CONNECTICUT LIGHT & POWER CO
Form 10-K
February 25, 2014

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X]	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	For the Fiscal Year Ended December 31, 2013
	OR
[ ]	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ____________

Commission File Number	**Registrant; State of Incorporation; Address; and Telephone Number**	**I.R.S. Employer Identification No.**
1-5324	**NORTHEAST UTILITIES** (a Massachusetts voluntary association) One Federal Street Building 111-4 Springfield, Massachusetts 01105 Telephone: (413) 785-5871	04-2147929
0-00404	**THE CONNECTICUT LIGHT AND POWER COMPANY** (a Connecticut corporation) 107 Selden Street Berlin, Connecticut 06037-1616 Telephone: (860) 665-5000	06-0303850
1-02301		04-1278810

	NSTAR ELECTRIC COMPANY (a Massachusetts corporation) 800 Boylston Street Boston, Massachusetts 02199 Telephone: (617) 424-2000	
1-6392	**PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE** (a New Hampshire corporation) Energy Park 780 North Commercial Street Manchester, New Hampshire 03101-1134 Telephone: (603) 669-4000	02-0181050
0-7624	**WESTERN MASSACHUSETTS ELECTRIC COMPANY** (a Massachusetts corporation) One Federal Street Building 111-4 Springfield, Massachusetts 01105 Telephone: (413) 785-5871	04-1961130

Securities registered pursuant to Section 12(b) of the Act:

Registrant	Title of Each Class	Name of Each Exchange on Which Registered
Northeast Utilities	Common Shares, $5.00 par value	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:

Registrant	Title of Each Class
The Connecticut Light and Power Company	Preferred Stock, par value $50.00 per share, issuable in series, of which the following series are outstanding:

$1.90	Series	of 1947
$2.00	Series	of 1947
$2.04	Series	of 1949
$2.20	Series	of 1949
3.90%	Series	of 1949
$2.06	Series E	of 1954
$2.09	Series F	of 1955
4.50%	Series	of 1956
4.96%	Series	of 1958
4.50%	Series	of 1963
5.28%	Series	of 1967
$3.24	Series G	of 1968
6.56%	Series	of 1968

NSTAR Electric Company	Preferred Stock, par value $100.00 per share, issuable in series, of which the following series are outstanding:

4.25%	Series
4.78%	Series

NSTAR Electric Company, Public Service Company of New Hampshire and Western Massachusetts Electric Company each meet the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and each is therefore filing this Form 10-K with the reduced disclosure format specified in General Instruction I(2) to Form 10-K.

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Yes	No
ü	

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

Yes	No
	ü

Indicate by check mark whether the registrants (1) have 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 registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes	No
ü	

Indicate by check mark whether the registrants have submitted electronically and posted on its corporate Web sites, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes	No
ü	

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

	Large Accelerated Filer	**Accelerated Filer**	**Non-accelerated Filer**
Northeast Utilities	ü		
The Connecticut Light and Power Company			ü
NSTAR Electric Company			ü
Public Service Company of New Hampshire			ü
Western Massachusetts Electric Company			ü

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act):

	Yes	**No**
Northeast Utilities		ü
The Connecticut Light and Power Company		ü
NSTAR Electric Company		ü
Public Service Company of New Hampshire		ü
Western Massachusetts Electric Company		ü

The aggregate market value of Northeast Utilities Common Shares, $5.00 par value, held by non-affiliates, computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of Northeast Utilities most recently completed second fiscal quarter (June 30, 2013) was $13,224,337,788 based on a closing sales price of $42.02 per share for the 314,715,321 common shares outstanding on June 30, 2013.

Northeast Utilities, directly or indirectly, holds all of the 6,035,205 shares, 100 shares, 301 shares, and 434,653 shares of the outstanding common stock of The Connecticut Light and Power Company, NSTAR Electric Company, Public Service Company of New Hampshire and Western Massachusetts Electric Company, respectively.

