

Tornado Gold International Corp  
Form 10-Q  
August 19, 2008

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

**Form 10-Q**

(Mark One)

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

For the quarterly period ended **June 30, 2008**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number **000-50146**

**TORNADO GOLD INTERNATIONAL CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or  
organization)

**94-3409645**

(IRS Employer Identification No.)

**8600 Technology Way, Suite 118, Reno, Nevada 89521**

(Address of principal executive offices) (zip code)

**(775) 852-3770**

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting

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company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer

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

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**APPLICABLE ONLY TO CORPORATE ISSUERS**

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

**39,835,689 common shares issued and outstanding as of June 30, 2008**

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## **PART I - FINANCIAL INFORMATION**

### **Item 1. Financial Statements.**

These financial statements have been prepared by Tornado Gold International Corporation (the **Company**) without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ( **SEC** ). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted in accordance with such SEC rules and regulations. In the opinion of management, the accompanying statements contain all adjustments necessary to present fairly the financial position of the Company as of June 30, 2008, and its results of operations, stockholders' equity, and its cash flows for the six month period ended June 30, 2008 and for the period from inception (March 19, 2004) to June 30, 2008. The results for these interim periods are not necessarily indicative of the results for the entire year. The accompanying financial statements should be read in conjunction with the financial statements and the notes thereto filed as a part of the Company's annual report on Form 10-KSB filed on April 14, 2008.

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**TORNADO GOLD INTERNATIONAL CORPORATION**  
**(AN EXPLORATORY STAGE COMPANY)**  
**CONDENSED BALANCE SHEET**

|   | <b>June 30,<br/>2008</b> |
|---|--------------------------|
|   | <b>(Unaudited)</b>       |
| <b>ASSETS</b>   |                          |
| <b>CURRENT ASSETS</b>   |                          |
| Cash and cash equivalents   | \$ 19,956                |
| Prepaid expenses  | 17,307                   |
| <b>TOTAL CURRENT ASSETS</b>   | <b>37,263</b>            |
| <b>PROPERTY AND EQUIPMENT</b>   |                          |
| Mining claims   | 581,048                  |
| Computer equipment, net   | 1,550                    |
| <b>OTHER ASSETS</b>   |                          |
| Intangible assets, net  | 3,434                    |
| <b>TOTAL ASSETS</b>   | <b>\$ 623,295</b>        |
| <b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>  |                          |
| <b>CURRENT LIABILITIES</b>  |                          |
| Accounts payable - related party  | \$ 52,470                |
| Accounts payable - others   | 82,272                   |
| Loan payable - related party  | 730,000                  |
| Notes payable and accrued interest  | 12,000                   |
| Convertible debt and accrued interest payable, net of \$15,388 discount                                     | 37,269                   |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>914,011</b>           |
| <b>COMMITMENTS AND CONTINGENCIES</b>  | <b>-</b>                 |
| <b>STOCKHOLDERS' DEFICIT</b>  |                          |
| Common stock; \$0.001 par value; 100,000,000 shares<br>authorized; 39,835,689 shares issued and outstanding | 39,836                   |
| Additional paid in capital  | 3,798,599                |
| Accumulated deficit   | (704,993)                |
| Deficit accumulated during the exploratory stage  | (4,923,740)              |
| Subscribed warrants   | 1,500,000                |
| Stock subscription receivable   | (418)                    |
| <b>TOTAL STOCKHOLDERS' DEFICIT</b>  | <b>(290,716)</b>         |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>  | <b>\$ 623,295</b>        |

The accompanying notes are an integral part of these financial statements



**TORNADO GOLD INTERNATIONAL CORPORATION**  
**(AN EXPLORATORY STAGE COMPANY)**  
**CONDENSED STATEMENTS OF OPERATIONS**

|  | For the Three Months<br>Ended<br>June 30, |              | For the Six Months Ended<br>June 30, |              | From<br>March 19,<br>2004<br>through<br>June 30,<br>2008 |
|--|---|--------------|--------------------------------------|--------------|--|
|  | 2007                                      | 2008         | 2007                                 | 2008         | 2008   |
|  | (Unaudited)                               | (Unaudited)  | (Unaudited)                          | (Unaudited)  | (Unaudited)  |
| <b>NET REVENUE</b>   | \$ -                                      | \$ -         | \$ -                                 | \$ -         | \$ -   |
| <b>OPERATING EXPENSES</b>  |   |              |                                      |              |  |
| Compensation expense on option grants  | -   | -            | -                                    | -            | 68,765   |
| Mining exploration expenses  | 40,761                                    | 62,500       | 119,958                              | 64,840       | 1,394,015  |
| General and administrative expenses  | 67,696                                    | 47,312       | 193,454                              | 76,024       | 1,236,429  |
| Loss on abandonment of mining claims   | -   | -            | -                                    | -            | 1,661,350  |
| <b>TOTAL OPERATING EXPENSES</b>  | 108,457                                   | 109,812      | 313,412                              | 140,864      | 4,360,559  |
| <b>LOSS FROM OPERATIONS</b>  | (108,457)                                 | (109,812)    | (313,412)                            | (140,864)    | (4,360,559)  |
| <b>OTHER INCOME (EXPENSE)</b>  |   |              |                                      |              |  |
| Accrued potential damages on breach of contract                                  | -   | -            | (178,205)                            | -            | (249,975)  |
| Interest expense   | (21,261)                                  | (12,112)     | (42,877)                             | (43,707)     | (313,206)  |
| <b>TOTAL OTHER INCOME (EXPENSE)</b>  | (21,261)                                  | (12,112)     | (221,082)                            | (43,707)     | (563,181)  |
| <b>LOSS BEFORE PROVISION FOR INCOME TAXES</b>                                    | (129,718)                                 | (121,924)    | (534,494)                            | (184,571)    | (4,923,740)  |
| <b>PROVISION FOR INCOME TAXES</b>  | -   | -            | -                                    | -            | -  |
| <b>NET LOSS</b>  | \$ (129,718)                              | \$ (121,924) | \$ (534,494)                         | \$ (184,571) | \$ (4,923,740)   |
| <b>NET LOSS PER SHARE - BASIC AND DILUTED</b>                                    | \$ (0.00)                                 | \$ (0.00)    | \$ (0.02)                            | \$ (0.01)    |  |
| <b>WEIGHTED AVERAGE COMMON EQUIVALENT SHARES OUTSTANDING - BASIC AND DILUTED</b> | 30,111,526                                | 39,607,035   | 30,111,526                           | 36,398,648   |  |

The accompanying notes are an integral part of these financial statements

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**TORNADO GOLD INTERNATIONAL CORPORATION**  
**(AN EXPLORATORY STAGE COMPANY)**  
**CONDENSED STATEMENTS OF CASH FLOWS**

|  | <b>For the Six Months<br/>June 30,</b> |                    | <b>From<br/>March 19,<br/>2004<br/>through<br/>June 30,<br/>2008</b> |
|--|--|--------------------|--|
|  | <b>2007</b>                            | <b>2008</b>        | <b>(Unaudited)</b>   |
|  | <b>(Unaudited)</b>                     | <b>(Unaudited)</b> | <b>(Unaudited)</b>   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                               |  |                    |  |
| Net loss   | \$ (534,494)                           | \$ (184,571)       | \$ (4,923,740)   |
| Adjustment to reconcile net loss to net cash used in operating activities: |  |                    |  |
| Loss on abandonment of mining claims                                       |  |                    | 1,318,475  |
| Value of options and warrants granted for services                         | -                                      | -                  | 68,765   |
| Amortization of intangible assets  | 1,145                                  | 1,145              | 3,434  |
| Depreciation   | 554                                    | 554                | 1,773  |
| Changes in:  |  |                    |  |
| Prepaid expenses and other current assets                                  | (43,780)                               | (3,298)            | (12,306)   |
| Accounts payable   | 67,131                                 | (43,647)           | 209,842  |
| Accrued expenses   | 178,205                                | -                  | 249,975  |
| Amortization of discount on convertible debentures                         | -                                      | 22,365             | 22,365   |
| Accrued interest added to principal  | 42,877                                 | 21,342             | 209,730  |
| Net cash used in operating activities                                      | (288,362)                              | (186,110)          | (2,851,687)  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                               |  |                    |  |
| Purchase of mining claims  | (180,000)                              | -                  | (1,778,973)  |
| Purchase of equipment  | (1,980)                                | -                  | (3,323)  |
| Website design costs   | -                                      | -                  | (6,868)  |
| Net cash used in investing activities                                      | (181,980)                              | -                  | (1,789,164)  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                               |  |                    |  |
| Proceeds from loan payable   | 330,000                                | -                  | 2,897,816  |
| Proceeds from issuance of common stock                                     | -                                      | 202,500            | 1,059,302  |
| Proceeds from subscribed warrants  | -                                      | -                  | 1,500,000  |
| Payment on note payable  | -                                      | -                  | (42,500)   |
| Repurchase of shares on common stock                                       | -                                      | -                  | (577,906)  |
| Offering costs   | -                                      | -                  | (175,905)  |
| Net cash provided by financing activities                                  | 330,000                                | 202,500            | 4,660,807  |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                |  |                    |  |
|  | (140,342)                              | 16,390             | 19,956   |
| <b>CASH AND CASH EQUIVALENTS, Beginning of period</b>                      | 144,106                                | 3,566              | -  |

