Board functions as the Committee.

In order to exercise an option granted under the Plan, the optionee must pay the full exercise price of the shares being purchased. Payment may be made either: (i) in cash; or (ii) at the discretion of the Committee, by delivering shares of common stock already owned by the optionee that have a fair market value equal to the applicable exercise price; or (iii) with the approval of the Committee, with monies borrowed from us.

Subject to the foregoing, the Committee has broad discretion to describe the terms and conditions applicable to options granted under the Plan. The Committee may at any time discontinue granting options under the Plan or otherwise suspend, amend or terminate the Plan and may, with the consent of an optionee, make such modification of the terms and conditions of such optionee’s option as the Committee shall deem advisable.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities.

None during the fiscal year ended May 31, 2008.

Purchases of Equity Securities by the Company and Affiliated Purchasers.

None.

Item 6. Selected Financial Data

Not applicable to smaller reporting companies.

Item 7. Management’s Discussion and Analysis or Plan of Operation.

Overview

As a natural resource exploration company our focus is to locate prospective properties that may host mineral reserves that could eventually be put into mining production. With this in mind, we have to this date identified and secured interests in several mining claims with respect to properties in the Walker Lane area of Nevada and the historic Oatman mining district of Arizona. We have adequate funding to meet all our obligations on our current projects until at least May 31, 2009.

We do not intend to use any employees, with the exception of part-time clerical assistance on an as-needed basis. Outside advisors, attorneys or consultants will only be used if they can be obtained for a minimal cost or for a deferred payment basis. Management is confident that it will be able to operate in this manner and continue during the next twelve months.

Plan of Operation

During the twelve-month period ending May 31, 2009, our objective is to continue to explore the properties subject to our mining claims. The funds in our treasury are sufficient to meet all planned activities as outlined below, with a contingency margin. As a result of this, we do not expect to enter into any new financing arrangements during the twelve months ending May 31, 2009.

We continue to run our operations with the use of contract operators, and as such do not anticipate a change to our company staffing levels. We remain focused on keeping the staff compliment, which currently consists of our three directors and one investor relations person, at a minimum to conserve capital. Our staffing in no way hinders our operations, as outsourcing of necessary operations continues to be the most cost effective and efficient manner of conducting the business of the Company.

We do not anticipate any equipment purchases in the twelve months ending May 31, 2009.

The following is an overview of the project work to date, as well as anticipated work for the next twelve months. Specific dates when work will begin, and how long it will take to complete each step is subject to change due to the variables of weather, availability of work crews for a particular type of work, and the results of work that is planned, the outcome of which will determine what the next step on that project will be.

Bruner and Vernal Projects.

As of May 31, 2008, we have fulfilled our exploration and property option commitments with respect to the Bruner and Vernal projects. To May 31, 2008, we made total property option payments of \$80,000 and have incurred approximately \$424,000 of property expenditures. On July 25, 2007 we made the final property option installment of \$20,000. Under the property agreement we were to have spent \$500,000 by July 25, 2008. As of May 31, 2008 there is a shortfall in expenditures of approximately \$76,000. The Company intends to undertake an exploration program in 2009 to complete its obligations under the Bruner and Vernal agreement.

Moss Property

The Moss Property agreements do not require on-going property payments nor minimum annual exploration expenditure.

Margarita Property

On January 29, 2008, the Company acquired the rights to the Margarita Property. Subsequent to the completion of a drill program, the Company terminated the Margarita Property Option Agreement. As a result of terminating the Margarita Property Option Agreement, the Company agreed to pay the 2008 annual claim filings fees on the property of \$8,268. Under the release agreement, the Company was not required to make the \$100,000 payment due May 31, 2008 and no longer has any obligations under the agreement.

Whiskey Property

The Company acquired the Whiskey Property on March 15, 2008 and is required to make a property option payment of \$50,000 and incur \$50,000 in expenditures on the Whiskey Property by March 15, 2009.

NK Property

The Company acquired the NK Property on March 15, 2008 and is required to make a property option payment of \$20,000 and incur \$50,000 in expenditures on the NK Property by March 15, 2009.

Weepah Property

The Company acquired the Weepah Property on March 15, 2008 and is required to make a property option payment of \$20,000 and incur \$50,000 in expenditures on the Weepah Property by March 15, 2009.

Imperial Property

On May 30, 2008, the Company acquired the rights to the Imperial Property. The Company made a property option payment of \$20,000 on July 1, 2008 and is required to incur \$100,000 in property expenditures in the next year.

Results of Operations

The Twelve Months Ended May 31, 2008 compared to the Twelve Months Ended May 31, 2007

The Company had no revenues during the fiscal years ended May 31, 2008 and May 31, 2007 because it was in the exploration state during such fiscal years. The net loss from operations for fiscal 2008 was \$1,325,808 compared to \$423,488 in fiscal 2007. The net loss from operations increased significantly in 2008 compared to 2007 due to a large increase in exploration expenses to \$1,172,292 in 2008 from \$250,634 in 2007, an increase of \$921,658. In 2008, the Company acquired the Margarita Property for \$200,000 and the Imperial Property for \$250,000. In addition, the Company acquired the Whiskey, NK, and Weepah Properties for an aggregate initial option payment of \$90,000. Also in 2008, the Company completed drill programs on both the Bruner and Margarita Properties. In 2007, the Company's only major exploration activity was to undertake a drill program on the Moss Property. Other than making the required property option payment of \$20,000, the Company did not incur any significant expenditures related to the Bruner or Vernal properties in the twelve months ended May 31, 2007.

General and administrative expenses were \$153,516 in 2008 compared to \$172,854 in 2007, a decrease of \$19,338. The decrease was largely due to the recognition in 2007 of \$26,611 in stock-based compensation relating to stock options granted during 2006 while for 2008, the effect of revaluing the options granted in 2006 resulted in a reversal of the expense of \$973. No stock options were granted in 2008 or 2007.

Interest income decreased to \$108,903 in 2008 from \$127,059 in 2007. The decrease is largely due to lower average invested cash balances and a decrease in interest rates on invested cash balances.

The Twelve Months Ended May 31, 2007 compared to the Twelve Months Ended May 31, 2006

The Company had no revenues during the fiscal years ended May 31, 2007 and May 31, 2006 because it was in the exploration state during such fiscal years. The net loss from operations for fiscal 2007 was \$423,488 compared to \$401,847 in fiscal 2006. While the total net loss from operations was consistent between the two years, the components of the loss were different. Exploration expenses increased to \$250,634 in 2007 from \$187,407 in 2006, an increase of \$63,227. In 2007, the Company undertook a drill program on the Moss Property while the majority of the costs for the previous Moss drill program were incurred at the end of fiscal 2005 resulting in only a small portion of exploration costs being incurred in the twelve months ended May 31, 2006. Partially offsetting the increased spending on the Moss property in 2007 was a large reduction in spending on the Bruner property. Other than making the required property option payment, the Company did not incur any significant expenditures related to the Bruner or Vernal properties in the twelve months ended May 31, 2007. The previous drill program on the Bruner property began in fiscal 2005 and concluded in the first portion of fiscal 2006. As a result, in the twelve months ended May 31, 2006, the Company incurred exploration costs relating to the Bruner property.

General and administrative expenses were \$172,854 in 2007 compared to \$214,440 in 2006, a decrease of \$41,586. The decrease was largely due to the recognition in 2006 of \$86,483 in stock-based compensation relating to stock options granted during 2006. No stock options were granted in 2007 but \$26,611 in stock-based compensation was recognized in 2007 relating to the revaluation and amortization of unvested stock options from the 2006 grant. Partially offsetting the effect of lower stock-based compensation in 2007 was higher management fees paid to the Company's President. He began receiving \$2,500 a month in November 2005 so for fiscal 2006 he received \$17,500 while he received \$30,000 for 2007.

Interest income increased from \$102,921 in 2006 to \$127,059 in 2007. The increase is largely due to an increase in interest rates on invested cash balances.

Liquidity and capital resources

We had total assets of \$2,147,020 at May 31, 2008 consisting of cash of \$2,115,513, net office equipment of \$352, and reclamation deposits of \$31,155. We had total liabilities of \$328,762 at May 31, 2008 all of which are current liabilities consisting of accounts payable and accrued liabilities.

We anticipate that we will incur the following to May 31, 2009:

- \$110,000 in connection with property option payments under the Company's Whiskey, NK, Weepah, Imperial option agreements. The \$20,000 for the Imperial Property was paid in July 2008;
- \$388,000 in property exploration expenses and claim payments in order to meet the requirements of the Company's property option agreements;
- \$119,000 for operating expenses, including working capital and general, legal, accounting and administrative expenses associated with reporting requirements under the Securities Exchange Act of 1934.

Cash used in operations was \$882,663 for the year ended May 31, 2008 while it was \$233,693 for 2007. A significant portion of the increase was due to an increase in the net loss to \$1,211,237 in 2008 from \$295,288 in 2007. Partially offsetting the effect of a higher net loss in 2008 was a cash inflow from the increase in accounts payable and accrued liabilities of \$326,678 in 2008 compared to an inflow of \$521 in 2007. Included in the loss for 2008 was a reversal of stock-based compensation of \$973 related to options granted in 2006 while in 2007 the amount was an expense of \$26,611. Cash inflows of \$30,528 relating to the recovery of prepaid expenses occurred in 2007 while an inflow of \$1,472 was received in 2008.

Cash from operations from inception to date has not been sufficient to provide the operating capital necessary to operate. In November 2003 we issued 864,000 shares of common stock and 864,000 Class A warrants, 864,000 Class B warrants, 864,000 Class C warrants and 864,000 Class D warrants. This private offering generated gross proceeds of \$1,080,000.00. The Class A-1 warrants are exercisable on November 27, 2004 for a period of five years at an exercise price of \$1.40 per share of common stock; the Class B-1 warrants are exercisable on November 27, 2005 for a period of four years at an exercise price of \$1.45; the Class C-1 warrants are exercisable on November 27, 2006 for a period of three years at an exercise price of \$1.50; and the Class D-1 warrants are exercisable on November 27, 2007 for a period of two years at an exercise price of \$1.55. The Company has the right, in its sole discretion, to accelerate the exercise date of the warrants, to decrease the exercise price of the warrants and/or extend the expiration date of the warrants.

There were no investing activities in 2007 while in 2008 the Company paid reclamation deposits on the Imperial, Margarita, and Vernal properties totaling \$31,155. There were no financing activities in either 2008 or 2007.

Going Concern Consideration

Management believes that the gross proceeds from the private placements and from the exercise of stock options will be sufficient to continue our planned activities until May 31, 2009, the end of our next fiscal year. However, we anticipate generating losses and therefore we may be unable to continue operations in the future as a going concern. No adjustment has been made in the accompanying financial statements to the amounts and classification of assets and liabilities that could result should we be unable to continue as a going concern.

We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

Accordingly, our independent auditors included an explanatory paragraph in their report on the accompanying financial statements regarding concerns about our ability to continue as a going concern. Our financial statements contain additional note disclosures describing the circumstances that lead to this disclosure by our independent auditors.

Off-balance sheet arrangements

We have no off-balance sheet arrangements.

Item 7A Quantitative and Qualitative Disclosure About Market Risk

Not applicable.

Item 8. Financial Statements.

The financial statements are set forth immediately preceding the signature page.

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

None.