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date:

Company - Class of Stock	Outstanding as of January 31, 2013
	315,434,940 shares

Northeast Utilities Common shares, $5.00 par value	
The Connecticut Light and Power Company Common stock, $10.00 par value	6,035,205 shares
NSTAR Electric Company	
Common Stock, $1.00 par value	100 shares
Public Service Company of New Hampshire Common stock, $1.00 par value	301 shares
Western Massachusetts Electric Company Common stock, $25.00 par value	434,653 shares

GLOSSARY OF TERMS

The following is a glossary of abbreviations or acronyms that are found in this report:

CURRENT OR FORMER NU COMPANIES, SEGMENTS OR INVESTMENTS:

CL&P	The Connecticut Light and Power Company
CYAPC	Connecticut Yankee Atomic Power Company
Hopkinton	Hopkinton LNG Corp., a wholly owned subsidiary of Yankee Energy System, Inc.
HWP	HWP Company, formerly the Holyoke Water Power Company
MYAPC	Maine Yankee Atomic Power Company
NGS	Northeast Generation Services Company
NPT	Northern Pass Transmission LLC
NSTAR	Parent Company of NSTAR Electric, NSTAR Gas and other subsidiaries (prior to the merger with NU)
NSTAR Electric	NSTAR Electric Company
NSTAR Gas	NSTAR Gas Company
NU Enterprises	NU Enterprises, Inc., the parent company of NGS, Select Energy, Select Energy Contracting, Inc., E.S. Boulos Company and NSTAR Communications, Inc.
NU or the Company	Northeast Utilities and subsidiaries
NU parent and other companies	NU parent and other companies is comprised of NU parent, NUSCO and other subsidiaries, which primarily include NU Enterprises, HWP, RRR (a real estate subsidiary), the non-energy-related subsidiaries of Yankee (Yankee Energy Services Company and Yankee Energy Financial Services Company), and the consolidated operations of CYAPC and YAEC
NUSCO	Northeast Utilities Service Company
NUTV	NU Transmission Ventures, Inc., the parent company of NPT and Renewable Properties, Inc.
PSNH	Public Service Company of New Hampshire
Regulated companies	NU's Regulated companies, comprised of the electric distribution and transmission businesses of CL&P, NSTAR Electric, PSNH, and WMECO, the natural gas distribution businesses of Yankee Gas and NSTAR Gas, the generation activities of PSNH and WMECO, and NPT
RRR	The Rocky River Realty Company
Select Energy	Select Energy, Inc.
WMECO	Western Massachusetts Electric Company
YAEC	Yankee Atomic Electric Company
Yankee	Yankee Energy System, Inc.
Yankee Companies	CYAPC, YAEC and MYAPC
Yankee Gas	Yankee Gas Services Company
REGULATORS:	
DEEP	Connecticut Department of Energy and Environmental Protection
DOE	U.S. Department of Energy
DOER	Massachusetts Department of Energy Resources
DPU	Massachusetts Department of Public Utilities