|   |    |       |    |        |    |        |
|---|----|-------|----|--------|----|--------|
| <b>CASH AND CASH EQUIVALENTS, End of period</b> | \$ | 3,764 | \$ | 19,956 | \$ | 19,956 |
|---|----|-------|----|--------|----|--------|

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**

|                   |    |   |    |   |
|-------------------|----|---|----|---|
| Interest paid     | \$ | - | \$ | - |
| Income taxes paid | \$ | - | \$ | - |

Noncash investing and financing activities:

During the six months ended June 30, 2008, debt totalling \$1,280,641 was converted into 3,201,663 shares of the Company's common stock.

During the six months ended June 30, 2008, the Company issued 2,272,500 shares of its common stock in consideration for the settlement of its failure to register shares of common stock issued in a 2006 private offering. The 2,272,500 shares were valued at \$249,975.

The accompanying notes are an integral part of these financial statements

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**TORNADO GOLD INTERNATIONAL CORP.**

(An Exploratory Stage Company)

**NOTES TO CONDENSED FINANCIAL STATEMENTS****NOTE 1 ORGANIZATION AND BASIS OF PRESENTATION****Organization**

Tornado Gold International Corp. (formerly Nucotec, Inc.) was incorporated in the state of Nevada on October 8, 2001. On July 7, 2004, the name of the company was officially changed to Tornado Gold International Corp. (the "Company"). The Company is currently in the exploratory stage as defined in Financial Accounting Standards Board ( FASB ) Statement of Financial Accounting Standards ( SFAS ) No. 7 and has been since March 19, 2004, when it changed its principal activity to the exploration of mining properties for future commercial development and production (See Note 4). On February 14, 2007, the Company changed its domicile from Nevada to Delaware.

**Basis of Presentation and Going Concern****Interim Financial Statements**

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations.

In the opinion of management, all adjustments, consisting of normal and recurring adjustments, necessary for a fair presentation of the financial position and the results of operations for the periods presented have been included. The operating results of the Company on a quarterly basis may not be indicative of operating results for the full year. For further information, refer to the financial statements and notes included in Format Inc.'s Form 10-KSB for the year ended December 31, 2007.

**Going Concern**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has no established source of material revenue, has incurred a net loss for the six months ended June 30, 2008 of \$184,571, had negative working capital of \$876,748, and had an accumulated deficit since its inception of \$5,628,733. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. These condensed financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management recognizes that the Company must generate additional resources to enable it to continue operations. Management intends to raise additional funds through debt and/or equity financing or through other means that it deems necessary. However, no assurance can be given that the Company will be successful in raising additional capital. Further, even if the company raises additional capital, there can be no assurance that the Company will achieve profitability or positive cash flow. If management is unable to raise additional capital and expected significant

revenues do not result in positive cash flow, the Company will not be able to meet its obligations and may have to cease operations.

**Stock Split**

On April 19, 2004, the Company authorized a 50-for-1 stock split. On August 18, 2004, the Company authorized a 6.82 -for-1 stock split. On May 16, 2005, the Company authorized a 1.20 -for-1 stock split. All references in the accompanying financial statements to the number of shares outstanding and per-share amounts have been restated to reflect the various indicated stock splits.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Stock Based Compensation**

The Company accounts for stock-based compensation under SFAS No. 123R, "Share-based Payment" and SFAS No. 148, "Accounting for Stock-Based Compensation--Transition and Disclosure--An amendment to SFAS No. 123. These standards define a fair value based method of accounting for stock-based compensation. In accordance with SFAS Nos. 123R and 148, the cost of stock-based employee compensation is measured at the grant date based on the value of the award and is recognized over the vesting period. The value of the stock-based award is determined using the Black-Scholes option-pricing model, whereby compensation cost is the excess of the fair value of the award as determined by the pricing model at the grant date or other measurement date over the amount an employee must pay to acquire the stock. The resulting amount is charged to expense on the straight-line basis over the period in which the Company expects to receive the benefit, which is generally the vesting period. During 2008, the Company recognized no compensation expense under SFAS No. 123R as no options were issued to employees during these two periods (See Note 6).

As of April 15, 2005, the Company adopted its 2005 stock option plan to compensate its directors. As of June 30, 2008, no options have been granted to the directors.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

**Fair Value of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, accounts payable, accrued expenses and notes payable. Pursuant to SFAS No. 107, *Disclosures About Fair Value of Financial Instruments*, the Company is required to estimate the fair value of all financial instruments at the balance sheet date. The Company considers the carrying values of its financial instruments in the financial statements to approximate their fair values.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Company defines cash equivalents as all highly liquid debt instruments purchased with a maturity of three months or less, plus all certificates of deposit.

**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method and with useful lives used in computing depreciation of 3 years. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Expenditures for maintenance and repairs are charged to operations as incurred; additions, renewals and betterments are capitalized.

**Long-Lived Assets**

The Company accounts for its long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the

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future net cash flows expected to result from the asset, including eventual disposition. If the future net cash flows are less than the carrying value of the asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value or disposable value. As of June 30, 2008, the Company did not deem any of its long-term assets to be impaired.

### **Concentration of Credit Risk**

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash. The Company places its cash with high quality financial institutions and at times may exceed the FDIC \$100,000 insurance limit. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required.

### **Revenue Recognition**

The Company has not generated any revenue from its mining operations.

### **Mining Costs**

Costs incurred to purchase, lease or otherwise acquire property are capitalized when incurred. General exploration costs and costs to maintain rights and leases are expensed as incurred. Management periodically reviews the recoverability of the capitalized mineral properties and mining equipment. Management takes into consideration various information including, but not limited to, historical production records taken from previous mining operations, results of exploration activities conducted to date, estimated future prices and reports and opinions of outside consultants. When it is determined that a project or property will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or property.

### **Website Development Costs**

Under FASB Emerging Issues Task Force Statement 00-2, Accounting for Web Site Development Costs ("EITF 00-2"), costs and expenses incurred during the planning and operating stages of the Company's web site development are expensed as incurred. Under EITF 00-2, costs incurred in the web site application and infrastructure development stages are capitalized by the Company and amortized to expense over the web site's estimated useful life or period of benefit. As of June 30, 2008, the Company had net capitalized costs of \$3,434 related to its web site development, which are being amortized on a straight-line basis over an estimated useful life of 3 years. Amortization expense for the three months ended June 31, 2008 and 2007 amounted to \$572 and \$572, respectively. Amortization expense for the six months ended June 30, 2008 and 2007 amounted to \$1,145 and \$1,145, respectively.