Item 9A(T). Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company's principal executive and principal financial officers believe that the Company's disclosure controls and procedures, as defined in Securities Exchange Act Rules 13a-15(e) or 15(d)-15(e), are effective. This conclusion was based on an evaluation of these controls and procedures as of May 31, 2008.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarterly period ended May 31, 2008 that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Evaluation of Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system has been designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of our published financial statements. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management has assessed the effectiveness of our internal controls over financial reporting as of May 31, 2008. To make this assessment, we used the criteria for effective internal control over financial reporting described in Internal Control — Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we believe that, as of May 31, 2008, our internal controls over financial reporting were effective.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this annual report.

Item 9B. Other Information.

None.

PART II

Item 10. Directors, Executive Officers and Corporate Governance.

Directors and Officers.

All directors of our Company hold office until the next annual general meeting of the stockholders or until their successors are elected and qualified. The officers of our Company are appointed by our board of directors and hold office until their earlier death, retirement, resignation or removal. Our directors, executive officers and other significant employees, their ages, positions held and duration each person has held that position, are as follows:

Name	Position Held with the Company	Age	Date First Appointed
Robert Coale	Chairman, President, Chief Executive Officer, Chief Operating Officer, Secretary Treasurer, and Director	68	June 23, 2003(1)
Robert A. Sibthorpe	Director	58	June 23, 2003
Duncan Budge	Director	57	October 13, 2005

(1) Mr. Coale was first appointed as a Director on June 23, 2003. On October 13, 2005, Mr. Ronald Blomkamp resigned as the Company's Chairman, President, Chief Executive and Operating Officer, and Secretary. On that date, Mr. Coale was appointed to the positions vacated by Mr. Blomkamp and Mr. Budge was appointed as a Director of the Company.

Business Experience

The following is a brief account of the education and business experience of each director, executive officer and key employee during at least the past five years, indicating each person's principal occupation during the period, and the name and principal business of the organization by which he was employed.

Robert Coale has been a Director since June 2003 and our Chairman, President, and Chief Executive and Operating Officer and Secretary and Treasurer since October 2005. Since April 2004 he has also been a Director of Giant Oil & Gas Inc., a publicly traded natural gas exploration company. He is a Professional Engineer with two engineering degrees (1963 - MetE. - Colorado School of Mines, 1971 - MSc. - University of the Witwatersrand in South Africa) and an MBA from the University of Minnesota (1982). He has over 40 years of resource related business and management experience. Mr. Coale is currently an independent consulting engineer specializing in mineral processing and natural gas fueling systems including development of projects for converting low-grade or stranded natural gas sources into liquefied natural gas.

Robert A. Sibthorpe has been a director since June 23, 2003, and is an exploration Geologist and Financial Analyst with more than 30 years of multi-disciplinary experience in many aspects of the natural resource sector. Since the beginning of 2003 he has acted as an independent consultant and director. From March 2003, to November 2003 Mr. Sibthorpe sat on the Board of Freegold Ventures Corp., a Canadian listed public company that is an exploration stage mining company, and since June of 2001 has provided independent consulting services to Rare Earth Metals Corp., another Canadian listed public company that is an exploration stage mining company. From January 2003 to March 2003 Mr. Sibthorpe was involved with project generation and review for Olympus Pacific Minerals Ltd., a company listed on the Toronto Venture Exchange that is an exploration stage mining company. From January 2001 to January of 2003 Mr. Sibthorpe acted as Senior Vice President of Business Development in Vancouver for Ivanhoe Mines Ltd., a Toronto Stock Exchange listed public company that is a reserve stage mid-tier copper and iron ore producer, where he was responsible for evaluating new opportunities, and for advancing properties of merit already held by the company. By forming and running a "Small Mines Unit", he was directly responsible for placing into commercial production an epithermal gold deposit in Korea and advancing two other Asian gold properties to the Feasibility Study level. From May of 1999 to January of 2001 Mr. Sibthorpe was Senior Mining Analyst for Canaccord Capital Corp. (Vancouver), a private Canadian brokerage house. In 1997 and 1998 Mr. Sibthorpe acted as an independent consultant and director based out of Phoenix, Arizona, and from May 1997 to August of 2000 acted as an outside director for InnovaCom Inc., a U.S. public developmental stage technology company that focuses on video compression technology. Mr. Sibthorpe also acts as a Director for Madison Minerals, Inc., a Toronto listed public company that is an exploration stage mining company, and has done so since October of 1996. From June of 1986 to September of 1996 Mr. Sibthorpe acted as Director and Senior Analyst Corporate Finance (Canada), working in Toronto and Vancouver for Yorkton Securities Inc., a private brokerage house that directly or through syndication raised some \$3 billion in equity capital for the mining sector during that ten year period. From June of 1979 to May of 1986 he worked at Midland Doherty Ltd., a brokerage house, as Institutional Mining Analyst and was appointed a Director and Head of Research for that firm. A graduate of the University of Toronto in 1971, he began his career as a geologist conducting exploration programs for mining companies in Canada, the Middle East and the Republic of South Africa for ten years, and in 1978 completed an MBA at the University of Toronto.

Duncan Budge has served on our Board of Directors since October 2005. He is a professional accountant who since 2001 has worked as an independent financial consultant to firms in a variety of industries. He owned and operated his own Chartered Accounting firm from 1990 to 2001 until his retirement. Mr. Budge has a Bachelor of Commerce degree from the University of British Columbia and obtained his Chartered Accountant designation in 1977. Subsequent to his retirement in 2001, Mr. Budge resigned his Chartered Accountant designation and as a result is not currently a Chartered Accountant. Mr. Budge is also on the Board of Directors of Strata Oil & Gas Inc., Giant Oil & Gas Inc., and Power Oil & Gas Inc., all of which are publicly traded oil and gas exploration companies.

There are no family relationships among our directors or officers. None of our directors or officers has been affiliated with any company that has filed for bankruptcy within the last five years. We are not aware of any proceedings to which any of our officers or directors, or any associate of any such officer or director, is a party adverse to our company or has a material interest adverse to it. Other than the Shareholders Agreement among Mr. Coale and Mr. Sibthorpe which is discussed below, there are no agreements with respect to the election of Directors. Other than described in Section 10 below, we have not compensated our Directors for service on our Board of Directors, any committee thereof, or reimbursed for expenses incurred for attendance at meetings of our Board of Directors and/or any committee of our Board of Directors.

Audit Committee Financial Expert.

The Board of Directors has not established an audit committee and does not have an audit committee financial expert. The Board is seeking additional Board members whom it hopes will qualify as such an expert.

Section 16(a) Beneficial Ownership Reporting Compliance.

Section 16(a) of the Securities Exchange Act of 1934 requires officers and Directors of the Company and persons who own more than ten percent of a registered class of the Company's equity securities to file reports of ownership and changes in their ownership with the Securities and Exchange Commission, and forward copies of such filings to the Company. During the most recent fiscal year, none of the directors, officers, and beneficial owners of more than ten percent of the equity securities of the Company registered pursuant to Section 12 of the Exchange Act has failed to file such forms on a timely basis.

Code of Ethics.

The Company has not adopted a Code of Ethics, as defined by SEC rules that applies to the Company's Chief Executive Officer and Chief Financial Officer, and Secretary (its principal executive officer and principal accounting and financial officer). The Company has not adopted such a Code of Ethics because of the small size and limited resources of the Company, and because management's attention has been focused on matters pertaining to raising capital and the operation of the business.

Changes to Procedures for Recommendations of Director Nominees.

During the fiscal year ended May 31, 2008, there were no material changes to the procedures by which security holders may recommend nominees to our board of directors.

Item 11. Executive Compensation.

Summary Compensation

Since November 1, 2005, we have paid \$2,500 per month to Mr. Robert Coale, our Chairman, President, Chief Executive Officer, Chief Operating Officer, Secretary, treasurer, and a director, pursuant to a service agreement dated of such date. In order to preserve the cash resources of the Company, effective June 1, 2008, Mr. Coale has agreed to suspend the payment for his services. For the years ended May 31, 2008 and 2007, the Company paid \$30,000 pursuant to this agreement. The agreement has indefinite term but can be cancelled by either party with 30 days written notice. The agreement does not provide for severance or termination benefits of any kind. We have no other officers.

The following table sets forth information concerning the compensation paid or earned during the fiscal years ended May 31, 2008 and 2007 for services rendered to our Company in all capacities by the following persons: (i) all individuals who served as the principal executive officer or acting in a similar capacity during the fiscal year ended May 31, 2008, regardless of compensation level; (ii) all individuals who served as officers at May 31, 2008 and whose total compensation during the fiscal year ended May 31, 2008 exceeded \$100,000; and (iii) up to two additional individuals who served as officers during the fiscal year ended May 31, 2008 and whose total compensation during the fiscal year ended May 31, 2008 exceeded \$100,000, regardless of whether they were serving as officers at the end of such fiscal year.

SUMMARY COMPENSATION TABLE

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Robert Coale(1)	2008	30,000	0	0	0	0	0	0	0 30,000
	2007	30,000	0	0	0	0	0	0	0 30,000

(1) Mr. Coale is our Chairman, President, Chief Executive Officer, Chief Operating Officer, Secretary, Treasurer, and Director. He is our only officer.

Outstanding Equity Awards

The table set forth below presents certain information concerning unexercised options, stock that has not vested, and equity incentive plan awards for each named executive officer above outstanding as of May 31, 2008.

Name	OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END OPTION AWARDS					STOCK AWARDS			
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	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 (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Unearned Shares, Units or Rights That Have Not Vested (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Robert Coale	100,000(1)	0	0	0.05	June 23, 2013	0	0	0	0
	133,333(2)	66,667(2)	0	0.25	March 10, 2016	0	0	0	0

(1) On June 23, 2003 Mr. Coale was granted the right to purchase an aggregate of 100,000 common shares at an exercise price of \$0.05 per option pursuant to the 2003 Stock Option Plan. These options have fully vested.

(2) On March 10, 2006, Mr. Coale was granted the right to purchase an additional 200,000 common shares at an exercise price of \$0.25 per option pursuant to the 2005 Stock Option Plan. The \$0.25 options vest in equal installments of 33,333 commencing September 10, 2006 and ending March 10, 2009.

Compensation of Directors

Except as described above under the section entitled "Summary Compensation," none of our directors received any compensation during the fiscal year ended May 31, 2008.

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

The following table lists, as of August 28, 2008, the number of shares of common stock of the Company beneficially owned by (i) each person or entity known to the Company to be the beneficial owner of more than 5% of the outstanding common stock; (ii) each officer and director of the Company; and (iii) all officers and directors as a group. Information relating to beneficial ownership of common stock by our principal stockholders and management is based upon information furnished by each person using “beneficial ownership” concepts under the rules of the Securities and Exchange Commission. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of the security, or investment power, which includes the power to vote or direct the voting of the security. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Under the Securities and Exchange Commission rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may not have any pecuniary beneficial interest. Except as noted below, each person has sole voting and investment power.

The percentages below are calculated based on 26,224,400 shares of Common Stock which are issued and outstanding as of August 28, 2008. Unless indicated otherwise, all addresses below are c/o Patriot Gold Corp., #501-1775 Bellevue Avenue, West Vancouver, British Columbia, Canada, V7V 1A9.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class
Almir Ramic	1,730,000 (1)	6.6%
Colin Bruce Worth	1,600,000 (2)	6.1%
Robert A. Sibthorpe	3,400,000 (3)	13.0%
Robert D. Coale	3,300,000 (4)	12.6%
Duncan Budge	100,000 (5)	*
Directors and Officers as a Group (3 individuals)	6,800,000	25.9%

* Represents less than 1%.