EPA	U.S. Environmental Protection Agency
FERC	Federal Energy Regulatory Commission
ISO-NE	ISO New England, Inc., the New England Independent System Operator
MA DEP	Massachusetts Department of Environmental Protection
NHPUC	New Hampshire Public Utilities Commission
PURA	Connecticut Public Utilities Regulatory Authority
SEC	U.S. Securities and Exchange Commission
SJC	Supreme Judicial Court of Massachusetts
OTHER:	
AFUDC	Allowance For Funds Used During Construction
AOCI	Accumulated Other Comprehensive Income/(Loss)
ARO	Asset Retirement Obligation
C&LM	Conservation and Load Management
CfD	Contract for Differences
Clean Air Project	The construction of a wet flue gas desulphurization system, known as "scrubber technology," to reduce mercury emissions of the Merrimack coal-fired generation station in Bow, New Hampshire
CO_2	Carbon dioxide
CPSL	Capital Projects Scheduling List
CTA	Competitive Transition Assessment
CWIP	Construction work in progress
EPS	Earnings Per Share
ERISA	Employee Retirement Income Security Act of 1974
ES	Default Energy Service
ESOP	Employee Stock Ownership Plan
ESPP	Employee Share Purchase Plan
FERC ALJ	FERC Administrative Law Judge
Fitch	Fitch Ratings
FMCC	Federally Mandated Congestion Charge
FTR	Financial Transmission Rights
GAAP	Accounting principles generally accepted in the United States of America
GSC	Generation Service Charge
GSRP	Greater Springfield Reliability Project
GWh	Gigawatt-Hours
HG&E	Holyoke Gas and Electric, a municipal department of the City of Holyoke, MA
HQ	Hydro-Québec, a corporation wholly owned by the Québec government, including its divisions that produce, transmit and distribute electricity in Québec, Canada
HVDC	High voltage direct current
Hydro Renewable Energy	Hydro Renewable Energy, Inc., a wholly owned subsidiary of Hydro-Québec
IPP	Independent Power Producers
ISO-NE Tariff	ISO-NE FERC Transmission, Markets and Services Tariff
kV	Kilovolt
kW	Kilowatt (equal to one thousand watts)
kWh	Kilowatt-Hours (the basic unit of electricity energy equal to one kilowatt of power supplied for one hour)
LNG	Liquefied natural gas

LOC	Letter of Credit
LRS	Supplier of last resort service
MGP	Manufactured Gas Plant
Millstone	Millstone Nuclear Generating station, made up of Millstone 1, Millstone 2, and Millstone 3. All three units were sold in March 2001.
MMBtu	One million British thermal units
Moody's	Moody's Investors Services, Inc.
MW	Megawatt
MWh	Megawatt-Hours
NEEWS	New England East-West Solution
Northern Pass	The high voltage direct current transmission line project from Canada into New Hampshire
NO_x	Nitrogen oxide
NU supplemental benefit trust	The NU Trust Under Supplemental Executive Retirement Plan
NU 2012 Form 10-K	The Northeast Utilities and Subsidiaries 2012 combined Annual Report on Form 10-K as filed with the SEC
PAM	Pension and PBOP Rate Adjustment Mechanism
PBOP	Postretirement Benefits Other Than Pension
PBOP Plan	Postretirement Benefits Other Than Pension Plan that provides certain retiree health care benefits, primarily medical and dental, and life insurance benefits
PCRBs	Pollution Control Revenue Bonds
Pension Plan	Single uniform noncontributory defined benefit retirement plan
PPA	Pension Protection Act
RECs	Renewable Energy Certificates
Regulatory ROE	The average cost of capital method for calculating the return on equity related to the distribution and generation business segment excluding the wholesale transmission segment
ROE	Return on Equity
RRB	Rate Reduction Bond or Rate Reduction Certificate
RSUs	Restricted share units
S&P	Standard & Poor's Financial Services LLC
SBC	Systems Benefits Charge
SCRC	Stranded Cost Recovery Charge
SERP	Supplemental Executive Retirement Plan
Settlement Agreements	The comprehensive settlement agreements reached by NU and NSTAR with the Massachusetts Attorney General and the DOER on February 15, 2012 related to the merger of NU and NSTAR (Massachusetts settlement agreements) and the comprehensive settlement agreement reached by NU and NSTAR with both the Connecticut Attorney General and the Connecticut Office of Consumer Counsel on March 13, 2012 related to the merger of NU and NSTAR (Connecticut settlement agreement).
SIP	Simplified Incentive Plan
SO_2	Sulfur dioxide
SS	Standard service
TCAM	Transmission Cost Adjustment Mechanism
TSA	Transmission Service Agreement
UI	The United Illuminating Company

NORTHEAST UTILITIES AND SUBSIDIARIES
THE CONNECTICUT LIGHT AND POWER COMPANY
NSTAR ELECTRIC COMPANY AND SUBSIDIARY
PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY
WESTERN MASSACHUSETTS ELECTRIC COMPANY

2013 FORM 10-K ANNUAL REPORT

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WESTERN MASSACHUSETTS ELECTRIC COMPANY

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

References in this Annual Report on Form 10-K to "NU," "we," "our," and "us" refer to Northeast Utilities and its consolidated subsidiaries, including NSTAR and its subsidiaries for periods after April 10, 2012.