A schedule of expected amortization expense for the periods ending after June 30, 2008 is as follows:

|               |          |
|---------------|----------|
| June 30, 2009 | \$ 2,288 |
| June 30, 2009 | 1,146    |
|               | \$ 3,434 |

### **Income Taxes**

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax

assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

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**Loss Per Share**

The Company reports earnings (loss) per share in accordance with SFAS No. 128, "Earnings per Share." Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share has not been presented since the effect of the assumed conversion of options to purchase common shares would have an anti-dilutive effect. The only potential common shares as of June 30, 2008 were 160,200 options, 11,795,000 warrants, and \$50,000 of debt convertible into 1,000,000 shares of the Company's common stock that have been excluded from the computation of diluted net loss per share because the effect would have been anti-dilutive. The only potential common shares as of June 30, 2007 were 160,200 options, 11,795,000 warrants, and \$649,838 of debt convertible into 1,477,283 shares of the Company's common stock that have been excluded from the computation of diluted net loss per share because the effect would have been anti-dilutive. If such shares were included in diluted EPS, they would have resulted in weighted-average common shares of 52,562,435 and 44,518,766 for the three months ended June 30, 2008, respectively. Common shares included in diluted EPS for the six months ended June 30, 2008 and 2007 would have been 38,418,451 and 44,518,766, respectively.

**Recent Accounting Pronouncements**

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), "Business Combinations" (SFAS 141(R)). SFAS 141(R) requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed, and requires the acquirer to disclose the nature and financial effect of the business combination. SFAS 141(R) is effective for fiscal years beginning on or after December 15, 2008. If and when the Company acquires one or more entities in the future, it will apply SFAS 141(R) for the purposes of accounting for such acquisitions.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements" (SFAS 160). SFAS 160 amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements," to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS 160 is effective for fiscal years beginning on or after December 15, 2008. The Company presently has no such noncontrolling interests. If and at such time as such an interest exists, it will apply SFAS 160.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" (SFAS 161). SFAS 161 amends and expands the disclosure requirements of SFAS 133, "Accounting for Derivative Instruments and Hedging." SFAS 161 is effective for fiscal years beginning after November 15, 2008. The Company will adopt SFAS 161 in the first quarter of 2009 and currently expects such adoption to have no impact on its results of operations, financial position, or cash flows.

In April 2008, the FASB issued Staff Position No. 142-3, "Determination of the Useful Life of Intangible Assets" (FSP 142-3). FSP 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." FSP 142-3 is effective for the Company in the first quarter of 2009. The Company presently has no such intangible assets. If and at such time as such assets are acquired, the Company will apply FSP 142-3.

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In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162, *The Hierarchy of Generally Accepted Accounting Principles* ( SFAS 162 ). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. SFAS 162 will become effective 60 days following Securities and Exchange Commission ( SEC ) approval of the Public Company Accounting Oversight Board (PCAOB) amendments to AU Section 411, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. The Company does not anticipate the adoption of SFAS 162 to have a material impact on its results of operations, financial position, or cash flows.

In June 2008, the FASB issued Staff Position No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* ( FSP EITF 03-6-1 ). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore, need to be included in the earnings allocation in calculating earnings per share under the two-class method

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described in FASB Statement of Financial Accounting Standards No. 128, Earnings per Share. FSP EITF 03-6-1 requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividend or dividend equivalents as a separate class of securities in calculating earnings per share. FSP EITF 03-6-1 is effective for fiscal years beginning after December 15, 2008. FSP EITF 03-6-1 is effective for the Company in the first quarter of 2009. The Company is currently assessing the impact of FSP EITF 03-6-1, but does not expect that such adoption will have a material effect on its results of operations, financial position, or cash flows.

### NOTE 3 COMPUTER EQUIPMENT

A summary of computer equipment at June 30, 2008 is as follows:

|                          |          |
|--------------------------|----------|
| Computer equipment       | \$ 3,323 |
| Accumulated depreciation | (1,773)  |
|                          | \$ 1,550 |

Depreciation expense for the three months ended June 30, 2008 and 2007 amounted to \$277 and \$277, respectively. Depreciation expense for the six months ended June 30, 2008 and 2007 amounted to \$554 and \$554, respectively.

### NOTE 4 MINING CLAIMS

#### Illipah and NT Greens

The Company originally leased 16 mining properties of which 15 were leased from Mr. Carl Pescio, a former director of the Company, and one property owned by the Company's president and another director. In 2007, Mr. Pescio transferred the 15 properties he owned to Allied Nevada Gold Holdings, LLC ( Allied ).

In 2007, the Company was in breach of its lease of the 15 properties and entered into an agreement with Allied effective January 1, 2008, whereby the Company returned all mining properties leased with the exception of the Illipah and NT Green claims. The agreement pertaining to these two properties has a term of five years. Under the agreement, the Company is responsible to pay a 2% overriding royalty on the net smelter returns from the production of the minerals on the Illipah claim. The agreement also requires the Company to incur exploration and development expenses as follows:

|  |            |
|--|------------|
| On or before December 31, 2008   | \$ 150,000 |
| On or before December 31, 2009   | \$ 200,000 |
| On or before December 31, 2010 and<br>December 31, of each succeeding<br>year during the term of the agreement | \$ 400,000 |

The agreement provides for a credit for previous expenditures incurred on these two properties of no more than \$250,000 per property. In addition, the Company agreed to pay Allied \$100,000 on February 6, 2008, and pay \$70,000 on June 30 of each and succeeding year during the term of this agreement. The annual payment will be adjusted if on or before June 30, of any year during the term of the agreement, Company notifies Allied of its intent to surrender any of the unpatented mining claims subject to the agreement. The agreement further provides that the Company has the option to earn and vest an undivided sixty percent (60%) interest in a property and to form a joint venture with Allied for the management and ownership of the property when the Company has incurred and paid expenditures in the amount of \$1,500,000 on a particular property.

#### Jack Creek Property

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On October 3, 2005, the Company paid the Bureau of Land Management \$30,875 as consideration on the Exploration License and Option to Lease Agreement entered into between the Company and Mr. Earl Abbott, and Stanley Keith ("the owners"), to explore 247 claims (nearly 5,000 acres) known as the Jack Creek Property. Mr. Abbott is the Company's President and Mr. Keith was a Company Director through 2006.

The Company entered into a definitive Exploration License and Option to Lease Agreement for the above claims for a period of twenty years. Under this agreement, the Company is responsible to make minimum lease payments to the owners as follows:

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| Due Date  | Amount     |
|---|------------|
| Upon signing                                    | \$ 22,500  |
| 1st anniversary                                 | \$ 30,000  |
| 2nd anniversary                                 | \$ 37,500  |
| 3rd anniversary                                 | \$ 50,000  |
| 4th anniversary                                 | \$ 62,500  |
| 5th anniversary and each anniversary thereafter | \$ 100,000 |

If any payments due by the Company to the owners are not paid within 30 days of its due date, interest will begin to accrue on the late payment at a rate of 2% over the prime rate established by the Department of Business and Industry of the State of Nevada.

Upon completion of a bankable feasibility study and payments totaling \$140,000, all subsequent payments will convert into advance minimum royalty payments that are credited against the 4% production royalty due.

The Company shall have the option to purchase one-half (1/2) of the royalty applicable to the property representing two percent (2%) of the Net Smelter Returns. The Company shall have the right to elect to purchase such part of the royalty in increments representing one percent (1%) of the Net Smelter Returns and the purchase price for each such increment shall be \$1,500,000. The Company shall have the option to purchase one-half (1/2) of the area-of-interest royalty applicable to mineral rights, mining claims and properties which the Company acquires from third parties representing one-half percent (.5%) of the Net Smelter Returns. The purchase price for such part of the area-of-interest royalty shall be \$500,000 for the one-half percent (.5%) of the area-of-interest royalty applicable to mineral rights, mining claims and properties which the Company acquires from any third party.

The Company shall be responsible for all environmental liabilities and reclamation costs it creates and indemnifies the owners against any such claims or obligations. The Company can terminate the lease at any time by giving 30 days notice provided that there are no outstanding environmental or reclamation liabilities and that all lease and production royalty payments are current.

In addition, on August 7, 2006, the Company acquired an option for 53 additional claims (approx 1,000 acres) at the Jack Creek Property. The option was acquired from Gateway Gold (USA) Corp. through two of the Company's directors, Earl Abbott and Stanley Keith, and is subject to the Area of Interest clause in the original Jack Creek agreement between the Company and those directors that the Company announced in its October 3, 2005, news release. The Company has the option to earn a 50% undivided interest in the 53 claims through its expenditure on the claims of a total of \$500,000 in various stages by March 1, 2007, 2008, and 2009. Thereafter, the Company and Gateway Gold could form a joint venture; but, if Gateway declines to participate at its 50% level, the Company could exercise its option to earn an additional 20% in the claims through its expenditure on the claims of an additional \$500,000 in two equal stages on or before March 1, 2010, and 2011. Mr. Abbott is also an officer of the Company.