- (1) Includes 1,280,000 shares of our common stock issuable upon the exercise of warrants held by Mr. Ramic. All such warrants are currently exercisable.
- (2) Includes 1,280,000 share of our common stock issuable upon the exercise of warrants held by Mr. Worth. All such warrants are currently exercisable.
- (3) Includes 200,000 options pursuant to the 2003 Stock Option Plan to purchase common stock at a purchase price of \$0.05 per share and 200,000 options pursuant to the 2005 Stock Option Plan to purchase common stock at a purchase price of \$0.25 per share.
- (4) Includes 100,000 options pursuant to the 2003 Stock Option Plan to purchase common stock at a purchase price of \$0.05 per share and 200,000 options pursuant to the 2005 Stock Option Plan to purchase common stock at a purchase price of \$0.25 per share.
- (5) Includes 100,000 options pursuant to the 2005 Stock Option Plan to purchase common stock at a purchase price of \$0.25 per share.

Shareholders' Agreement

Messrs. Sibthorpe and Coale are party to a Shareholders' Agreement dated as of January 22, 2004. The agreement provides that for so long as the person holds any of the 3,000,000 shares which he received from Bruce Johnstone, the directors shall vote such shares to maintain three persons on our board. Upon any vote to appoint representatives to the Board, each shareholder agreed that he shall vote his shares for the other two shareholders. If one of the three shareholders is no longer a shareholder, or if the Board or our shareholders decided to remove one of the Board members, or the shareholder no longer holds any of the 3,000,000 shares which he received from Mr. Johnstone, then the other two shareholders agreed to vote their shares together to either maintain the number of Board members as two or to nominate and appoint a third Board member. The agreement also provides that for all other matters in which shares are voted, the three shareholders shall vote their 3,000,000 shares together as determined by the decision of two of the three shareholders. These three shareholders had determined that such agreement would be beneficial in maintaining control among themselves over the shares that they had received from Mr. Johnstone.

The shareholders also agreed that he will not, directly or indirectly, sell, pledge, gift or in any other way dispose of any of the 3,000,000 shares which he received from Mr. Johnstone. This transfer restriction shall apply to such shares in all situations during all times that such individual holds any of the 3,000,000 shares. Although the shareholders' agreement restricts transfers of the shares received from Mr. Johnstone and held by the directors, a director can no longer hold the shares which he received from Mr. Johnstone if he dies or if the agreement is amended by the parties to permit a transfer. The Company is not aware of any such amendment being contemplated by the parties.

Buyback Agreements

On March 10, 2006 the Company granted stock options to Mr. Robert Coale, who is the Chairman, President, Chief Executive Officer, Chief Operating Officer, Secretary, and a director and to Mr. Robert Sibthorpe who is a director of the Company. In consideration therefor, Mr. Coale, Mr. Sibthorpe and the Company entered into a Buy-Back Option Agreements, pursuant to which Messrs. Coale and Sibthorpe granted to the Company the option to purchase all or any portion of the 3,000,000 shares of the Company's common stock that are owned by each of Mr. Coale and Mr. Sibthorpe respectively for a purchase price of \$0.01 per share.

Also on March 10, 2006, the Registrant entered into a Redemption Agreement with Ronald Blomkamp, the Company's former President and Chief Executive Officer pursuant to which the Company purchased from Mr. Blomkamp the 3,000,000 shares of the Company's common stock that were owned by Mr. Blomkamp. The purchase price for such shares paid to Mr. Blomkamp by the Company was \$0.01 per share, which amounted to an aggregate of \$30,000. The 3,000,000 common shares purchased from Mr. Blomkamp were cancelled by the Company.

We are unaware of any other contract or other arrangement the operation of which may at a subsequent date result in a change in control of our company.

Securities Authorized for Issuance under Equity Compensation Plans

Information regarding our equity compensation plans is set forth above under Part II, Item 5.

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

Related Transactions

On March 10, 2006, we entered into a Stock Option Agreement with Robert Coale, who is our Chairman, President, Chief Executive Officer, Chief Operating Officer, Secretary, and a director. Pursuant to such agreement, Mr. Coale was issued 200,000 options, each entitling him to purchase one share of common stock at a price of \$0.25 until March 10, 2016. In consideration therefor, Mr. Coale and our company entered into a Buy-Back Option Agreement, pursuant to which Mr. Coale granted to our company the option to purchase all or any portion of the 3,000,000 shares of our common stock that are owned by Mr. Coale for a purchase price of \$0.01 per share.

On March 10, 2006, we entered into a Stock Option Agreement with Robert Sibthorpe, who is our director. Pursuant to such agreement, Mr. Sibthorpe was issued 200,000 options, each entitling him to purchase one share of common stock at a price of \$0.25 until March 10, 2016. In consideration therefor, Mr. Sibthorpe and our company entered into a Buy-Back Option Agreement, pursuant to which Mr. Sibthorpe granted to our company an option to purchase all or any portion of the 3,000,000 shares of our common stock that are owned by Mr. Sibthorpe for a purchase price of \$0.01 per share.

Also on March 10, 2006, we entered into a Redemption Agreement with Ronald Blomkamp, the Company's former President and Chief Executive Officer pursuant to which the Company purchased from Mr. Blomkamp the 3,000,000 shares of the Company's common stock that were owned by Mr. Blomkamp. The purchase price for such shares paid to Mr. Blomkamp by the Company was \$0.01 per share, which amounted to an aggregate of \$30,000. The 3,000,000 common shares purchased from Mr. Blomkamp were cancelled by the Company.

There are no promoters associated or involved with the company. We have a single individual, Mr. Brian Uppal, who acts as our investor relations person to answer questions received from phone callers. Mr. Uppal has been compensated by a grant of 250,000 stock options under our stock option plan. These options were granted on October 14, 2003, with an exercise price of \$1.50, and because the option price was above fair market value of \$1.47, we did not record any compensation expense. We have also hired Shareholder.com, a fulfillment service provider, to handle the logistics of mailing out an informational pamphlet prepared by us to those investors who have requested more information about us through our Web site. Under our agreement with Shareholder.com, Shareholder.com performs mail order fulfillment service to persons who request an investor package through our Web site. The investor enters the required information on our Website. The information is then transmitted to Shareholder.com, which then mails the investor package to the person requesting it. The investor and Shareholder.com do not communicate with each other and Shareholder.com adds no materials of their own to

Under the Shareholder.com agreement, which has a month-to-month term, we are responsible for the preparation and contents of the investor package. The pamphlet we provided to Shareholder.com consisted of basic information about us, the members of our management team and our business, and the information is taken from our Web site. Under the Shareholder.com agreement, Shareholder.com acted solely as a transmitter of information to investors that we provided to them for which we paid;

- an initial start up fee of \$495,
- a monthly fee of \$195 for the mail order fulfillment service,

- a processing fee of \$0.95 per request
- and the cost of postage and handling of investor packages mailed by Shareholder.com.

Director Independence

We are not subject to the listing requirements of any national securities exchange or national securities association and, as a result, we are not at this time required to have our board comprised of a majority of “independent directors.” We do not believe that any of our directors currently meet the definition of “independent” as promulgated by the rules and regulations of the American Stock Exchange.

ITEM 14 PRINCIPAL ACCOUNTING FEES AND SERVICES

Robison, Hill & Co. is currently serving as the Company’s auditors. Their fees billed to the Company for the fiscal years ending May 31, 2008 and 2007 are set forth below:

	Fiscal year ending May 31, 2008	Fiscal year ending May 31, 2007
Audit Fees	\$ 27,000	\$ 25,105
Audit Related Fees	NIL	NIL
Tax Fees	NIL	NIL
All Other Fees	NIL	NIL

As of May 31, 2008, the Company did not have a formal, documented pre-approval policy for the fees of the principal accountant. It is in the process of adopting such a policy.

Item 15. Exhibits.

EXHIBIT

NUMBER DESCRIPTION

- | | |
|-------|--|
| 3.1 | Articles of Incorporation of Registrant. (1) |
| 3.2 | Registrant's Restated Articles of Incorporation. (2) |
| 3.3 | By-Laws of Registrant. (1) |
| 4.1 | Specimen common stock certificate. (1) |
| 4.2 | Form of Class A Warrant. (3) |
| 4.3 | Form of Class B Warrant. (3) |
| 4.4 | Form of Class C Warrant. (3) |
| 4.5 | Form of Class D Warrant. (3) |
| 4.6 | Warrant Agreement – July 2003 private placement. (3) |
| 4.7 | Form of Class A-1 Warrant. (6) |
| 4.8 | Form of Class B-1 Warrant. (6) |
| 4.9 | Form of Class C-1 Warrant. (6) |
| 4.10 | Form of Class D-1 Warrant. (6) |
| 4.11 | Warrant Agreement – November 2003 private placement. (8) |
| 10.1 | Property Option Agreement dated as of July 25, 2003 between MinQuest Inc. and Patriot Gold Corporation. (9) |
| 10.2 | 2003 Stock Option Plan. (4) |
| 10.3 | Agreement dated as of September 2, 2003 by and between Patriot Gold Corp. and Bruce Johnstone. (5) |
| 10.4 | Shareholders' Agreement dated as of January 22, 2004, among Patriot Gold Corp., Ron Blomkamp, Robert Sibthorpe and Robert Coale. (6) |
| 10.5 | Agreement dated January 22, 2004 executed by Bruce Johnstone with respect to registration rights. (8) |
| 10.6 | Letter of Intent dated November 13, 2003 between Patriot Gold Corp. and Ms. Barbara Williams. (9) |
| 10.7 | Purchase Contract dated February 19, 2004 between the Company, the parties identified therein as the Seller and First American Title Insurance Company of Yavapai County, as escrow agent. (7) |
| 10.8 | Binding Letter Agreement, dated March 4, 2004, by and between the Company and MinQuest, Inc. (8) |
| 10.9 | Agreement with Shareholder.com (10) |
| 10.10 | 2005 Stock Option Plan (11) |
| 10.11 | Buy-Back Option Agreement, dated March 10, 2006, between the Company and Robert Coale (12) |
| 10.12 | Buy-Back Option Agreement, dated March 10, 2006, between the Company and Robert Sibthorpe (12) |
| 10.13 | Redemption Agreement, dated March 10, 2006, between the Company and Ronald C. Blomkamp (12) |
| 10.14 | Letter Agreement, dated July 24, 2007, between MinQuest Inc. and the Company (13) |
| 10.15 | Assignment and Assumption Agreement dated January 29, 2008 between the Company and American Goldrush Corp. (14) |
| 10.16 | Whiskey Flat Property Option Agreement, dated March 15, 2008 between the Company and MinQuest Inc. (15) |

- 10.17 NK Property Option Agreement, dated March 15, 2008 between the Company and MinQuest Inc. (15)
 - 10.18 Weepah Property Option Agreement, dated March 15, 2008 between the Company and MinQuest Inc. (15)
 - 10.19 Assignment and Assumption Agreement dated May 30, 2008 between the Company and American Goldfields Inc. (16)
-
- 31 Rule 13a-14(a)/15d14(a) Certifications (attached hereto)
 - 32 Section 1350 Certifications (attached hereto)