From time to time we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, assumptions of future events, future financial performance or growth and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify our forward-looking statements through the use of words or phrases such as "estimate," "expect," "anticipate," "intend," "plan," "project," "believe," "forecast," "should," "could," and other similar expressions. Forward-looking statements are based on the current expectations, estimates, assumptions or projections of management and are not guarantees of future performance. These expectations, estimates, assumptions or projections may vary materially from actual results. Accordingly, any such statements are qualified in their entirety by reference to, and are accompanied by, the following important factors that could cause our actual results to differ materially from those contained in our forward-looking statements, including, but not limited to:

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cyber breaches, acts of war or terrorism, or grid disturbances,

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the possibility that expected merger synergies will not be realized or will not be realized within the expected time period,

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actions or inaction of local, state and federal regulatory and taxing bodies,

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changes in business and economic conditions, including their impact on interest rates, bad debt expense, and demand for our products and services,

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fluctuations in weather patterns,

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changes in laws, regulations or regulatory policy,

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changes in levels or timing of capital expenditures,

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disruptions in the capital markets or other events that make our access to necessary capital more difficult or costly,

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developments in legal or public policy doctrines,

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technological developments,

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changes in accounting standards and financial reporting regulations,

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actions of rating agencies, and

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other presently unknown or unforeseen factors.

Other risk factors are detailed in our reports filed with the SEC and updated as necessary, and we encourage you to consult such disclosures.

All such factors are difficult to predict, contain uncertainties that may materially affect our actual results and are beyond our control. You should not place undue reliance on the forward-looking statements, each speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for us to predict all of such factors, nor can we assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. For more information, see Item 1A*, Risk Factors,* included in this combined Annual Report on Form 10-K. This Annual Report on Form 10-K also describes material contingencies and critical accounting policies in the accompanying *Management s Discussion and Analysis* and *Combined Notes to Consolidated Financial Statements*. We encourage you to review these items.

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NORTHEAST UTILITIES AND SUBSIDIARIES

THE CONNECTICUT LIGHT AND POWER COMPANY

NSTAR ELECTRIC COMPANY AND SUBSIDIARY

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE AND SUBSIDIARY

WESTERN MASSACHUSETTS ELECTRIC COMPANY

PART I

Item 1.

Business

Please refer to the Glossary of Terms for definitions of defined terms and abbreviations used in this Annual Report on Form 10-K.

NU, headquartered in Boston, Massachusetts and Hartford, Connecticut, is a public utility holding company subject to regulation by FERC under the Public Utility Holding Company Act of 2005. We are engaged primarily in the energy delivery business through the following wholly owned utility subsidiaries:

The Connecticut Light and Power Company (CL&P), a regulated electric utility that serves residential, commercial and industrial customers in parts of Connecticut;

NSTAR Electric Company (NSTAR Electric), a regulated electric utility that serves residential, commercial and industrial customers in parts of Massachusetts;

Public Service Company of New Hampshire (PSNH), a regulated electric utility that serves residential, commercial and industrial customers in parts of New Hampshire and owns generation assets used to serve customers;

Western Massachusetts Electric Company (WMECO), a regulated electric utility that serves residential, commercial and industrial customers in parts of western Massachusetts and owns solar generating assets;

NSTAR Gas Company (NSTAR Gas), a regulated natural gas utility that serves residential, commercial and industrial customers in parts of Massachusetts; and

Yankee Gas Services Company (Yankee Gas), a regulated natural gas utility that serves residential, commercial and industrial customers in parts of Connecticut.

NU also owns certain unregulated businesses through its wholly owned subsidiary, NU Enterprises, which is included in its Parent and other companies results of operations.