A description of the mining properties leased by the Company is as follows:

NT Green Property is located in central Lander County, Nevada about 40 miles southwest of the town of Battle Mountain. The property is within the Battle Mountain/Eureka (Cortez) Trend at the northern end of the Toiyabe Range.

Jack Creek Property is located in the northern Independence Range about 50 miles north of Elko, Elko County, Nevada. It is comprised of 247 lode mining claims (nearly 5,000 acres) adjacent to Gateway Gold Corp.'s (TSX Venture:GTQ) Big Springs and Dorsey Creek Properties.

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The Illipah gold prospect is situated in eastern Nevada at the southern extension of the Carlin Trend (T 18N, R 58E). The property consists of 191 unpatented federal Bureau of Land Management lode mining claims, comprising approximately 3,820 acres.

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**NOTE 5 NOTES PAYABLE**

On July 1, 2005, the Company borrowed \$100,000 from Gatnara Holdings, Inc., an unrelated third party. The loan is evidenced by an unsecured promissory note. The note accrued interest at 8% per annum and matured on December 31, 2006. In February 2008, the principal balance and accrued interest totaling \$122,099 was cancelled through the issuance of 305,275 shares of the Company's common stock.

From August 2005 to February 2006, the Company borrowed a total of \$980,816 from Greenshoe Investment, Inc., an unrelated third party. The loans are evidenced by unsecured promissory notes. The notes accrued interest at 8% per annum and matured on December 31, 2007. In February 2008, the principal balance and accrued interest totaling \$1,158,542 was cancelled through the issuance of 2,896,388 shares of the Company's common stock.

In May 2007, the Company borrowed \$12,000 from an unrelated third party. The loan is non-interest bearing, unsecured and due on demand.

During 2007, the Company borrowed a total of \$730,000 from Mr. Carl Pescio. The loans are non-interest bearing and due on demand.

During 2007, the Company borrowed a total of \$50,000 from Greenshoe Investment, Inc. The loans are evidenced by two unsecured promissory notes. The notes accrue interest at 8% per annum and mature on the anniversary date of the two loans. Accrued interest related to these notes as of June 30, 2008 amounted to \$2,657. Principal and accrued interest are convertible into common shares of the Company's common stock at a conversion price of \$.05 per share.

As the conversion price is less than the trading price of the shares on the loan date, the Company recognized beneficial conversion features on each loan totaling \$45,000. The \$45,000 is an offset to the amount borrowed and is being charged to interest over the term of the debt.

Interest expense accrued on all of the above-indicated loans during the three months ended June 30, 2008 and 2007 totaled \$2,020 and \$21,261, respectively. Interest expense accrued on all of the above-indicated loans during the six months ended June 30, 2008 and 2007 totaled \$21,342 and \$42,877, respectively. Interest charged to expense relating to the amortization of the beneficial conversion feature totaled \$10,092 and \$0 for the three months ended June 30, 2008 and 2007, respectively. Interest charged to expense relating to the amortization of the beneficial conversion feature totaled \$22,365 and \$0 for the six months ended June 30, 2008 and 2007, respectively.

**NOTE 6 STOCKHOLDERS EQUITY (DEFICIT)****Common Stock**

During the six months ended June 30, 2008, the Company issued 3,201,663 shares of its common stock through the cancellation of \$1,280,641 of debt that includes principal and accrued interest and issued 2,272,500 shares of its common stock in consideration for the settlement of its failure to register shares of common stock issued in a 2006 private offering. The 2,272,500 shares were valued at \$249,975.

Also during the six months ended June 30, 2008, the Company received \$202,500 through the issuance of 4,050,000 shares of its common stock. The shares were issued through the Company's private offering. The Company is offering 10,000,000 shares of its common stock to certain eligible investors at a price per share of \$.05.

**Options and Warrants**

The following table summarizes the options and warrants outstanding at June 30, 2008:

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|                                    | Options/<br>Warrants<br>Outstanding | Weighed<br>Average<br>Exercise<br>Price |
|------------------------------------|-------------------------------------|---|
| <b>Balance - December 31, 2006</b> | 11,955,200                          | \$ .4886                                |
| Granted                            | -                                   | -                                       |
| Exercised                          | -                                   | -                                       |
| Forfeited                          | -                                   | -                                       |
| <b>Balance - December 31, 2007</b> | 11,955,200                          | \$ .4886                                |
| Granted                            | -                                   | -                                       |
| Exercised                          | -                                   | -                                       |
| Forfeited                          | -                                   | -                                       |
| <b>Balance June 30, 2008</b>       | 11,955,200                          | \$ .4886                                |

The above totals include 160,200 options and 11,795,000 warrants at June 30, 2008. All of the above options and warrants are exercisable at June 30, 2008.

#### NOTE 7 INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets as of June 30, 2008 are as follows:

Deferred tax assets:

|                          |              |
|--------------------------|--------------|
| Net operating loss       | \$ 1,914,000 |
| Less valuation allowance | (1,914,000)  |
|                          | \$ -         |

At June 30, 2008, the Company had federal net operating loss ("NOL") carryforwards of approximately \$5,629,000. Federal NOLs could, if unused, begin to expire in 2025. The increase in deferred tax assets in 2008 of \$62,000 related to the Company's 2008 net operating loss that was reduced to \$0 due to the Company's 2008 valuation allowance.

Utilization of the net operating loss and tax credit carryforwards is subject to significant limitations imposed by the change in control under Internal Revenue Code Section 382, limiting its annual utilization to the value of the Company at the date of change in control multiplied by the federal discount rate.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.****FORWARD-LOOKING STATEMENTS**

This quarterly report contains forward-looking statements as that term is defined in Section 27A of the United States Securities Act of 1933 and section 21E of the United States Securities Exchange Act of 1934. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as *may*, *should*, *expects*, *plans*, *anticipates*, *believes*, *estimates*, *predicts*, *potential* 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*, that 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.

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. 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.

Our financial statements are stated in United States dollars and are prepared in conformity with generally accepted accounting principles in the United States of America for interim financial statements. The following discussion should be read in conjunction with our financial statements and the related notes that appear elsewhere in this quarterly report.

As used in this quarterly report and unless otherwise indicated, the terms *we*, *us* and *our* refer to Tornado Gold International Corporation, unless otherwise indicated. Unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to *common shares* refer to the common shares in our capital stock.

*Corporate History*

We were incorporated in Nevada as Nucotec, Inc. on October 8, 2001, in order to serve as a holding company for Salty's Warehouse, Inc. We disposed of that asset in March 2004 as described herein and changed our name to Tornado Gold International Corp. in July 2004. Prior to March 2004, we operated through Salty's Warehouse; Since July 2004, we have been an exploration stage company that acquired properties for potential gold exploration in Nevada. Using the evaluation technique described herein, we hope to acquire properties that will offer new economically viable gold mining properties for resale to entities who will undertake to begin mining operations on those properties. We believe that our technical team, consisting of our current management, will help us operate successfully. Earl W. Abbott, our officer and director, has extensive data and program management experience; Carl A. Pescio, also one of our directors, has on-the-ground prospecting and property knowledge; and George Drazenovic, our director and chief financial officer, has experience in managing the financial functions of public reporting companies. There is, however, 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.

Effective February 28, 2007, we changed our domicile from Nevada to Delaware. The change of domicile was effected by merging Tornado Gold International Corporation, our wholly-owned subsidiary incorporated for this purpose, into our company, and with our company carrying on as the surviving corporation under the name Tornado Gold International Corporation.