- (1) Previously filed with the Company's Form 10SB12g submitted to the SEC on June 25, 2001, SEC file number 0-32919.
- (2) Previously filed as an exhibit to the Company's Information Statement submitted to the SEC on May 21, 2003.
- (3) Previously filed as exhibits to the Company's May 31, 2003 Form 10-K submitted to the SEC on August 26, 2003.
- (4) Previously filed as Exhibit 4.1 to the Company's Form S-8 on May 30, 2003, SEC File Number 333-105691, as amended by the Company's Post-Effective Amendment of Form S-8 filed on September 23, 2003.
- (5) Previously filed as an exhibit to the Company's August 31, 2003 Form 10-QSB submitted to the SEC on October 14, 2003.
- (6) Previously filed with the Company's registration statement on Form SB-2, Registration No. 333-112424, submitted to the SEC on February 2, 2004.
- (7) Previously filed as an exhibit to the Company's February 29, 2004 Form 10-QSB submitted to the SEC on April 9, 2004.
- (8) Previously filed with the amendment No. 2 to the Company's registration statement on Form SB-2/A, Registration No. 333-112424, submitted to the SEC on July 16, 2004.
- (9) Previously filed with the amendment No. 3 to the Company's registration statement on Form SB-2/A, Registration No. 333-112424, submitted to the SEC on October 6, 2004.
- (10) Previously filed with the amendment No. 4 to the Company's registration statement on Form SB-2/A, Registration No. 333-112424, submitted to the SEC on December 27, 2004.
- (11) Previously filed as Exhibit 4.1 to the Company's Form S-8 filed on November 18, 2005 File Number 333-129840.
- (12) Previously filed with the Company's Form 8-K submitted to the SEC on March 10, 2006.
- (13) Previously filed as an exhibit to the Company's May 31, 2007 Form 10-K submitted to the SEC on August 29, 2008.
- (14) Previously filed with the Company's Form 8-K submitted to the SEC on February 1, 2008.
- (15) Previously filed with the Company's Form 8-K submitted to the SEC on March 20, 2008.
- (16) Previously filed with the Company's Form 8-K submitted to the SEC on June 3, 2008.

PATRIOT GOLD CORP.

(An Exploration State Company)

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INDEPENDENT AUDITOR'S REPORT

May 31, 2008 and 2007

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ROBISON, HILL & CO.
A PROFESSIONAL
CORPORATION

Certified Public Accountants

BRENT M. DAVIES, CPA
DAVID O. SEAL, CPA
W. DALE WESTENSKOW, CPA
BARRY D. LOVELESS, CPA
STEPHEN M. HALLEY, CPA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

Patriot Gold Corp.

(An Exploration State Company)

We have audited the accompanying balance sheet of Patriot Gold Corp. (An Exploration State Company) as of May 31, 2008 and 2007, and the related statements of operations and cash flows for the two years ended May 31, 2008 and 2007 and the cumulative period June 1, 2000 (inception of exploration state) to May 31, 2008, and the statements of stockholders' equity since November 30, 1998 (inception) to May 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patriot Gold Corp. (An Exploration State Company) as of May 31, 2008 and 2007, and the results of its operations and its cash flows for the years ended May 31, 2008 and 2007 and the cumulative period June 1, 2000 (inception of exploration state) to May 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has no source of revenue that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/S/ Robison, Hill & Co.
Certified Public Accountants

Salt Lake City, Utah
August 25, 2008

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
MEMBERS OF THE SEC PRACTICE SECTION and THE PRIVATE COMPANIES PRACTICE SECTION

1366 East Murray-Holladay Road , Salt Lake City , Utah 84117-5050
Telephone 801/272-8045, Facsimile 801/277-9942

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PATRIOT GOLD CORP.
(An Exploration State Company)
BALANCE SHEETS

	May 31, 2008	May 31, 2007
ASSETS:		
Current Assets:		
Cash	\$ 2,115,513	\$ 3,029,331
Prepaid Expense	-	1,472
Total Current Assets	2,115,513	3,030,803
Reclamation deposits (note 4)	31,155	-
Office Equipment, Net	352	1,749
Total Assets	\$ 2,147,020	\$ 3,032,552
LIABILITIES & STOCKHOLDERS' EQUITY:		
Current Liabilities:		
Accounts Payable	\$ 328,762	\$ 2,084
Total Current Liabilities	328,762	2,084
Stockholders' Equity:		
Preferred Stock, Par Value \$.001		
Authorized 20,000,000 shares,		
No shares issued at May 31, 2008 and 2007	—	—
Common Stock, Par Value \$.001		
Authorized 100,000,000 shares,		
Issued 26,224,400 shares at		
May 31, 2008 (May 31, 2007 – 26,224,400)	26,224	26,224
Paid-In Capital	26,382,663	26,383,636
Currency Translation Adjustment	(16,361)	(16,361)
Deficit Accumulated Since Inception of Exploration State	(24,533,186)	(23,321,949)
Retained Deficit	(41,082)	(41,082)
Total Stockholders' Equity	1,818,258	3,030,468
Total Liabilities and Stockholders' Equity	\$ 2,147,020	\$ 3,032,552

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

PATRIOT GOLD CORP.
(An Exploration State Company)
STATEMENTS OF OPERATIONS

	For the Year Ended May 31,		Cumulative Since June 1, 2000 Inception of Exploration State
	2008	2007	
Revenues	\$ —	\$ —	\$ —
Cost of Revenues	—	—	—
Gross Margin	—	—	—
Expenses:			
Mining Costs	1,172,292	250,634	2,989,051
General and Administrative	153,516	172,854	21,945,679
Net Loss from Operations	(1,325,808)	(423,488)	(24,934,730)
Other Income (Expense)			
Interest	108,903	127,059	406,003
Currency Exchange	5,668	1,141	(4,459)
Net Other Income (Expense)	114,571	128,200	401,544
Net Loss	\$ (1,211,237)	\$ (295,288)	\$ (24,533,186)
Basic and Diluted loss per Share	\$ (0.05)	\$ (0.01)	
Weighted Average Shares Outstanding	26,224,400	26,258,455	

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

PATRIOT GOLD CORP.
(An Exploration State Company)
STATEMENT OF STOCKHOLDERS' EQUITY

	Preferred Stock Shares	Par Value	Common Stock Shares	Par Value	Paid-In Capital	Subscription Stock Receivable	Cumulative Currency Translation Adjustment	Retained Deficit	Deficit Accumulated During Exploration State
Balance at November 30, 1998 (inception)	—	\$ —	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
November 30, 1998 Issuance of Stock for services and payment of accounts payable	—	—	1,000,000	1,000	—	—	—	—	—
April 1, 1999 Issuance of Stock for cash pursuant to private placement	—	—	1,004,000	1,004	49,196	—	—	—	—
Net Loss	—	—	—	—	—	—	—	(38,305)	—
Currency Translation Adjustment	—	—	—	—	—	—	(15,996)	—	—
Balance at May 31, 1999	—	—	2,004,000	2,004	49,196	—	(15,996)	(38,305)	—
Retroactive Adjustment for 1:7.6 Stock Split June 17, 2003	—	—	13,226	13,226	(13,226)	—	—	—	—
	—	—	15,230	15,230	35,970	—	(15,996)	(38,305)	—

Restated
Balance May
31, 1999

Net Loss	—	—	—	—	—	—	—	(2,777)	—
Currency Translation Adjustment	—	—	—	—	—	—	(489)	—	—
Balance at May 31, 2000	—	-15,230,400	15,230	35,970	—	(16,485)	(41,082)	—	—

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PATRIOT GOLD CORP.
(An Exploration State Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(Continued)

	Preferred Stock	Common Stock		Paid-In	Subscription	Cumulative	Retained	Deficit	
	Shares	Par Value	Shares	Par Value	Capital	Stock	Deficit	Accumulated	
					Receivable	Translation		During	
						Adjustment		Exploration	
								State	
Balance at May 31, 2000	—	—\$	—15,230,400	\$ 15,230	\$ 35,970	\$ —	—\$ (16,485)	\$ (41,082)	\$ —
Contributed Capital	—	—	—	—	3,788	—	—	—	—
Net Loss	—	—	—	—	—	—	—	—	(3,811)
Currency Translation Adjustment	—	—	—	—	—	—	172	—	—
Balance at May 31, 2001	—	—	—15,230,400	15,230	39,758	—	—(16,313)	—(41,082)	—(3,811)
Contributed Capital	—	—	—	—	2,080	—	—	—	—
Net Loss	—	—	—	—	—	—	—	—	(2,630)
Currency Translation Adjustment	—	—	—	—	—	—	(48)	—	—
Balance at May 31, 2002	—	—	—15,230,400	15,230	41,838	—	—(16,361)	—(41,082)	—(6,441)
Contributed Capital	—	—	—	—	3,972	—	—	—	—
Net Loss	—	—	—	—	—	—	—	—	(11,215)
Balance at May 31, 2003	—	—	—15,230,400	15,230	45,810	—	—(16,361)	—(41,082)	—(17,656)

PATRIOT GOLD CORP.
(An Exploration State Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(Continued)

	Preferred Stock		Common Stock		Paid-In	Cumulative	Retained	Deficit
	Shares	Par Value	Shares	Par Value	Capital	Subscription	Deficit	Accumulated
					Received	Adjustment		During
								Exploration
								State
Balance at May 31, 2003	—	\$	—	\$ 15,230	\$ 45,810	\$ —	\$ (16,361)	\$ (17,656)
June 11, 2003 Issuances of Preferred Shares for Services	13,500,000	13,500	—	—	—	—	—	—
Shares from Former Officer/Directors	—	—	(5,320,000)	(5,320)	5,320	—	—	—
July 25, 2003, Shares and Warrants Issued for Cash	—	—	—	350	367,150	—	—	—
July, 2003 Compensation from Issuance of Stock Options Below Fair Market Value	—	—	—	—	235,354	—	—	—
September 2, 2003, Preferred Shares Converted to Common	(13,500,000)	(13,500)	13,500,000	13,500	—	—	—	—
September 12, 2003, Stock Options Exercised	—	—	—	200	9,800	—	—	—
	—	—	—	930	45,570	—	—	—

September 17,
2003, Stock
Options
Exercised

September 22,
2003, Stock
Options
Exercised

September 23,
2003, Stock
Options
Exercised

—	—525,000	525	25,725	—	—	—	—
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—	—105,000	105	8,895	—	—	—	—
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PATRIOT GOLD CORP.
(An Exploration State Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(Continued)

	Preferred Stock Shares	Par Value	Common Stock Shares	Par Value	Paid-In Capital	Subscription Stock Receivable	Cumulative Currency Translation Adjustment	Retained Deficit	Deficit Accumulated During Exploration State
September 26, 2003, Stock Options Exercised	—	\$	—465,000	\$ 465	\$ 602,785	\$	—\$	—\$	—\$
September, 2003 Compensation From Issuance of Stock Options Below Fair Market Value	—	—	—	—	1,458,240	—	—	—	—
October 1, 2003, Stock Options Exercised	—	—	5,000	5	3,995	—	—	—	—
October 15, 2003, Stock Options Exercised	—	—	—625,000	625	900,625	—	—	—	—
November 12, 2003, Stock Options Exercised	—	—	—220,000	220	109,780	—	—	—	—
November 27, 2003, Common Stock and Warrants Issued for Cash	—	—	—864,000	864	1,079,136	—	—	—	—