NU, CL&P, NSTAR Electric, PSNH and WMECO each report their financial results separately. We also include information in this report on a segment basis for NU. NU recognizes three reportable segments, which are electric distribution, electric transmission and natural gas distribution. NU s electric distribution segment includes the generation businesses of PSNH and WMECO. These three segments represented substantially all of NU's total consolidated revenues for the years ended December 31, 2013 and 2012. CL&P, NSTAR Electric, PSNH and WMECO do not report separate business segments.

MERGER WITH NSTAR

On April 10, 2012, NU completed its merger with NSTAR (Merger). Pursuant to the terms and conditions of the Agreement and Plan of Merger, as amended, NSTAR and its subsidiaries became wholly-owned subsidiaries of NU. NU s consolidated financial statements include the results of operations of NSTAR and its subsidiaries (NSTAR) for the period after April 10, 2012.

ELECTRIC DISTRIBUTION SEGMENT

General

NU s electric distribution segment consists of the distribution businesses of CL&P, NSTAR Electric, PSNH and WMECO, which are engaged in the distribution of electricity to retail customers in Connecticut, eastern Massachusetts, New Hampshire and western Massachusetts, respectively, plus the regulated electric generation businesses of PSNH and WMECO.

The following table shows the sources of 2013 electric franchise retail revenues for NU s electric distribution companies, collectively, based on categories of customers:

(Thousands of Dollars, except percentages)		**2013**	**% of Total**
Residential	$	3,073,181	52
Commercial[1]		2,387,535	31
Industrial		339,917	16
Other and Eliminations		56,547	1
Total Retail Electric Revenues	$	5,857,180	100%

(1) Commercial retail electric revenue includes Streetlighting and Railroad retail revenue.

A summary of our distribution companies retail electric GWh sales and percentage changes for 2013, as compared to 2012, is as follows:

	2013	**2012[1]**	**Percentage Change**
Residential	21,896	21,374	2.4 %
Commercial [2]	27,787	27,647	0.5 %
Industrial	5,648	5,787	(2.4)%
Total	55,331	54,808	1.0 %

(1)

Results include retail electric sales of NSTAR Electric for all of 2012 for comparative purposes only.

(2)

Commercial retail electric GWh sales include Streetlighting and Railroad retail sales.

Our 2013 consolidated retail electric sales were higher, as compared to 2012, due primarily to colder weather in the first and fourth quarters of 2013. The 2013 retail electric sales for CL&P, NSTAR Electric and PSNH increased while they remained unchanged for WMECO, as compared to 2012, due primarily to colder weather in the first and fourth quarters of 2013. In 2013, heating degree days were 17 percent higher in Connecticut and western Massachusetts, 16 percent higher in the Boston metropolitan area, and 15 percent higher in New Hampshire, and cooling degree days were 7 percent lower in Connecticut and western Massachusetts, 2 percent higher in the Boston metropolitan area, and 9 percent lower in New Hampshire, as compared to 2012. On a weather-normalized basis (based on 30-year average temperatures), 2013 retail electric sales for CL&P and PSNH increased, while they decreased for NSTAR Electric and WMECO, as compared to 2012. The 2013 weather-normalized NU consolidated total retail electric sales remained relatively unchanged, as compared to 2012.

For WMECO, fluctuations in retail electric sales do not impact earnings due to the DPU-approved revenue decoupling mechanism. Under this decoupling mechanism, WMECO has an overall fixed annual level of distribution delivery service revenues of $132.4 million, comprised of customer base rate revenues of $125.4 million and a baseline low income discount recovery of $7 million. These two mechanisms effectively break the relationship between sales volume and revenues recognized.

ELECTRIC DISTRIBUTION   CONNECTICUT

THE CONNECTICUT LIGHT AND POWER COMPANY

CL&P s distribution business consists primarily of the purchase, delivery and sale of electricity to its residential, commercial and industrial customers. As of December 31, 2013, CL&P furnished retail franchise electric service to approximately 1.2 million customers in 149 cities and towns in Connecticut, covering an area of 4,400 square miles. CL&P does not own any electric generation facilities.