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From 2004 to 2006, we acquired a total of 16 properties comprised of about 44,840 acres, all located in the North Central Nevada area, in several transactions. These 16 properties included Jack Creek, Brock, Dry Hills, Golconda, Goodwin Hill, HMD, Horseshoe Basin, Illipah, Marr, North Battle Mountain, NT Green, South Lone Mountain, Stargo, Walti, West Whistler and Wilson Peak. Under the various lease agreements we entered into respecting these properties, we were obligated to make periodic lease payments to maintain our interests in these properties. On September 24, 2007, we entered into a joint venture agreement with Allied Nevada Gold Corp., a company created by Carl Pescio and others to which Carl Pescio assigned all of his interests in 15 separate properties, relating to our joint venture with Allied Nevada Gold Corp. The 15 properties covered by the joint venture agreement included

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Brock, Dry Hills, Golconda, Goodwin Hill, HMD, Horseshoe Basin, Illipah, Marr, North Battle Mountain, NT Green, South Lone Mountain, Stargo, Walti, West Whistler and Wilson Peak.

Under the September 2007 joint venture agreement, we were obliged to pay Allied Nevada Gold Corp. \$975,000 on or before February 5, 2008. We also agreed to pay \$375,000 on or before June 30 of each year for annual property payment on these 15 properties. We also agreed to incur certain minimum amounts on field geologic activities during the earn-in period. This agreement also provides that once we expended a total of \$1,500,000 on any property, we will have earned a 60% interest in that property.

Effective January 1, 2008, we entered into a new Exploration and Option to Enter Operating Agreement with Allied Nevada Gold Corp., which superseded the September 2007 joint venture agreement. The 2008 Exploration and Option to Enter Operating Agreement limited the scope of joint ventures between our company and Allied Nevada Gold Corp. to only two properties, namely the Illipah property and the NT Green property.

Pursuant to the 2008 Exploration and Option to Enter Operating Agreement, we paid to Allied Nevada Gold Corp. \$100,000 on February 6, 2008 to compensate them for federal annual mining claim maintenance fees, county recording fees and other fees payable for the maintenance of the two properties. Beginning on June 30, 2008 and on June 30 of each succeeding year during the term of the agreement, we also agree to pay \$70,000 to Allied Nevada Gold Corp. for the purpose of compensating them for fees payable for the maintenance of these two properties.

Under the 2008 Exploration and Option to Enter Operating Agreement, we also agreed to certain annual expenditure obligations in accordance with the following schedule:

| <b>Performance Date</b>                          | <b>Annual Amount</b> |
|--|----------------------|
| On or before December 31, 2008                   | \$ 150,000           |
| On or before December 31, 2009                   | \$ 200,000           |
| On or before December 31, 2010                   | \$ 400,000           |
| On or before December 31 of each succeeding year | \$ 400,000           |

The 2008 Exploration and Option to Enter Operating Agreement further provides that we have the option to earn and vest an undivided sixty percent (60%) interest in a property and to form a joint venture for the management and ownership of the property when the Company has incurred and paid expenditures in the amount of \$1,500,000 on a particular property.

As a result of the 2008 Exploration and Option to Enter Operating Agreement, we currently have mining claims in three (3) properties and they are the Jack Creek property, the Illipah property and the NT Green property.

After further exploration, our next phases of development will be to advance these properties by identifying and prioritizing the drill targets, evaluating the economic and legal feasibility of drilling those targets, and then actually drilling those targets.

**Mining Claims.** The properties we hold claims to are described below:

**Jack Creek Property** - On October 3, 2005, we paid the Bureau of Land Management \$30,875 as consideration on the Exploration License and Option to Lease Agreement entered into between the Company and Mr. Earl Abbott, and Stanley Keith to explore 247 claims (nearly 5,000 acres) known as the Jack Creek Property. Mr. Abbott is our president, chief executive officer, and one of our directors, and Mr. Keith was a director of our company at that time. In addition, on August 7, 2006, we acquired an option for 53 additional claims at the Jack Creek Property. The option was acquired from Gateway Gold (USA) Corp. through Messrs. Abbott and Keith.

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Under the preliminary terms of this agreement, we were granted a license to explore the property for a period of six-months to determine what claims, if any, we wish to lease. The term of the license is for six-months, but we have the option to extend.

If we lease all of the 247 claims, we will be required to make the following advance lease payments:

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| Due Date  | Amount     |
|---|------------|
| Upon signing                                    | \$ 22,500  |
| 1st anniversary                                 | \$ 30,000  |
| 2nd anniversary                                 | \$ 37,500  |
| 3rd anniversary                                 | \$ 50,000  |
| 4th anniversary                                 | \$ 62,500  |
| 5th anniversary and each anniversary thereafter | \$ 100,000 |

If any payments due from us to the Owners are not paid within 30 days of its due date, interest will be begin to accrue on the late payment at a rate of 2% over the prime rate established by the Department of Business and Industry of the State of Nevada.

Upon completion of a bankable feasibility study and payments totaling \$140,000, all subsequent payments will convert into advance minimum royalty payments that are credited against the 4% production royalty due. A 1% royalty is also due the owners on production on property consisting of a two-mile circumference surrounding the leased property.

We will have the option to purchase one-half of the royalty applicable to the property representing 2% of the net smelter returns. We will also have the right to elect to purchase such part of the royalty in increments representing 1% of the net smelter returns and the purchase price for each such increment shall be \$1,500,000. We will have the option to purchase one-half of the area of interest royalty applicable to mineral rights, mining claims, and properties which we acquire from third parties representing 0.5% of the Net Smelter Returns. The purchase price for such part of the area of interest royalty shall be \$500,000 for the 0.5% of the area of interest royalty applicable to mineral rights, mining claims, and properties which we acquire from any third party.

We shall be responsible for all environmental liabilities and reclamation costs we create and for indemnifying the Owners against any such claims or obligations. We can terminate the lease at any time by giving 30 days notice provided that there are no outstanding environmental or reclamation liabilities and that all lease and production royalty payments are current.

The terms and obligations disclosed above are based upon preliminary agreements of the parties still under review and may be subject to change.

**NTGreen Property** - The NTGreen property is located in central Lander County, Nevada, about 30 miles southwest of the town of Battle Mountain. The property is connected with Battle Mountain via an interstate highway, paved roads, good gravel roads, and finally a system of unimproved, dirt roads. We held a total of 12 unpatented lode mining claims in the form of an option agreement with the claimant, Carl A. Pescio, one of our directors. All of the claims are recorded with the Lander County Recorder and filed with the Bureau of Land Management ( BLM ). The property is subject to a 4% net smelter royalty that may be bought down to a 2% net smelter royalty by the payment of \$1,500,000 per one percent. On September 24, 2007, we entered into a joint venture agreement with Allied Nevada Gold Corp., a company created by Carl Pescio and others to which Carl Pescio assigned all of his interests in, among other things, the NTGreen property, relating to our joint venture with Allied Nevada Gold Corp. Under this joint venture agreement, we were obliged to pay Allied Nevada Gold Crop. \$975,000 on or before February 5, 2008. Subsequently, we entered into the 2008 Exploration and Option to Enter Operating Agreement superseding the 2007 joint venture agreement with respect to the NT Green property. This agreement provides that, among other things, once we expended a total of \$1,500,000 on this property, we will have earned a 60% interest in this property.

Geological information relating to the NT Green property: upper Paleozoic sedimentary rocks are exposed in an erosional window beneath Tertiary volcanic rocks. The Paleozoic rocks exhibit the characteristics of gold-bearing rocks. A fault structure does traverse onto the NTGreen property. Placer Dome Mining Company is a former operator

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of the NTGreen property, but no data from their exploration work is in our hands. Low levels of gold as well as associated trace elements are documented from the property by limited surface sampling done by Mr. Pescio.

The NTGreen property is undeveloped and no reserves or resources are known. No mining or other mineral development is known to have been performed on the property. Mr. Pescio did only limited work on the property

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and no work has been done by us. We believe that there are indications that an extensive gold system is present on the property that may have significant economic potential, though there is no guarantee that this is the case. We plan to conduct exploration work in the form of geological, geochemical, and geophysical studies to develop drill targets. Drilling will investigate these targets. Our management believes discovery of potentially economic gold values will be followed by development of a reserve and, eventually, mining.