PATRIOT GOLD CORP.
(An Exploration State Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(Continued)

	Preferred Stock Shares	Par Value	Common Stock Shares	Par Value	Paid-In Capital	Subscription Stock Receivable	Cumulative Currency Translation Adjustment	Retained Deficit	Deficit Accumulated During Exploration State
November 2003, Compensation From Issuance of Stock Options Below Fair Market Value	—	\$ —	—	\$ —	\$ 290,818	\$ —	\$ —	\$ —	\$ —
December 2, 2003 Stock Options Exercised	—	—	5,000	5	3,995	(4,000)	—	—	—
December 22, 2003, Stock Options Exercised	—	—	20,000	20	20,580	—	—	—	—
December 2003, Compensation From Issuance of Stock Options Below Fair Market Value	—	—	—	—	346,412	—	—	—	—
January 2, 2004, Stock Options Exercised	—	—	220,000	220	164,780	—	—	—	—
January 24, 2004, Capital Contributed for Director Compensation	—	—	—	—	16,254,000	—	—	—	—

February 2004,
Compensation
From Issuance
of Stock

Options Below
Fair Market

Value	—	—	—	—	1,949,522	—	—	—	—
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PATRIOT GOLD CORP.
(An Exploration State Company)
STATEMENT OF STOCKHOLDERS' EQUITY
(Continued)

	Preferred Stock Par Share	Common Stock Shares	Stock Par Value	Paid-In Capital	Subscription Stock Receivable	Cumulative Currency Translation Adjustment	Retained Deficit	Deficit Accumulated During Exploration State
March 2004, Compensation From Issuance of Stock Options Below Fair Market Value	\$ —	—	—	612,030	\$ —	—	—	—
March 5, 2004, Stock Options Exercised	—	1,285,000	1,285	1,761,215	(1,597,500)	—	—	—
April 2, 2004, Stock Options Exercised	—	50,000	50	74,950	(75,000)	—	—	—
Net Loss	—	—	—	—	—	—	—	(21,625,478)
Balance May 31, 2004	—	29,279,400	29,279	26,376,487	(1,676,500)	(16,361)	(41,082)	(21,643,134)
Cash from Subscription Receivable	—	—	—	—	1,597,500	—	—	—
Net Loss	—	—	—	—	—	—	—	(1,093,485)
Balance May 31, 2005	—	29,279,400	29,279	26,376,487	(79,000)	(16,361)	(41,082)	(22,736,619)
March 2006, Redemption of 3,000,000 common shares	—	(3,000,000)	(3,000)	(27,000)	—	—	—	—

March 2006, Compensation From the Issuance of Stock Options at Fair Market Value.	—	—	—	86,483	—	—	—	—
Net Loss	—	—	—	—	—	—	—	(290,042)
Balance May 31, 2006	-\$ 26,279,400	\$ 26,279	\$ 26,435,970	\$ (79,000)	\$ (16,361)	\$ (41,082)	\$ (23,026,661)	

PATRIOT GOLD CORP.
 (An Exploration State Company)
 STATEMENT OF STOCKHOLDERS' EQUITY
 (Continued)

	Preferred Stock Par Shares	Common Stock Shares	Common Stock Par Value	Paid-In Capital	Subscription Stock Receivable	Cumulative Currency Translation Adjustment	Retained Deficit	Deficit Accumulated During Exploration State
Balance May 31, 2006	—	26,279,400	\$ 26,279	\$ 26,435,970	\$ (79,000)	\$ (16,361)	\$ (41,082)	\$ (23,026,661)
January 12, 2007, Cancellation Of 55,000 common shares	—	(55,000)	(55)	(78,945)	79,000	—	—	—
Compensation From the Revaluation of Stock Options Granted in Prior Years	—	—	—	26,611	—	—	—	—
Net Loss	—	—	—	—	—	—	—	(295,288)
Balance May 31, 2007	—	26,224,400	26,224	26,383,636	—	(16,361)	(41,082)	(23,321,949)
Compensation From the Revaluation of Stock Options Granted in Prior Years	—	—	—	(973)	—	—	—	—
Net Loss	—	—	—	—	—	—	—	(1,211,237)
Balance May 31, 2008	—	26,224,400	\$ 26,224	\$ 26,382,663	\$	—\$ (16,361)	\$ (41,082)	\$ (24,533,186)

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

PATRIOT GOLD CORP.
(An Exploration State Company)
STATEMENTS OF CASH FLOWS

	For the Year Ended		Cumulative Since June 1, 2000 Inception of Exploration State
	May 31, 2008	May 31, 2007	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss	\$ (1,211,237)	\$ (295,288)	\$ (24,533,186)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:			
Compensation Expense of Stock Options	(973)	26,611	5,004,522
Stock Issued for Services	—	—	16,267,500
Depreciation	1,397	1,397	3,841
Change in Operating Assets and Liabilities:			
(Increase) Decrease in Receivables	—	2,538	—
(Increase) Decrease in Prepaid Expenses	1,472	30,528	—
Increase (Decrease) in Accounts Payable	326,678	521	322,519
Net Cash Used in Operating Activities	(882,663)	(233,693)	(2,934,804)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Office Equipment	—	—	(4,193)
Reclamation Deposits	(31,155)	—	(31,155)
Net Cash Used in Investing Activities	(31,155)	—	(35,348)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Sale of Common Stock	—	—	5,105,825
Redemption of Common Shares	—	—	(30,000)
Proceeds from Contributed Capital	—	—	9,840
Net Cash Provided by Financing Activities	—	—	5,085,665
Net (Decrease) Increase in Cash and Cash Equivalents	(913,818)	(233,693)	2,115,513
Cash and Cash Equivalents at Beginning of Period	3,029,331	3,263,024	—
Cash and Cash Equivalents at End of Period	\$ 2,115,513	\$ 3,029,331	\$ 2,115,513

PATRIOT GOLD CORP.
(An Exploration State Company)
STATEMENTS OF CASH FLOWS
(Continued)

	For the Year Ended		Cumulative
	May 31,	May 31,	Since
	2008	2007	June 1,
			2000
			Inception
			of
			Exploration
			State
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	\$	—\$	—\$
Income taxes	\$	—\$	—\$
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Settlement of Subscription Receivable By the Cancellation of Common Stock	\$	—\$ 79,000	\$ 79,000

During the year ended May 31, 2006, the Company granted 1,000,000 stock options to various directors and consultants for an exercise price of \$0.25 per share. Consulting expense of \$86,483 was recorded for the year ended May 31, 2006. The vesting period for some of these options is up to three years. As a result, the unvested portions of the options have been revalued in subsequent periods resulting in a reversal of stock option expense of (\$973) at May 31, 2008 and an additional option expense of \$26,611 at May 31, 2007 due to the amortization of the fair value of the options as determined by the Black-Scholes model between the date of grant and May 31, 2008 and 2007 respectively.

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

NOTE 1 – NATURE OF BUSINESS AND OPERATIONS

The Company has no products or services as of May 31, 2008. The Company operated from November 30, 1998 through approximately May 31, 2000 in the production of ostrich meat. On June 1, 2000, the Company ceased operations.

In June 2003, Management decided to change the direction of the Company and has decided to become a natural resource exploration company and will seek opportunities in this field. The Company is currently engaging in the acquisition, exploration, and if warranted and feasible, development of natural resource properties. Since June 1, 2000, the Company has been in the exploration state.

NOTE 2 – ABILITY TO CONTINUE AS A GOING CONCERN

The accompanying financial statements have been prepared in U.S. dollars and in accordance with accounting principles generally accepted in the United States on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Since June 1, 2000 the Company has been in the exploration state. The Company has not realized any revenue from its present operations. During the year ended May 31, 2008, the Company incurred a loss of \$1,211,237 and has an accumulated deficit of \$24,533,186 at May 31, 2008. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent on its ability to develop its natural resource properties and ultimately achieve profitable operations and to generate sufficient cash flow from financing and operations to meet its obligations as they become payable. The Company expects that it will need approximately \$617,000 to fund its operations during the next twelve months which will include property option payments, exploration of its properties as well as the costs associated with maintaining an office. The Company currently has sufficient cash to fund its planned operations for the next twelve months. However, in order to develop its properties, the Company will need to obtain financing in the future. Management plans to seek additional capital through private placements and public offerings of its common stock. Although there are no assurances that management's plans will be realized, management believes that the Company will be able to continue operations in the future. Accordingly, no adjustment relating to the recoverability and classification of recorded asset amounts and the classification of liabilities has been made to the accompanying financial statements in anticipation of the Company not being able to continue as a going concern.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Management's Estimates and Assumptions

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment

purposes.

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Foreign Currency

Prior to the quarter ending August 31, 2003, the Company's primary functional currency was the Canadian dollar. During, the quarter ended August 31, 2003, the Company underwent significant changes in its operations. Prior to May 31, 2000, the company was in the business of producing ostrich meat in Canada. Subsequently, on June 1, 2000, the Company ceased operations and remained dormant until June 2003, when the Company decided to enter the mining industry in the United States. Due to the change in direction of the Company the majority of its operations and transactions would be located in the United States and the majority of the transaction would be in U.S. dollars. This was considered "a significant change in economic facts and circumstances" per SFAS 52, Appendix A and thus the Company changed its functional currency from the Canadian dollar to the U.S. dollar.

The Company's functional currency is the U.S. dollar. However, the Company still has a few transactions with Canadian suppliers. Transaction gains and losses are included in income.

Concentration of Credit Risk

The Company has no off-balance-sheet concentrations of credit risk such as foreign exchange contracts, options contracts or other foreign hedging arrangements. The Company maintains the majority of its cash balances with one financial institution in the form of demand deposits.

Loss per Share

Net income (loss) per share is computed by dividing the net income by the weighted average number of shares outstanding during the period. As of May 31, 2008, the company has outstanding options and warrants of 1,385,000 and 3,456,000, respectively of which 1,218,333 and 3,456,000 are exercisable. The effects of the Company's common stock equivalents are anti-dilutive for May 31, 2008 and 2007 and are thus not presented.

Comprehensive Income

The Company has adopted SFAS No. 130, "Reporting Comprehensive Income", which establishes standards for reporting and display of comprehensive income, its components and accumulated balances. The Company has disclosed this information on its Statement of Operations. Comprehensive income is comprised of net income (loss) and all changes to capital deficit except those resulting from investments by owners and distribution to owners.

Stock Options

Effective June 1, 2006, the company adopted the provisions of SFAS No. 123(R). SFAS No. 123(R) requires employee equity awards to be accounted for under the fair value method. Accordingly, share-based compensation is measured at grant date based on the fair value of the award. Prior to June 1, 2006, the company accounted for awards granted to employees under its equity incentive plans under the intrinsic value method prescribed by Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25), and related interpretations, and provided the required pro forma disclosures prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), as amended. No stock options were granted to employees during the years ended May 31, 2008 or 2007 and accordingly, no compensation expense was recognized under APB No. 25 for the years ended May 31, 2008 or 2007. In addition, no compensation expense is required to be recognized under provisions of SFAS No. 123(R) with respect to employees.