The following table shows the sources of CL&P s 2013 electric franchise retail revenues based on categories of customers:

		CL&P	
(Thousands of Dollars, except percentages)		**2013**	**% of Total**
Residential	$	1,294,160	58
Commercial(1)		780,585	35

374,215

99,290

Operating Loss

(374,215
)

(99,290
)

Other Income (Expense)

Interest

82,395

-

Foreign exchange gain

2,000

-

Loss on disposition of mineral rights (note 5)

(2,187,254

)

-

Total Other Income (Expense)

(2,102,859

)

-

Total Loss Before Income Taxes

(2,477,074

)

(99,290

)

Deferred income taxes - expense (note 10)

(22,154

)

-

Net Loss

(2,499,228

)

(99,290

)

Foreign exchange adjustment

121,653

-

Comprehensive Loss		
$	(2,377,575	)
$	(99,290	)
Net Loss per Share		
Basic and Diluted		
$	(0.04	)
$	(0.00	)
Basic and Diluted Weighted Average Number of Common Shares Outstanding During the Period		
	56,219,311	
	76,756,552	

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

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STARGOLD MINES, INC. AND SUBSIDIARY
(FORMERLY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)
Condensed Consolidated Statements of Operation and Comprehensive Loss (cont'd)
Three Months and Six Months Ended June 30, 2008 and 2007, and the Period from Date of Inception (May 21, 2003) through June 30, 2008
Unaudited

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Period from Date of Inception (May 21, 2003) through June 30, 2008
Revenue	**$ -**	$ -	$ 68,739
Cost of Sales	**-**	-	60,508
Gross Profit	**-**	-	8,231
Expenses			
Professional fees	**245,880**	48,403	630,859
Salary and benefits	**143,462**	40,000	223,462
Bad debt	**84,000**	-	110,915
Office and general	**56,669**	14,149	144,304
Consulting fees	**7,000**	20,000	27,000
Total Expenses	**537,011**	122,552	1,136,540
Operating Loss	**(537,011)**	(122,552)	(1,128,309)
Other Income (Expense)			
Interest	**(10,625)**	-	(10,625)
Foreign exchange gain	**2,000**	-	2,000
Loss on disposition of mineral rights (note 5)	**(2,187,254)**	-	(2,187,254)
Debt forgiveness	**-**	-	5,900
Total Other Income (Expense)	**(2,195,879)**	-	(2,189,979)
Total Loss Before Income Taxes	**(2,732,890)**	-	(3,318,288)
Deferred income taxes - expense (note 10)	**-**	-	-
Net Loss	**(2,732,890)**	(122,552)	(3,318,288)
Foreign exchange adjustment	**111,499**	-	111,499

Comprehensive Loss	**$**	**(2,621,391)**	$	(122,552)	$	(3,206,789)
Net Loss per Share						
Basic and Diluted	**$**	**(0.05)**	$	(0.00)		
Basic and Diluted Weighted Average Number of Common Shares Outstanding During the Period		**49,838,096**		78,920,354		

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

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STARGOLD MINES, INC. AND SUBSIDIARY
(FORMERLY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)
Condensed Consolidated Statements of Cash Flows
Six Months Ended June 30, 2008 and 2007, and the Period from
Date of Inception (May 21, 2003) through June 30, 2008
Unaudited