**Illipah Prospect** - On August 23, 2006, the company entered into an agreement to acquire the Illipah prospect consisting of 191 unpatented mining claims located in White Pine County, Nevada in consideration of \$100,000 and 300,000 shares of its common stock. Under the terms of the purchase agreement, \$50,000 was paid and 50,000 shares of our common stock were issued upon signing with an additional \$50,000 paid and 100,000 shares of restricted common stock issued on November 21, 2006. An additional 200,000 shares of restricted common stock have been issued as agreed to under the agreement. Further, we assumed the seller's obligations in an underlying exploration and mining lease agreement on the claims, and granted to the seller a production royalty of two percent (2%) of net smelter returns on all rents and mineral production from the property. We also agreed to pay \$48,007 to the United States Department of the Interior Bureau of Land Management for mining claim maintenance fees, and be responsible for future annual maintenance and filing fees on the acquired claims and any advanced minimum royalty payments due to Carl Pescio, one of our directors, and Janet Pescio under an August 31, 2001, agreement between the Pescios and the seller. On September 24, 2007, we entered into a joint venture agreement with Allied Nevada Gold Corp., a company created by Carl Pescio and others to which Carl Pescio assigned all of his interests in, among other things, the NTGreen property, relating to our joint venture with Allied Nevada Gold Corp. Under this joint venture agreement, we were obliged to pay Allied Nevada Gold Corp. \$975,000 on or before February 5, 2008. Subsequently, we entered into the 2008 Exploration and Option to Enter Operating Agreement superseding the 2007 joint venture agreement with respect to the NT Green property. This agreement provides that, among other things, once we expended a total of \$1,500,000 on this property, we will have earned a 60% interest in this property.

The Illipah prospect is situated in eastern Nevada at the southern extension of the Carlin Trend. The property consists of one hundred ninety one unpatented federal Bureau of Land Management lode mining claims, approximately 3,820 acres.

All of the properties held are located in the state of Nevada. We have recently commenced our exploration of these properties and have yet to determine whether any of our properties are commercially viable. In order for us to complete this analysis, additional funding is required.

For the three month period ended June 30, 2008, compared to the three month period ended June 30, 2007.

Revenue - We have realized no revenues for the three month period ended June 30, 2008 and no revenues for the three month period ended June 30, 2007.

Operating Expenses - For the three month period ended June 30, 2008, our total operating expenses were \$109,812 compared to our total operating expenses of \$108,457 in the corresponding prior period in 2007. Of the \$109,812 incurred in the three month period ended June 30, 2008, \$62,500 related to our mining exploration and \$47,312 related to general and administrative activities. Of the \$108,457 incurred in the three month period ended June 30, 2007, \$40,761 related to mining exploration and \$67,696 related to general and administrative activities. During the three month period ended June 30, 2008, we accrued \$12,112 in interest expenses on notes payable, compared to interest accruing during the three month period ended June 30, 2007, of \$21,261.

For the six month period ended June 30, 2008, compared to the six month period ended June 30, 2007.



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Revenue - We have realized no revenues for the six month period ended June 30, 2008 and no revenues for the six month period ended June 30, 2007.

Operating Expenses - For the six month period ended June 30, 2008, our total operating expenses were \$140,864 compared to our total operating expenses of \$313,412 in the corresponding prior period in 2007. Of the \$140,864 incurred in the six month period ended June 30, 2008, \$64,840 related to our mining exploration and \$76,024 related to general and administrative activities. Of the \$313,412 incurred in the six month period ended June 30, 2007, \$119,958 related to mining exploration and \$193,454 related to general and administrative activities. During the six month period ended June 30, 2008, we accrued \$43,707 in interest expenses on notes payable, compared to interest accruing during the six month period ended June 30, 2007, of \$42,877.

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## LIQUIDITY AND CAPITAL RESOURCES

We had cash totalling \$19,956 and prepaid expenses totalling \$17,307 as of June 30, 2008, making our total current assets \$37,263. We also had mining claims of \$581,048, computer equipment of \$1,550 and intangible assets of \$3,434, making our total assets \$623,295 as of June 30, 2008. As of that date, our available cash and cash equivalents were not sufficient to pay our day-to-day expenditures or to effectuate our business plan. We are committed to continue to seek the necessary financing needed to continue operating through the sale of equity or debt financing, though there is no guarantee we will be able to do so.

As of June 30, 2008, we had a net working capital deficit of \$290,716.

Net cash used in operating activities was \$186,110 for the six month period ended June 30, 2008 compared to \$288,362 for the six month period ended June 30, 2007.

Due to numerous economic and competitive risks, any or all of which may have a material adverse impact upon our operations, there can be no assurance that we will be able to generate significant revenues or achieve a level of positive cash flow that would permit us to continue our current business plan. Our current plans encompass the identification and acquisition of properties exhibiting the potential for gold mining operations by others. However, as noted, we must continue to raise additional capital in order to ensure the availability of resources sufficient to fund all of our general and administrative expenses for the next twelve months.

No assurances can be given that we will be able to obtain sufficient operating capital through the sale of our common stock and borrowing or that the development and implementation of our business plan will generate sufficient revenues in the future to sustain ongoing operations. These factors raise substantial doubt with our auditor about our ability to continue as a going concern.

### **Off-Balance Sheet Arrangements**

There are no off balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors; except for our commitment to lease certain mining property that require us to make substantial lease payments in the future as disclosed in Notes to the financial statements included in our 10-KSB filed on April 14, 2008.

### **Critical Accounting Policies**

Our Management's Discussion and Analysis or Plan of Operation section discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, accrued expenses, financing operations, and contingencies and litigation. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The most significant accounting estimates inherent in the preparation of our financial statements include estimates as to the appropriate carrying value of certain assets and liabilities, which are not readily apparent from other sources, accruals for other costs, and the classification of net operating loss and tax credit carry-forwards between current and long-term assets.

**Mining Costs**

Costs incurred to purchase, lease or otherwise acquire property are capitalized when incurred. General exploration costs and costs to maintain rights and leases are expensed as incurred. Management periodically reviews the recoverability of the capitalized mineral properties and mining equipment. Management takes into consideration various information including, but not limited to, historical production records taken from previous mine operations, results of exploration activities conducted to date, estimated future prices and reports, and opinions of outside

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consultants. When it is determined that a project or property will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or property.

In December 2004, the FASB issued SFAS No. 123R, *Share-Based Payment* ( SFAS 123R ), which revises SFAS No. 123, *Accounting for Stock Based Compensation*, and supersedes APB 25. Among other items, SPAS 123R eliminates the use of APB 25 and the intrinsic value method of accounting, and requires companies to recognize in the financial statements the cost of employee services received in exchange for awards of equity instruments, based on the grant date fair value of those awards. This cost is to be recognized over the period during which an employee is required to provide service in exchange for the award (typically the vesting period). SFAS 123R also requires that benefits associated with tax deductions in excess of recognized compensation cost be reported as a financing cash inflow, rather than as an operating cash flow as required under current literature.

SFAS 123R permits companies to adopt its requirements using either a *modified prospective* method, or a *modified retrospective* method.

Under the *modified prospective* method, compensation cost is recognized in the financial statements beginning with the effective date, based on the requirements of SFAS 123R for all share-based awards granted or modified after that date, and based on the requirements of SFAS 123 for all unvested awards granted prior to the effective date of SFAS 123R. Under the *modified retrospective* method, the requirements are the same as under the *modified prospective* method, but this method also permits entities to restate financial statements of previous periods based on pro forma disclosures made in accordance with SFAS 123.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections* ( SFAS 154 ), which changes the requirements for the accounting for and reporting of a change in accounting principle. The statement requires retrospective application to prior period financial statements of changes in accounting principle, unless impracticable to do so. It also requires that a change in the depreciation, amortization, or depletion method for long-lived non-financial assets be accounted as a change in accounting estimate, effected by a change in accounting principle. Accounting for error corrections and accounting estimate changes will continue under the guidance in APB Opinion 20, *Accounting Changes*, as carried forward in this pronouncement. The statement is effective for fiscal years beginning after December 15, 2005.