Under the modified prospective method of adoption for SFAS No. 123(R), the compensation cost recognized by the company beginning on June 1, 2006 includes (a) compensation cost for all equity incentive awards granted prior to, but not yet vested as of June 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all equity incentive awards granted subsequent to June 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123(R). The company uses the straight-line attribution method to recognize share-based compensation costs over the service period of the award. Upon exercise, cancellation, forfeiture, or expiration of stock options, or upon vesting or forfeiture of restricted stock units, deferred tax assets for options and restricted stock units with multiple vesting dates are eliminated for each vesting period on a first-in, first-out basis as if each vesting period was a separate award. To calculate the excess tax benefits available for use in offsetting future tax shortfalls as of the date of implementation, the company followed the alternative transition method discussed in FASB Staff Position No. 123(R)-3.

During the year ended May 31, 2008 or 2007 no stock options were granted to non-employees. Accordingly, no stock-based compensation expense was recognized for new stock option grants in the Statement of Operations and Comprehensive Loss at May 31, 2008 or 2007.

Compensation expense for unvested options granted to non-employees in previous periods is revalued at each period end and is being amortized over the vesting period of the options. As a result of amortizing and revaluing the common stock option expense for unvested options granted in the year ended May 31, 2006, a reversal of stock option expense of (\$973) (2007 – an expense of \$26,611) has been recognized in the Statement of Operations at May 31, 2008.

Exploration and Development Costs

On June 1, 2000, the Company ceased operations and until June 2003 conducted minimal administrative activities. The Company has been in the exploration state since that time and has not yet realized any revenue from its planned operations. It is primarily engaged in the acquisition, exploration and development of mining properties. Mineral exploration costs and payments related to the acquisition of the mineral rights are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to acquire and develop such property will be capitalized. Such costs will be amortized using the units-of-production method over the estimated life of the probable reserve.

Advertising Costs

Advertising costs are expensed as incurred. There were no advertising expenses for the years ended May 31, 2008 and 2007.

Office Equipment and Furniture

Equipment and furniture are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets which range from three to five years.

Equipment and Furniture consist of the following:

	May 31,	
	2008	2007
Equipment	\$ 645	\$ 645
Furniture	3,548	3,548
	4,193	4,193
Less accumulated depreciation	(3,841)	(2,444)
Total	\$ 352	\$ 1,749

Depreciation expense of \$1,397 has been recorded for each of the respective years ended May 31, 2008 and 2007.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments, including receivables, prepaids, accounts payable, and accrued liabilities, at May 31, 2008 and 2007 approximates their fair values due to the short-term nature of these financial instruments.

New Accounting Pronouncements

SFAS No. 155

In February 2006, FASB issued SFAS No. 155, “Accounting for Certain Hybrid Financial Instruments — an Amendment of FASB Statements No. 133 and 140”. Among other things, SFAS No. 155 permits the election of fair value re-measurement for certain hybrid financial instruments that would otherwise require bifurcation under Statement 133, Accounting for Derivative Instruments and Hedging Activities. These hybrid financial instruments would include both assets and liabilities. SFAS No. 155 is effective for fiscal years beginning after September 15, 2006. The Company has determined the adoption of this pronouncement did not have a material impact on the Company’s financial statements.

SFAS No. 157

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No. 157, “Fair Value Measurements” (“FAS 157”). FAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. The provisions of FAS 157 are effective fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of the provisions of SFAS No. 157.

SFAS 159

In February 2007, the FASB issued SFAS No. 159 “The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FASB Statement No. 115” (“SFAS No. 159”) which permits entities to choose to measure many financial instruments and certain other items at fair value. This statement is effective for fiscal periods beginning after November 15, 2007. The implementation of SFAS 159 is not expected to have a material impact on the Company’s financial statements.

SFAS 141R

In December 2007, the FASB issued SFAS 141R “Business Combinations” and SFAS 160 “Non-controlling Interests in Consolidated Financial Statements”, which are both effective for fiscal years beginning after December 15, 2008. SFAS 141R, which will replace FAS 141, is applicable to business combinations consummated after the effective date of December 15, 2008. The implementation of SFAS 141R is not expected to have a material impact on the Company’s financial statements.

SFAS 161

In March 2008, the FASB issued SFAS 161 “Disclosures about Derivative Instruments and Hedging Activities – an amendment of SFAS 133. This Statement requires enhanced disclosures about an entity’s derivative and hedging activities and thereby improves the transparency of financial reporting. This Statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. The implementation of SFAS 161 is not expected to have a material impact on the Company’s financial statements.

FIN 48

In July 2006, the FASB issued FIN 48 "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109". This interpretation provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 prescribes a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 uses a two-step approach for evaluating tax positions. The first step, recognition, occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. The second step, measurement, is only addressed if the recognition threshold is met; under this step, the tax benefit is measured as the largest amount of the benefit, determined on a cumulative probability basis, that is more likely than not to be realized upon settlement. FIN 48's use of the term "more likely than not" represents a greater than 50 percent likelihood of occurrence. The cumulative effect of applying the provisions of this Interpretation shall be reported as an adjustment to the opening balance of retained earnings for fiscal year in which the enterprise adopts the Interpretation. FIN 48 is effective for fiscal years beginning after December 15, 2006.

Effective May 1, 2007 the Company adopted FIN 48. The adoption did not result in any adjustment to opening retained earnings under US GAAP. As a result of the implementation of FIN 48, the Company did not recognize any liabilities for unrecognized tax benefits. In the event that the Company recognizes interest accrued related to unrecognized tax benefits, it will be recorded in interest expense. Any penalties will be recorded in general and administrative expense.

NOTE 4 – RECLAMATION DEPOSITS

The Company has been granted an exploration permit from the State of Nevada for its Vernal property. As part of the application process, the Company is required to pay a refundable deposit to the State as surety for the estimated reclamation costs associated with the planned exploration program. In addition, as part of the Company's acquisition of the Margarita and Imperial Properties (Note 13) the reclamation bonds for these respective properties were transferred to the Company. Upon completion of required reclamation the Company will receive a refund of the deposits.

NOTE 5 - INCOME TAXES

As of May 31, 2008, the Company had a net operating loss carryforward for income tax reporting purposes of approximately \$7,700,000 that may be offset against future taxable income through 2027. Current tax laws limit the amount of loss available to be offset against future taxable income when a substantial change in ownership occurs. Therefore, the amount available to offset future taxable income may be limited. No tax benefit has been reported in the financial statements, because the Company believes there is a 50% or greater chance the carryforwards will expire unused. Accordingly, the potential tax benefits of the loss carryforwards are offset by a valuation allowance of the same amount.

NOTE 6 – EXPLORATION STATE COMPANY

The Company has not begun principal operations and as is common with a company in the exploration state, the Company has had recurring losses. Continuation of the Company as a going concern is dependent upon obtaining the additional working capital necessary to be successful in its planned activity, and the management of the Company has developed a strategy, which it believes will accomplish this objective through additional equity funding and long term financing, which will enable the Company to operate for the coming year.

NOTE 7 - RELATED PARTY TRANSACTIONS

As of May 31, 2008, all activities of the Company have been conducted by corporate officers from either their homes or business offices. There are no commitments for future use of the facilities.

On November 1, 2005, the Company signed a service agreement with its President, Robert Coale. Pursuant to the agreement the Company will pay Mr. Coale, beginning November 2005, \$2,500 per month for his expertise to identify and acquire certain exploration style properties that fit the parameters of the Company's business plan, oversee and manage, as directed by the Company, the Company's exploration programs that will be undertaken from time-to-time, and perform all of the duties normally associated with serving as the President and Chief Executive Officer of a publicly traded mining company. The service agreement shall be for an indefinite term, cancellable in writing by either party with 30 days written notice. For each of the years ended May 31, 2008 and 2007 the Company paid \$30,000 pursuant to this agreement.

NOTE 8 - STOCK OPTIONS

Pursuant to the 2005 and 2003 Stock Option Plans, grants of shares can be made to employees, officers, directors, consultants and independent contractors of non-qualified stock options as well as for the grant of stock options to employees that qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986 ("Code") or as non-qualified stock options. The Plan is administered by the Option Committee of the Board of Directors (the "Committee"), which has, subject to specified limitations, the full authority to grant options and establish the terms and conditions for vesting and exercise thereof. Currently the entire Board functions as the Committee.

In order to exercise an option granted under the Plan, the optionee must pay the full exercise price of the shares being purchased. Payment may be made either: (i) in cash; or (ii) at the discretion of the Committee, by delivering shares of common stock already owned by the optionee that have a fair market value equal to the applicable exercise price; or (iii) with the approval of the Committee, with monies borrowed from us.

Subject to the foregoing, the Committee has broad discretion to describe the terms and conditions applicable to options granted under the Plan. The Committee may at any time discontinue granting options under the Plan or otherwise suspend, amend or terminate the Plan and may, with the consent of an optionee, make such modification of the terms and conditions of such optionee's option as the Committee shall deem advisable.

On May 26, 2003, the Board of Directors approved a stock option plan whereby 2,546,000 common shares have been set aside for employees and consultants to be distributed at the discretion of the Board of Directors. On September 22, 2003, the Board of Directors amended the stock option plan to allow 3,000,000 additional options. As of May 31, 2008, 5,040,000 stock options have been granted to various directors and consultants for an exercise price ranging from \$.05 to \$1.50 per share. An additional 506,000 remain available to be granted under the 2003 Plan. In most cases the fair value of the stock issued was higher than the exercise price. Compensation expense of \$4,892,401 has been recorded in connection with the granting of the stock options as of May 31, 2004. No options have been granted under the 2003 Plan subsequent to May 31, 2004.

On November 18, 2005, the Board of Directors approved the 2005 stock option plan whereby 2,000,000 common shares have been set aside under the plan. No options were granted under the 2005 Plan for the year ended May 31, 2008. For the year ended May 31, 2006, 1,000,000 were granted to various directors and consultants for an exercise price of \$0.25 per share. No options were granted under the 2005 Plan during the years ended May 31, 2008 or 2007. The Black-Scholes option pricing model was used to calculate to estimate the fair value of the options granted in 2006. The following assumptions were made:

Risk Free Rate	4.24%
Expected Life of Option	10 years
Expected Volatility of Stock (Based on Historical Volatility)	80.43%
Expected Dividend yield of Stock	0.00

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The following table sets forth the options outstanding under the 2003 Plan as of May 31, 2008:

	Available for Grant	Options Outstanding	Weighted Average Exercise Price
Balance, May 31, 2006	456,000	435,000	\$ 0.24
Options granted	-	-	-
Options cancelled	50,000	(50,000)	\$ 0.05
Options exercised	-	-	-
Balance, May 31, 2008 and 2007	506,000	385,000	\$ 0.26

The following table sets forth the options outstanding under the 2005 Plan as of May 31, 2008:

	Available for Grant	Options Outstanding	Weighted Average Exercise Price
Balance, May 31, 2006	1,000,000	1,000,000	\$ 0.25
Options granted	-	-	-
Options cancelled	-	-	-
Options exercised	-	-	-
Balance, May 31, 2008 and 2007	1,000,000	1,000,000	\$ 0.25

The following table summarizes information concerning outstanding and exercisable common stock options under the 2003 and 2005 Plans at May 31, 2008:

Exercise Prices	Options Outstanding	Remaining Contractual Life (in years)	Weighted Average Exercise Price	Number of Options Currently Exercisable	Weighted Average Exercise Price
\$ 0.05	300,000	5.08	\$ 0.05	300,000	\$ 0.05
\$ 0.25	1,000,000	7.75	\$ 0.25	833,333	\$ 0.25
\$ 0.80	5,000	5.17	\$ 0.80	5,000	\$ 0.80
\$ 1.03	80,000	5.17	\$ 1.03	80,000	\$ 1.03
	1,385,000		\$ 0.25	1,218,333	\$ 0.25

The aggregate intrinsic value of stock options outstanding at May 31, 2008 was \$10,500 and the aggregate intrinsic value of stock options exercisable at May 31, 2008 was also \$10,500. No stock options were exercised in 2008.