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Period from Date of Inception (May 21, 2003) through June 30, 2008
Cash Flows from Operating Activities			
Net loss	**$ (2,732,890)**	$ (122,552)	$ (3,318,288)
Adjustments to reconcile non-cash item:			
Issuance of common stock for services	**-**	-	2,500
Bad debt	**84,000**	-	84,000
Loss on disposition of mineral rights	**2,187,254**	-	2,187,254
Changes in working capital:			
Prepaid and deposits	**23,744**	(70,437)	(7,485)
Accounts payable	**213,337**	(682)	293,963
Accrued liabilities	**18,606**	-	65,675
Net Cash Used in Operating Activities	**(205,949)**	(193,671)	(692,381)
Cash Flows from Investing Activities			
Loans receivable	**(20,300)**	(100,000)	(1,239,300)
Net Cash Used in Investing Activities	**(20,300)**	(100,000)	(1,239,300)
Cash Flows from Financing Activities			
Issuance of common stock and warrants for cash	**-**	510,820	1,553,320
Advance from related party	**-**	(240)	-
Loans payable	**239,953**	35,000	394,995
Net Cash Provided by Financing Activities	**239,953**	545,580	1,948,315
Net Increase in Cash	**13,704**	251,909	16,634
Cash - Beginning of Period	**2,930**	7,879	-
Cash - End of Period	**$ 16,634**	$ 259,788	$ 16,634
Supplemental Disclosure of Cash Flow Informations (note 11)			

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

STARGOLD MINES, INC. AND SUBSIDIARY
(FORMELY SOCKEYE SEAFOOD GROUP INC.)
(A DEVELOPMENT STAGE COMPANY)
Notes to Condensed Consolidated Financial Statements
Six Months Ended June 30, 2008 and 2007
Unaudited

1. Description of Business and Going Concern

a) Description of Business

Stargold Mines, Inc., formerly Sockeye Seafood Group Inc., (Sockeye Seafood Group Inc. merged with its wholly-owned subsidiary Stargold Mines, Inc. on November 23, 2006 and changed its name to Stargold Mines, Inc.) was incorporated under the laws of the State of Nevada on May 21, 2003. Stargold Mines, Inc. was formed to engage in the business of procuring and marketing seafood products direct from Pacific Northwest First Nations organizations to North American and international wholesalers, distributors, and retailers.

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

On March 18, 2008, Stargold Mines, Inc. was advised that, according to the laws of the Russian Federation, all requirements had been met for the acquisition of UniverCompany and as such was completed. As a result of the acquisition, UniverCompany has become a wholly-owned subsidiary of Stargold Mines, Inc. UniverCompany holds licenses to develop and extract natural resources of gold, copper, tin and lead located in the Siberian and Far Eastern Federal Districts of Russia

Stargold Mines, Inc. and Subsidiary's (the "Company") operations have been limited to general administrative operations, purchasing a limited amount of sample inventory, minimal sales and establishing its website. The Company is considered a development stage company in accordance with Statement of Financial Accounting Standards ("SFAS") No. 7 "Accounting and Reporting by Development Stage Enterprises". The Company is currently working on acquiring licenses to develop and extract natural resources in the Siberian and Far Eastern Districts of Russia.

b) Going Concern

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America with the assumption that the Company will be able to realize its assets and liabilities in the normal course of business. The Company has experienced recurring losses since inception and has negative cash flows from operations that raise substantial doubt as to its ability to continue as a going concern. For the six months ended June 30, 2008 and 2007, the Company experienced net losses of $2,732,890 and $122,552, respectively, and has a deficit accumulated during the development stage of $3,318,288 at June 30, 2008.

STARGOLD MINES, INC. AND SUBSIDIARY
(FORMELY SOCKEYE SEAFOOD GROUP INC.)
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1. Description of Business and Going Concern (cont'd)

b) Going Concern (cont'd)

The Company's ability to continue as a going concern is contingent upon its ability to secure additional financing and attaining profitable operations.

Management is pursuing various sources of equity financing. Although the Company plans to pursue additional financing, there can be no assurance that the Company will be able to secure financing when needed or obtain such on terms satisfactory to the Company, if at all.

The accompanying unaudited condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the inability of the Company to continue as a going concern.

2. Summary of Significant Accounting Policies

a) Basis of Presentation

The unaudited condensed consolidated financial statements presented herein have been prepared by the Company in accordance with U.S. generally accepted accounting principles for interim financial statements and in accordance with the instructions to Form 10-Q. Accordingly, they do not include all information and notes required by U.S. generally accepted accounting principles for complete financial statements. The unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments and accruals which, in the opinion of management, are considered necessary for a fair presentation of the Company's consolidated financial position, results of operations and cash flows for the interim periods presented.