In November 2005, the FASB issued FSP Nos. FAS 115-1 and 124-1. *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*. This FSP addresses the determination as to when an investment is considered impaired, whether the impairment is other-than-temporary, and the measurement of an impairment loss. The investment is impaired if the fair value is less than cost. The impairment is *other-than-temporary* for equity securities and debt securities that can contractually be prepaid or otherwise settled in such a way that the investor would not recover substantially all of its cost. If *other-than-temporary*, an impairment loss shall be recognized in earnings equal to the difference between the investment's cost and its fair value. The guidance in this FSP is effective in reporting periods beginning after December 15, 2005. Our company is reviewing FSP Nos. FAS 115-1 and 124-1, but does not expect that the adoption of this FSP will have a material effect on its consolidated financial statements.

We do not anticipate that the adoption of these standards will have a material impact on our financial statements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Not Applicable.

### **Item 4. Controls and Procedures.**

***Management's Report on Disclosure Controls and Procedures***

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the *Securities Exchange Act of 1934*, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our president, secretary and treasurer (also our principal executive officer) and our chief financial officer (also our principal financial officer and principal accounting officer) to allow for timely decisions regarding required disclosure.

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As of June 30, 2008, the end of the second quarter covered by this report, we carried out an evaluation, under the supervision and with the participation of our president, secretary and treasurer (also our principal executive officer) and our chief financial officer (also our principal financial officer and principal accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president, secretary and treasurer (also our principal executive officer) and our chief financial officer (also our principal financial officer and principal accounting officer) concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

#### ***Inherent limitations on effectiveness of controls***

Internal control over financial reporting has inherent limitations which include but is not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, segregation of management duties, scale of organization, and personnel factors. Internal control over financial reporting is a process which involves human diligence and compliance and is subject to lapses in judgement and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis, however these inherent limitations are known features of the financial reporting process and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### ***Changes in Internal Control over Financial Reporting***

There have been no significant changes in our internal controls over financial reporting that occurred during the second quarter ended June 30, 2008 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

We know of no material, active or pending legal proceedings against our company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

### **Item 1A. Risk Factors**

Much of the information included in this quarterly report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by us and our management in connection with our business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. We caution the reader that important factors in some cases have affected and, in the future, could materially

affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements .

Our common shares are considered speculative during the development of our new business operations. Prospective investors should consider carefully the risk factors set out below.

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**Risks Related to Our Business and Our Industry**

*There is no assurance that we will operate profitably or will generate positive cash flow in the future.*

We have never generated any revenues from operations. We do not presently have sufficient financial resources or any operating cash flow to undertake by ourselves all of our planned exploration and development programs. If we cannot generate positive cash flows in the future, or raise sufficient financing to continue our normal operations, then we may be forced to scale down or even close our operations. Furthermore, our ability to meet our business plan could be adversely affected.

We will depend almost exclusively on outside capital to pay for the continued exploration and development of our properties. Such outside capital may include the sale of additional stock and/or commercial borrowing. Capital may not be available to meet our continuing exploration and development costs or, if the capital is available, it may not be on terms acceptable to us. The issuance of additional equity securities by us would result in a significant dilution in the equity interests of our then-current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

If we are unable to obtain financing in the amounts and on terms deemed acceptable to us, we may be unable to continue our business, and as a result, we may be required to scale back or cease operations for our business, the result of which would be that our stockholders would lose some or all of their investment.

*We have a limited operating history, and if we are not successful in continuing to grow our business, we may have to scale back or even cease our ongoing business operations.*

Our company has a limited operating history and must be considered in the exploration stage. Our operations will be subject to all the risks inherent in the establishment of a developing enterprise and the uncertainties arising from the absence of a significant operating history. We may be unable to operate on a profitable basis. We are in the exploration stage and potential investors should be aware of the difficulties normally encountered by enterprises in the exploration stage. If our business plan is not successful, and we are not able to operate profitably, investors may lose some or all of their investment in our company.

*There are numerous exploration and development risks associated with our industry.*

There is no assurance given by us that our exploration and development programs and properties will result in the discovery, development, or production of a commercially viable ore body.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that our mineral exploration and development activities will result in any discoveries of bodies of commercial ore. The economics of developing gold and other mineral properties are affected by many factors, including capital and operating costs, variations of the grade of ore mined, fluctuating mineral markets, costs of processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract metal from ore, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that funds required for development can be obtained on a timely basis. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond our control and which cannot be accurately foreseen or predicted, such as market fluctuations, the global marketing conditions for precious and base metals, the proximity and capacity of milling facilities, mineral markets, and processing equipment, and such other factors as government regulations, including



regulations relating to royalties, allowable production, importing and exporting minerals, and environmental protection.

*The price of gold can be volatile.*

Gold prices historically have fluctuated widely and are affected by numerous factors outside of our control, including industrial and retail demand, central bank lending, sales and purchases of gold, forward sales of gold by producers and speculators, levels of gold production, short-term changes in supply and demand because of speculative hedging activities, confidence in the global monetary system, expectations of the future rate of inflation, the strength of the US dollar (the currency in which the price of gold is generally quoted), interest rates, and global or regional political or economic events.

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The potential profitability of our operations is directly related to the market price of gold. A decline in the market price of gold would materially and adversely affect our financial position. A decline in the market price of gold may also require us to write-down any mineral reserves that we might book, which would have a material and adverse effect on our earnings and financial position. Further, if the market price of gold declines, we may experience liquidity difficulties if and when we attempt to sell any gold we discover. This may reduce our ability to invest in exploration and development, which would materially and adversely affect future production, earnings, and our financial position.

***Competition in the gold mining industry is highly competitive and there is no assurance that we will be successful in acquiring leases.***

The gold mining industry is intensely competitive. We compete with numerous individuals and companies, including many major gold exploration and mining companies, that have substantially greater technical, financial, and operational resources and staffs. Accordingly, there is a high degree of competition for desirable mining leases, suitable properties for mining operations, and necessary mining equipment, as well as for access to funds. We cannot predict if the necessary funds can be raised or that any projected work will be completed. There are other competitors that have operations in the Nevada area and the presence of these competitors could adversely affect our ability to acquire additional leases.

***Government regulation and environmental regulatory requirements may impact our operations.***

Failure to comply with applicable environmental laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations, and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on us and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

To the best of our knowledge, we are operating in compliance with all applicable environmental regulations.

***Adversarial legal proceedings may adversely affect us.***

We may become party to litigation or other adversary proceedings, with or without merit, in a number of jurisdictions. The cost of defending such claims may take away from management time and effort and if determined adversely to us, may have a material and adverse effect on our cash flows, results of operation, and financial condition. As at the date of this quarterly report, we are not a party to any material litigation or other adversary proceeding.

***Our directors and/or officers may have conflicts of interest.***

There is no assurance given by us that our directors and officers will not have conflicts of interest from time to time.

Our directors and officers have entered into, and may continue to enter into, numerous mining leases and options with us, which may not have been, or may not be, at arms-length.

Furthermore, our directors and officers may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies and, to the extent that such other companies may participate in ventures in which we may participate, our directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The interests of these companies may differ from time to time. In the event that such a conflict of interest arises at a meeting of our directors, a director who has such a conflict will abstain from voting for or against any resolution involving any such conflict.

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***We may be subject to uninsured risks.***

There is no assurance given by us that we are adequately insured against all risks.

We may become subject to liability for cave-ins, pollution, or other hazards against which we cannot insure or against which we have elected not to insure because of high premium costs or other reasons. The payment of such liabilities would reduce the funds available for exploration and mining activities.

***Our Bylaws contain provisions indemnifying our officers and directors against all costs, charges, and expenses incurred by them.***

Our Bylaws contain provisions with respect to the indemnification of our officers and directors against all costs, charges, and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by him, in a civil, criminal, or administrative action or proceeding, to which he is made a party by reason of his being or having been one of our directors or officers.

***Our Bylaws do not contain anti-takeover provisions, which could result in a change of our management and directors if there is a take-over of us.***

We do not currently have a stockholder rights plan or any anti-takeover provisions in our Bylaws. Without any anti-takeover provisions, there is no deterrent for a take-over of us, which may result in a change in our management and directors.

**Risks Related to Owning Our Stock**

***A decline in the price of our common stock could affect our ability to raise further working capital and adversely impact our operations.***

A prolonged decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise capital. Because our operations have been primarily financed through the sale of convertible debt and equity securities, a decline in the price of our common stock could be especially detrimental to our liquidity and our continued operations. Any reduction in our ability to raise equity capital in the future would force us to reallocate funds from other planned uses and would have a significant negative effect on our business plans and operations, including our ability to develop new projects and continue our current operations. If our stock price declines, we may not be able to raise additional capital or generate funds from operations sufficient to meet our obligations.