As of May 31, 2008, there was a total of \$1,546 in unrecognized compensation cost related to all options granted and outstanding. This unrecognized compensation cost is expected to be recognized over a weighted-average period of approximately 0.75 years.

A summary of status of the Company's unvested stock options as of May 31, 2008 under all plans is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Unvested at June 1, 2006	750,000	\$ 0.25	\$ 0.21
Granted	-	-	-
Vested	(416,667)	0.25	0.21
Unvested at May 31, 2007	333,333	0.25	0.21
Granted	-	-	-
Vested	(166,666)	0.25	0.21
Unvested at May 31, 2008	166,667	\$ 0.25	\$ 0.21

NOTE 9 - WARRANTS

On July 25, 2003, the Company issued 350,000 Class A warrants, 350,000 Class B warrants, 350,000 Class C warrants, and 350,000 Class D warrants. Each warrant is exercisable, commencing October 25, 2003, for a period of three years at a price of \$1.40, \$1.45, \$1.50 and \$1.55, respectively, for one share of common stock. The warrants were determined to have no value at the time of their issuance. The shares and warrants were issued to three non-US residents.

On November 27, 2003, the Company issued 864,000 Class A warrants, 864,000 Class B warrants, 864,000 Class C warrants, and 864,000 Class D warrants. The Class A warrants are exercisable on November 27, 2004 for a period of five years at an exercise price of \$1.40 per share of common stock; the Class B warrants are exercisable on November 27, 2005 for a period of four years at an exercise price of \$1.45; the Class C warrants are exercisable on November 27, 2006 at an exercise price of \$1.50; and the Class D warrants became exercisable on November 27, 2007 at an exercise price of \$1.55. The Company has the right, in its sole discretion, to accelerate the exercise date of the warrants, to decrease the exercise price of the warrants and/or extend the expiration date of the warrants. The warrants were determined to have no value at the time of their issuance. The shares and warrants were issued to three non-US residents.

The following table sets forth common share purchase warrants outstanding as of May 31, 2008:

	Warrants Outstanding
Balance, May 31, 2006	4,856,000
Warrants granted	-
Warrants expired	(1,400,000)
Balance, May 31, 2008 and 2007	3,456,000

The following table lists the common share warrants outstanding at May 31, 2008. Each warrant is exchangeable for one common share.

Number Outstanding	Exercise Price	Weighted Average Contractual Remaining Life (years)	Number Currently Exercisable	Exercise Price
864,000	\$ 1.40	1.50	864,000	\$ 1.40
864,000	\$ 1.45	1.50	864,000	\$ 1.45
864,000	\$ 1.50	1.50	864,000	\$ 1.50
864,000	\$ 1.55	1.50	864,000	\$ 1.55
3,456,000			3,456,000	

NOTE 10 - COMMON STOCK TRANSACTIONS

The Company was incorporated to allow for the issuance of up to 100,000,000 shares of \$.001 par value common stock (as amended). At inception, the Company issued 7,600,000 shares of common stock to its officers and directors for services performed and payments made on the Company's behalf during its formation. This transaction was valued at approximately \$.001 per share or an aggregate approximate \$1,000.

On February 8, 1999, to provide initial working capital, the Company authorized a private placement sale of an aggregate of 7,600,000 (1,000,000 pre-split) shares of common stock at approximately \$.05 per share. The private placement was completed April 1, 1999 and 7,630,400 shares were issued for approximately \$50,200 in proceeds to the Company which were primarily used to pay operating expenses.

On June 12, 2003, the previous President of the Company, returned 5,320,000 (700,000 pre-split) shares of common stock to the Company.

On July 25, 2003, the Company issued 350,000 shares of common stock and 1,400,000 warrants for \$367,500 in cash to three individuals. Shares and warrants were issued for \$1.05 per share. The warrants were determined to have no fair value at the time of their issuance and thus none of the proceeds were allocated to the warrants.

On September 2, 2003, the Company's previous president converted his 13,500,000 shares of preferred stock into 13,500,000 shares of common stock. On January 24, 2004, Mr. Johnstone transferred 3,000,000 common shares to each of the three directors. Compensation expense of \$16,254,000 was record in connection with the transfer.

During September, October and November 2003, 3,075,000 common shares were issued to various directors and consultants in connection with the exercising of stock options for \$1,710,225 in cash. The exercise price ranged from \$0.05 to \$1.50.

On November 27, 2003, the Company issued 864,000 shares of common stock and 3,456,000 warrants for \$1,080,000 in cash to three individuals. Shares and warrants were issued for \$1.25 per share. The warrants were determined to have no fair value at the time of their issuance and thus none of the proceeds were allocated to the warrants.

During the quarter ending February 29, 2004, 245,000 common shares were issued in connection with the exercising of stock options for cash of \$189,600. The exercise price ranged from \$0.75 to \$1.03.

During March and April 2004, 1,335,000 common shares were issued in connection with the exercising of stock options for cash of \$1,837,500. The exercise price ranged from \$0.75 to \$1.50.

On March 10, 2006 the Company granted stock options to Mr. Robert Coale, who is the President, Chief Executive Officer, Secretary, and Treasurer, and a director and to Mr. Robert Sibthorpe who is a director of the Company. In consideration therefor, Mr. Coale, Mr. Sibthorpe and the Company entered into a Buy-Back Option Agreements, pursuant to which Messrs. Coale and Sibthorpe granted to the Company the option to purchase all or any portion of the 3,000,000 shares of the Company's common stock that are owned by each of Mr. Coale and Mr. Sibthorpe respectively for a purchase price of \$0.01 per share.

Also on March 10, 2006, the Registrant entered into a Redemption Agreement with Ronald Blomkamp, the Company's former President and Chief Executive Officer pursuant to which the Company purchased from Mr. Blomkamp the 3,000,000 shares of the Company's common stock that were owned by Mr. Blomkamp. The purchase price for such shares paid to Mr. Blomkamp by the Company was \$0.01 per share, which amounted to an aggregate of \$30,000. The purchased shares were returned to treasury and cancelled.

On January 12, 2007 the Company settled the outstanding balance of its Subscriptions Receivable of \$79,000. The two shareholders returned the underlying 55,000 shares of common stock to the Company in settlement of the balance of \$79,000. The shares were then cancelled by the Company.

NOTE 11 - PREFERRED STOCK

The Company has authorized a total of 20,000,000 shares of Preferred Stock with a par value of \$.001. As of May 31, 2008, there are no preferred shares outstanding.

The Corporation is under no obligation to pay dividends on the Series A Redeemable Preferred Stock, and the stock is redeemable at the option of the Company.

In the event of any liquidation, dissolution or winding-up of the Corporation, the holders of outstanding shares of Series A Preferred shall be entitled to be paid out of the assets of the Corporation available for distribution to shareholders, before any payment shall be made to or set aside for holders of the Common Stock, at an amount of \$.001 plus any unpaid and accrued dividends per share.

A holder of Series A Preferred has the right to one vote per share in the case of matters provided for in the General Corporation Law of the State of Nevada or the Amended and Restated Articles of Incorporation or Bylaws to be voted on by the holders of the Series A Preferred Stock as a separate class. In the case of matters to be voted on by the holders of Common Stock and the holders of Series A Preferred voting together as a single class, each share of Series A Preferred, has full voting rights and powers equal to the voting rights and powers of the holders of the Common Stock.

On June 11, 2003, the Company issued 13,500,000 Series A shares of preferred stock to its president for services rendered and recorded \$13,500 in consulting expenses. The Series A shares have non-cumulative dividends of 7% of the redemption price when declared by the Board. On September 2, 2003, the Company's previous president converted his 13,500,000 shares of preferred stock into 13,500,000 shares of common stock.

NOTE 12 - STOCK SPLITS

On June 17, 2003, the Company approved a forward split at a rate of one for seven and six-tenths so that each share of common stock was equal to 7.6 shares. All references to shares in the accompanying financial statements have been adjusted for the stock split.

On November 17, 2006, the Company held a special meeting (the "Meeting") of the shareholders, pursuant to a proxy statement that it filed with the Securities and Exchange Commission and that it had furnished to holders of record of the outstanding shares of its common stock as of October 20, 2006. At the Meeting, the Board of Directors received approval from a majority of the Company's shareholders of the following matters: (1) grant of discretionary authority to the Board of Directors to implement either of the following: (a) a reverse stock split of the common stock on the basis of one post-consolidation share for up to each ten pre-consolidation shares to occur at some time within twelve months of the date of the shareholders' meeting, with the exact time of the reverse split to be determined by the Board of Directors, or (b) a forward stock split of the common stock on the basis of up to three post-split shares for each one pre-split share to occur at some time within twelve months of the date of the shareholders' meeting, with the exact time of the forward split to be determined by the Board of Directors; and (3) the increase of the number of authorized shares of the common stock from 100,000,000 shares, par value \$0.001, to 200,000,000 shares, par value \$0.001, should the Board of Directors implement a forward stock split as previously described. Our Directors believed that shareholder approval of a range for the exchange ratio of the reverse or forward splits (as contrasted with approval of a specified ratio of the split) provided the Board of Directors with maximum flexibility to achieve the purposes of a stock split, and, therefore, was in the best interests of our shareholders. The actual ratio for implementation of the reverse or forward split was to have been determined by our Board based upon its evaluation as to what ratio of pre-split shares to post-split shares would have been most advantageous to our shareholders. Our Board of Directors also believed that, should it have determined to implement a forward stock split as described above, it would have been necessary to have increased the number of authorized shares of common stock in order to provide the Company with the flexibility to issue common stock without further action by the Company's stockholders. As of the date of this report, the one year anniversary of the approval by the Company's shareholders has elapsed. Prior to the elapsing of the one year time period, the Board of Directors determined that it was in the best interests of the Company's shareholders not to undertake a share split of any kind.

NOTE 13 - MINERAL PROPERTIES

Bruner and Vernal Properties

The Company has an agreement with Minquest, Inc. ("MinQuest") which gives us the right to purchase 100% of the mining interests of two Nevada mineral exploration properties currently controlled by MinQuest, a natural resource exploration company. Together, these two properties consist of 28 mining claims on a total of 560 acres in the northwest trending Walker Lane located in western Nevada.

