

Stargold Mines, Inc.
Form 8-K/A
April 07, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K/A

CURRENT REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

March 18, 2008
(Date of First Event Reported)

STARGOLD MINES, INC.
(Exact name of Registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation)

000-51197
(Commission File Number)

98-0400208
(IRS Employer Identification
No)

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

(650) 378-1214
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

The principal purpose of this Amendment to Stargold Mines, Inc.'s (the "Company's") Current Report on Form 8-K is to provide the audited financial statements of UniverCompany Limited Liability Company ("UniverCompany"). Pro Forma financial statements of the Company reflecting the acquisition of UniverCompany will be filed by further amendment. In our current report on Form 8-K with an event date of August 27, 2007, we had erroneously reported that the acquisition of UniverCompany had been completed. We thereafter learned that Russian law, with respect to this acquisition, had not been complied with and reported our error in subsequently filed current reports on Forms 8-K and our Form 10-QSB for the period ended September 30, 2007. On March 18, 2008, our Russian counsel advised that according to the laws of the Russian Federation, all requirements had been met for the acquisition of UniverCompany. Therefore, the Company's acquisition of UniverCompany is now complete.

As used in this Form 8-K/A, references to the "Registrant", the "Company," "we," "our" or "us" refer to Stargold Mines, Inc. and our subsidiary, UniverCompany Limited Liability Company, a Russian limited liability society, unless the context otherwise indicates.

Section 2 - Financial Information

Item 2.01 Completion of Acquisition or Disposition of Assets.

Acquisition of UniverCompany Limited Liability Company

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

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

Forward-Looking Statements

This Current Report on Form 8-K/A (the "Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These statements relate to future actions or events, future performance, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings and objectives of management. The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking information to encourage companies to provide prospective information about themselves without fear of litigation so long as that information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information. Forward-looking information may be included in this Report or may be incorporated by reference from other documents filed with the Securities and Exchange Commission (the "SEC") by us. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors" and the risks set out below, any of which may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking

statements. These risks include, by way of example and not in limitation:

2

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

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

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

Description of Business

Our History

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

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

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

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

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

Our Business

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

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

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

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

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

Liability Company, a Russian entity (the "Seller").

4

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

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

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

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

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

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

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

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

To date, we have not completed the acquisition of a land-based mineral property as evidenced by a deed (the Nerchinskite mineral property is a Dump being housed in a storage facility not owned by StarGold Mines, Inc. or

UniverCompany) and there is no guarantee that we will do so at any point. We intend to raise the funds necessary to acquire the rights to exploit the Rudkaralon property and explore this property with a goal of developing and extracting any mineral deposits we discover or selling or otherwise assigning the rights to do so.

Description of Property

Our principal executive offices are currently located at 1840 Gateway Drive, Suite 200, San Mateo, CA 94404 USA. We lease these premises at a cost of \$190 per month from HQ Office Headquarters. The lease is a month to month lease. UniverCompany has offices located at 73 Volokolamskoe Highway, Russian Federation 125424.

Location and Access

Nerchinskiye Dump

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

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

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

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

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

Employees

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

Risk Factors

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

Risks Associated With Mining

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

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

Failure to Meet Rudkaralon Contract Obligations.

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

Remote Likelihood of Finding a Mineral Reserve.

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

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

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

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

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

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

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

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

Mineral prices are subject to dramatic and unpredictable fluctuations.

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

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

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

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

Risks associated with our business

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2007, UniverCompany had \$69,000 in cash and equivalents and incurred a comprehensive loss of \$1,893,000 for the period January 1, 2007 to December 31, 2007. We estimate our average monthly operating expenses to be approximately \$10,000 per month, not including exploration, general and administrative expenses. Once we commence exploration activities, we will require approximately \$833,000 per month. As a result, we believe that if we are to commence exploration and extraction activities that we will have to raise additional funds to meet our currently budgeted operating requirements for the next 12 months.

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

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

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

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

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

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

Decreases in prices of precious metals would reduce our revenues.

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

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

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

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

The mining industry is subject to significant environmental risks

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations in the United States and abroad intended to ensure the protection of the environment are constantly changing and generally are becoming more restrictive and costly. The Russian Federation is working internally and with the Organization for Economic Cooperation and Development (“OECD”) to develop systems to integrate environmental concerns into its economic reform process. In the last five years, government agencies have been set up at the national and sub-national level for environmental policy design, regulation and compliance. Laws establishing liability for environmental accidents are now in place. Insurance against environmental risks (including potential liability for pollution or other hazards as a

result of the disposal of waste products occurring from exploration and production) is not generally available to the companies within the mining industry, such as the operators of the mines in which we hold a royalty interest, at a reasonable price. If an operator is forced to incur significant costs to comply with environmental regulations, or becomes subject to environmental restrictions that limit its ability to continue or expand operations, it could reduce our royalty revenues. To the extent that we become subject to environmental liabilities for the time period during which we were operating properties, the satisfaction of any liabilities would reduce funds otherwise available to us and could have a material adverse effect on our financial condition and results of operations.

Risks related to doing business in Russia

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

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

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