***Trading of our stock may be restricted by the SEC's Penny Stock regulations, which may limit a stockholder's ability to buy and sell our stock.***

The U.S. Securities and Exchange Commission has adopted regulations which generally define penny stock to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and accredited investors. The term accredited investor refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the SEC, which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the

customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in, and limit the marketability of, our common stock.

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***FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.***

In addition to the penny stock rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives, and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

***Trading in our common shares on the OTC Bulletin Board is limited and sporadic, making it difficult for our stockholders to sell their shares or liquidate their investments.***

Our common shares are currently quoted on the OTC Bulletin Board. The trading price of our common shares has been subject to wide fluctuations. The market price of a publicly traded stock, especially a junior resource issuer like us, is affected by many variables in addition to those directly related to exploration successes or failures. Such factors include the general condition of the market for junior resource stocks, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the common shares on the OTC Bulletin Board suggests that our shares will continue to be volatile. The stock market has generally experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of companies with no current business operation. There can be no assurance that trading prices and price earnings ratios previously experienced by our common shares will be matched or maintained. These broad market and industry factors may adversely affect the market price of our common shares, regardless of our operating performance. Therefore, investors could suffer significant losses if our shares are depressed or illiquid when an investor seeks liquidity and needs to sell our shares.

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

***Because of the early stage of development and the nature of our business, our securities are considered highly speculative.***

Our securities must be considered highly speculative, generally because of the nature of our business and the early stage of its development. We are engaged in the business of mining. Our properties are in the exploration stage only and are without known gold reserves. Accordingly, we have not generated any revenues nor have we realized a profit from our operations to date and there is little likelihood that we will generate any revenues or realize any profits in the short term. Any profitability in the future from our business will be dependent upon locating and developing gold, which itself is subject to numerous risk factors as set forth herein. Since we have not generated any revenues, we will have to raise additional monies through the sale of our equity securities or debt in order to continue our business operations.

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

In the event that we are required to issue any additional shares or enter into private placements to raise financing through the sale of equity securities, investors' interests in us will be diluted and investors may suffer dilution in their net book value per share, depending on the price at which such securities are sold. If we issue any such additional

shares, such issuances also will cause a reduction in the proportionate ownership and voting power of all other stockholders. Further, any such issuance may result in a change in our control.

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***Failure to pay mandatory state fees may impact our business prospects.***

We must pay annual fees to the State of Nevada in connection with certain of our mining claims. Failure to pay those fees could result in the temporary or permanent loss of our rights to such mining claims. To the best of our knowledge, we are current on all fees owed to the State of Nevada.

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

None.

**Item 3. Defaults Upon Senior Securities.**

None.

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

None.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

*Exhibits required by Item 601 of Regulation S-B*

**Exhibit Description of Exhibit**

|         |   |
|---------|---|
| 3(i).1  | Articles of Incorporation filed with the Nevada Secretary of State on October 8, 2001 (Incorporated by reference from our Registration Statement on Form SB-2, filed on September 11, 2002, as amended (Registration No. 333-99443)). |
| 3(i).2  | Certificate of Amendment to Articles of Incorporation filed with the Nevada Secretary of State on July 7, 2004. (Incorporated by reference to Exhibit 3.1.1 of our Current Report on Form 8-K filed on July 13, 2004).                |
| 3(i).3  | Certificate of Amendment to Articles of Incorporation filed with the Nevada Secretary of State on August 25, 2004. (Incorporated by reference to Exhibit 3.1 of our Current Report on Form 8-K filed on August 31, 2004).             |
| 3(ii).1 | Bylaws (Incorporated by reference from our Registration Statement on Form SB-2, filed on September 11, 2002, as amended (Registration No. 333-99443)).  |
| 4.1     | 2005 Stock Option Plan. (Incorporated by reference to Exhibit 4.1 of our Amended Annual Report for 2005 filed on September 1, 2005).  |
| 5.1     | Form of Opinion of Bryan Cave LLP regarding the legality of common stock (to be filed by amendment).  |
| 10.1    | Plan of Reorganization and Acquisition, dated May 10, 2002 (Incorporated by reference from our Registration Statement on Form SB-2, filed on September 11, 2002, as amended (Registration No.   |



333-99443)).

10.2 Promissory note between the Company and Gattinara Holdings, Inc. (Incorporated by reference to Exhibit 10 of the Company's Quarterly Report for the second quarter of 2005 on Form 10-QSB filed on August 23, 2005.)

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- 10.3 Consulting Agreement with Carl Pescio. (Incorporated by reference to Exhibit 10.12 of our Amended Annual Report for 2004 filed on September 1, 2005).
- 10.4 Consulting Agreement with Earl Abbott. (Incorporated by reference to Exhibit 10.13 of our Amended Annual Report for 2004 filed on September 1, 2005).
- 10.5 Consulting Agreement with Stanley Keith. (Incorporated by reference to Exhibit 10.14 of our Amended Annual Report for 2004 filed on September 1, 2005).
- 10.6 Mining Lease and Option to Purchase Agreement - Goodwin Hill. (Incorporated by reference to Exhibit 10.15 of our Amended Annual Report for 2004 filed on September 1, 2005).
- 10.7 Mining Lease and Option to Purchase Agreement - NT Green. (Incorporated by reference to Exhibit 10.16 of our Amended Annual Report for 2004 filed on September 1, 2005).
- 10.8 Mining Lease and Option to Purchase Agreement - Wilson Peak. (Incorporated by reference to Exhibit 10.17 of our Amended Annual Report for 2004 filed on September 1, 2005).
- 10.9 Mining Lease and Option to Purchase Agreement - HMD. (Incorporated by reference to Exhibit 10.18 of our Amended Annual Report for 2004 filed on September 1, 2005).
- 10.10 Letter Agreement with Carl Pescio dated November 10, 2005. (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on November 14, 2005).
- 10.11 Promissory note issued to Green Shoe Investment, Inc. (Incorporated by reference to our Quarterly Report for the third quarter of 2005 filed on November 17, 2005).
- 10.12 Form of Subscription Agreement. (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on July 24, 2006).
- 10.13 Form of Common Stock Purchase Warrant. (Incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed on July 24, 2006).
- 10.14 Form of Registration Rights Agreement. (Incorporated by reference to Exhibit 10.3 of our Current Report on Form 8-K filed on July 24, 2006).
- 10.15 Form of Special Warrant. (Incorporated by reference to Exhibit 10.4 of our Current Report on Form 8-K filed on July 24, 2006).
- 10.16 Exploration License and Option to Lease Agreement, effective as of October 1, 2005, including, as Exhibit B thereto, Mining Lease and Option to Purchase Agreement, entered on or about April 1, 2006. (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on August 7, 2006).
- 10.17 Option and Joint Venture Agreement, made as of May 1, 2006. (Incorporated by reference to Exhibit 10.2 of our Current Report on Form 8-K filed on August 7, 2006).
- 10.18 Form of Letter Agreement between the registrant and Golden Cycle Gold Corporation, entered on or about August 23, 2006. (Incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on August 29, 2006).

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- 10.19 Joint Venture Agreement between the registrant and Allied Nevada Gold Corp. made as of September 24, 2007 (Incorporated by reference to Exhibit 10.19 of our Quarterly Report on Form 10- QSB filed on November 19, 2007).
- 17.1 Letter of resignation of Earl Abbott as Chief Financial Officer. (Incorporated by reference to our Current Report on Form 8-K filed on March 30, 2006).
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31.1\* Certification of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2\* Certification of Principal Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1\* Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2\* Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**TORNADO GOLD INTERNATIONAL CORPORATION**

By: /s/ Earl W. Abbott

Earl W. Abbott

CEO, President, Secretary, Treasurer

(Principal Executive Officer)

Date: August 18, 2008

By: /s/ George Drazenovic

George Drazenovic

Chief Financial Officer

(Principal Financial Officer and Principal Accounting Officer)

Date: August 18, 2008

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