In order to earn a 100% interest in these two properties, the Company must pay MinQuest and incur expenditures relating to mining operations in accordance with the following schedule: (i) on or before July 25, 2004, \$20,000 to MinQuest and \$75,000 in expenditures; (ii) on or before July 25, 2005, \$20,000 to MinQuest and an additional \$100,000 in expenditures; (iii) on or before July 25, 2006, \$20,000 to MinQuest and an additional \$100,000 in expenditures; (iv) on or before July 25, 2007, \$20,000 to MinQuest and an additional \$100,000 in expenditures; and (v) on or before July 25, 2008, an additional \$125,000 in expenditures. If the Company has not incurred the requisite expenditures to maintain the option in good standing, the Company has a 60-day period subsequent to July 25th to make such payment along with such amount which shall be deemed to have been an expenditure incurred by us during such period. Since the payment obligations are non-refundable, if the Company does not make any payments, it will lose any payments made and all our rights to the properties. If all said payments are made, then the Company will acquire all mining interests in the properties, subject to MinQuest retaining a 3% royalty of the aggregate proceeds. The Company has the right at any time to discontinue making the payments if the exploration is determined to be unfeasible.

To May 31, 2008 the Company has made all of its property option payments with the payment on July 25, 2007 being the final payment due under the property option agreement for the Bruner and Vernal properties. By July 25, 2008,

the Company will be required to have incurred \$500,000 on exploration. To May 31, 2008 the Company has incurred approximately \$424,000 on exploration of the two properties. The Company intends to complete the additional required expenditures of \$76,000 during 2009.

Moss Property

The Moss Property consists of 63 unpatented claims and 15 patented claims. The property has been acquired from various individuals and on various dates as noted below.

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On November 14, 2003 the Company entered into a letter of intent to acquire a single patented claim from Gregory Gintoff. The total purchase price of \$50,000 was made in two installments of \$10,000 in December 2003 and \$40,000 in February 2004.

On February 19, 2004, the Company executed a formal agreement to purchase 100% mining interest in six patented mining claims making up the Williams portion of the Moss Property located in the historic Oatman gold mining district for \$350,000. On February 27, 2004, \$25,000 was paid in connection with this agreement and three months after signing, on June 14, 2004, an additional \$25,000 was paid. On or before the 6-month anniversary from when we signed the definitive agreement, the balance of \$300,000 was due to the sellers. On August 27, 2004, the Company paid the final \$300,000 to the sellers.

On March 4, 2004, the Company signed an agreement that allowed it to acquire a 100 percent interest in 63 unpatented claims contiguous to the 15 patented claims at the Moss Property. The Company acquired these claims from MinQuest for a one time lease fee of \$50,000. The fee of \$50,000 was paid on July 7, 2004.

On January 18, 2005 the Company completed the acquisition of a single patented claim from an individual for \$150,000.

The Company acquired five patented claims from Ramon and Edna Martinez for a total of \$150,000. The Company made one payment of \$75,000 on November 8, 2004 and made the final payment of \$75,000 on February 14, 2005.

On January 18, 2005, the Company made a single payment of \$25,000 to acquire two patented claims known as the Ruth and Rattan claims.

Margarita Property

On January 29, 2008, the Company entered into an Assignment and Assumption Agreement (the "Agreement") with American Goldrush Corp. ("Goldrush") whereby Goldrush assigned all of its rights and obligations under the Margarita Property Option Agreement to the Company. Pursuant to the Agreement, the Company assumed the rights, and agreed to perform all of the duties and obligations, of Goldrush arising under the Margarita Property Option Agreement. Simultaneous with the execution and delivery of the Agreement, the Company paid Goldrush \$200,000 which amount represents the full payment and satisfaction for the assignment to the Company by Goldrush.

Included in the assignment to the Company were all sums incurred by Goldrush in connection with its exploration of the Margarita Property which includes a reclamation bond previously paid by Goldrush to the Forest Service in Arizona, all expenditure credits incurred by Goldrush prior to the execution of the Agreement and all property option payments made to the Margarita Property owner. In addition, Goldrush also assigned all of its rights and obligations under the Finders' Fee Agreement to the Company. Subsequent to the execution of the Agreement, Goldrush did not retain any interest in the Margarita Property.

The remaining annual option payments and minimum annual exploration expenditures under the Margarita Property Option Agreement are as noted below:

	Margarita Property	
	Property Payments \$USD	Work Expenditures \$USD
By May 31, 2008	100,000	300,000
By May 31, 2009	125,000	300,000
By May 31, 2010	150,000	-

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By May 31, 2011	200,000	-
By May 31, 2012	200,000	-
	\$ 775,000	\$ 600,000

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The underlying Margarita Property Option Agreement is subject to a 2 % net smelter return royalty to the property owner, James Sorrell (the “optionor”), upon production. The Company has the option (exercisable for 90 days following completion of a bankable feasibility study) to buy the optionor’s net smelter return interest for \$500,000 per 1% increment or \$1,000,000 for the entire 2% net smelter return interest.

In addition, the Margarita Property is subject to a Finder’s Fee Agreement. The Company has agreed to pay a fee equal to 10% of the Property Option Payments made during the first three years of the Margarita Property Option Agreement. It is estimated that if the Company makes all of the remaining scheduled property option payments, the amount to be paid under the Finder’s Fee Agreement by the Company will be \$22,500. If the Company terminates the Margarita Property Option Agreement, the Company will not owe any further payments under the Finder’s Fee Agreement. If it has not been terminated earlier, the Finder’s Fee Agreement will terminate automatically on July 14, 2009.

Subsequent to the completion of a drill program on the Margarita Property, the Company terminated its option under the property option agreement and does not currently have any interest in the Margarita Property.

Whisky, NK, and Weepah Properties

On March 15, 2008, the Company executed three separate property option agreements (the “Agreements”) with MinQuest granting the Company the right to acquire 100% of the mining interests of three Nevada mineral exploration properties currently controlled by MinQuest, a natural resource exploration company.

The properties consist of the Whiskey Flat Property (“Whiskey”), NK Property (“NK”), and the Weepah Property (“Weepah”) (collectively the “Properties”). Each of the Agreements is a separate agreement that can be terminated irrespective of the status of any of the other Agreements.

The Properties are located in Nevada with the Whiskey and NK being in Mineral County while the Weepah is located in Esmeralda County. The Whiskey Property currently consists of 83 unpatented mining claims, the NK Property currently consists of 24 unpatented mining claims, and the Weepah Property currently consists of 14 unpatented claims.

Annual option payments and minimum annual exploration expenditures under each of the respective Agreements are as noted below:

	Whiskey Flat Property	
	Property Payments \$USD	Work Expenditures \$USD
Upon Execution of the Agreement	\$ 50,000	\$ -
By March 15, 2009	50,000	50,000
By March 15, 2010	50,000	150,000
By March 15, 2011	65,000	200,000
By March 15, 2012	80,000	350,000
By March 15, 2013	100,000	200,000
By March 15, 2014	100,000	200,000
By March 15, 2015	100,000	200,000
By March 15, 2016	100,000	200,000
By March 15, 2017	100,000	200,000
By March 15, 2018	250,000	750,000

NK Property

	Property Payments \$USD	Work Expenditures \$USD
Upon Execution of the Agreement	\$ 20,000	\$ -
By March 15, 2009	20,000	50,000
By March 15, 2010	20,000	75,000
By March 15, 2011	35,000	100,000
By March 15, 2012	45,000	250,000
By March 15, 2013	50,000	100,000
By March 15, 2014	50,000	100,000
By March 15, 2015	50,000	100,000
By March 15, 2016	50,000	100,000
By March 15, 2017	50,000	100,000
By March 15, 2018	100,000	250,000
	\$ 490,000	\$ 1,225,000

Weepah Property

	Property Payments \$USD	Work Expenditures \$USD
Upon Execution of the Agreement	\$ 20,000	\$ -
By March 15, 2009	20,000	50,000
By March 15, 2010	20,000	75,000
By March 15, 2011	35,000	100,000
By March 15, 2012	45,000	250,000
By March 15, 2013	50,000	100,000
By March 15, 2014	50,000	100,000
By March 15, 2015	50,000	100,000
By March 15, 2016	50,000	100,000
By March 15, 2017	50,000	100,000
By March 15, 2018	100,000	250,000
	\$ 490,000	\$ 1,225,000

Upon execution of the Agreements, the Company paid MinQuest a total of \$90,000 in relation to the three agreements. Since the payment obligations are non-refundable, if any payments under any of the Agreements are not made, the Company will lose any previous payments made and all its rights to the respective property. If all said payments under any of the Agreements are made, then the Company will acquire all mining interests in the respective property. If the Company fails to make any payment when due, each of the Agreements gives the Company a 60-day grace period to pay the amount of the deficiency. MinQuest retained a 3% royalty of the aggregate proceeds received by the Company from any smelter or other purchaser of any ores, concentrates, metals or other material of commercial value produced from the Properties, minus the cost of transportation of the ores, concentrates or metals, including related insurance, and smelting and refining charges, including penalties.

The Company has the one time right exercisable for 90 days following completion of a bankable feasibility study to buy up to one half (50%) of MinQuest's royalty interest (i.e. an amount equal to 1.5% of the royalty interest) for \$2,250,000. The right to purchase the said royalty interest shall be exercised by the Company by providing the MinQuest with notice of the purchase accompanied by payment in the amount of USD \$2,250,000.

The Company may use MinQuest for its mineral exploration expertise on the Properties. In addition, any mineral interests staked, located, granted or acquired by either the Company or MinQuest which is located within a 1 mile radius of the Properties will be included in the option granted to the Company for the respective property. Any of the Agreements will terminate if the Company fails to comply with its obligations in any of the respective Agreements and fails to cure such alleged breach. If the Company gives notice that it denies a default has occurred, the matter shall be determined finally through such means of dispute resolution as such matter has been subjected to by either party.

Imperial Property

On May 30, 2008, the Company entered into an Assignment and Assumption Agreement (the "Agreement") with American Goldfields Inc., a Nevada corporation ("American Goldfields"), to acquire the exclusive option to an undivided right, title and interest in 22 unpatented Federal mining claims located in Esmeralda County, Nevada (the "Property"). American Goldfields had originally acquired its exclusive option on the Property on June 30, 2004, when it entered into a Property Option Agreement (the "Property Agreement") with MinQuest, the owner of the Property.

Pursuant to the Agreement, the Company assumed the rights, and agreed to perform all of the duties and obligations, of American Goldfields arising under the Property Agreement. Simultaneous with the execution and delivery of the Agreement, the Company paid American Goldfields \$250,000, which amount represents the full payment and satisfaction for the assignment by American Goldfields to the Company of the Property Agreement and all rights and obligations with respect thereto. Included in the assignment were, without limitation, all sums incurred by American Goldfields in connection with the Property, specifically (i) the refunding of the reclamation bond previously paid by American Goldfields to the Bureau of Land Management in Nevada in the amount of \$13,255; (ii) the approximately \$277,000 of expenditures incurred by American Goldfields prior to the Agreement; and (iii) the \$120,000 paid to MinQuest as option payments under the Property Agreement.

As of May 31, 2008, these properties are unproven and all amounts paid in connection with the acquisition of these rights and for expenditures in exploration of these properties have been expensed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this

PATRIOT GOLD CORP.

Dated: August 28, 2008

By: /s/ Robert Coale

Name: Robert Coale

Title: President, Chief Executive and Operating Officer, Secretary and
Treasurer, and Director (Principal Executive, Financial and Accounting
Officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE TITLE

/s/Robert Coale Director, President, Chief Executive and Operating Officer, Secretary, and Treasurer (Principal Executive, Financial and Accounting Officer)

Robert Coale

/s/ Robert Sibthorpe Director

Robert Sibthorpe

/s/ Duncan Budge Director

Duncan Budge