Results of operations for the interim periods are not necessarily indicative of results of operations for future interim periods or for the full fiscal year ending December 31, 2008. The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Company for the fiscal year ended December 31, 2007.

b) Principles of Consolidation

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, UniverCompany. All significant inter-company balances and transactions have been eliminated on consolidation.

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2. Summary of Significant Accounting Policies (cont'd)

c) Mineral Rights

The Company records its interest in mineral rights at cost. Accordingly, all costs associated with acquisition, exploration and development of mineral reserves, including directly related overhead costs, are capitalized and are subject to ceiling tests to ensure the carrying value does not exceed fair value.

All capitalized costs of mineral properties subject to amortization and the estimated future costs to develop proven reserves are amortized using the unit-of-production method using estimates of proven reserves. Investments in unproved properties and major exploration and development projects are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, the capitalized cost of the property will be added to the costs to be amortized. The Company presently has no proven reserves. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses if the carrying values can be recovered. If the carrying values exceed estimated recoverable values, then the costs are written-down to fair value with the write-down expensed in the period.

d) Foreign Currency Translation

The Company accounts for foreign currency translation pursuant to SFAS No. 52, "Foreign Currency Translation". The Company's functional currency is United States dollars ("USD"). The currency used in foreign operations is the Russian ruble. All assets and liabilities are translated into United States dollars using the current exchange rate at period end. Revenues and expenses are translated using the average exchange rate prevailing throughout the period. Translation adjustments are included in comprehensive income for the period.

e) Environmental Liabilities

Liabilities for environmental remediation are recorded when it is probable that obligations have been incurred and the amounts can be reasonably estimated.

f) Pension and Post-employment Benefits

The Company's mandatory contributions to the governmental pension plan are expensed when incurred. Discretionary pensions and other post-employment benefits are not material.

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2. Summary of Significant Accounting Policies (cont'd)

g) Recent Accounting Pronouncements

In April 2008, Financial Accounting Standards Board ("FASB") issued FASB Staff Position ("FSP") on SFAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP SFAS 142-3"). FSP SFAS 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 SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). The intent of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under FASB Statement No. 141 (revised 2007), "Business Combinations", and other U.S. generally accepted accounting principles ("GAAP"). FSP SFAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. The requirement for determining useful lives must be applied prospectively to intangible assets acquired after the effective date and the disclosure requirements must be applied prospectively to all intangible assets recognized as of, and subsequent to, the effective date. Early adoption is prohibited. The Company is currently reviewing the effect, if any, the proposed guidance will have on its consolidated financial statements.

In May 2008, FASB issued FSP Accounting Principles Board ("APB") 14-1 "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"). FSP APB 14-1 clarifies that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) are not addressed by paragraph 12 of APB Opinion No. 14, "Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants." Additionally, FSP APB 14-1 specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. FSP APB 14-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is not permitted. The Company is currently reviewing the effect, if any, the proposed guidance will have on its consolidated financial statements.

In May 2008, FASB issued SFAS 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 used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles ("GAAP") in the United States (the GAAP hierarchy). SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles". The Company is currently reviewing the effect, if any, the proposed guidance will have on its consolidated financial statements.

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2. Summary of Significant Accounting Policies (cont'd)

g) Recent Accounting Pronouncements (cont'd)

In April 2008, Financial Accounting Standards

In June 2008, FASB issued FSP EITF Issue 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 computing earnings per share under the two-class method described in paragraphs 60 and 61 of SFAS No. 128, "Earnings per Share". FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those years. The Company is currently reviewing the effect, if any, the proposed guidance will have on its consolidated financial statements.

3. Financial Instruments

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of the financial instruments approximates their carrying values, unless otherwise noted.

Currency Risk

While the reporting currency is the USD, approximately 8% of the Company's consolidated costs and expenses for the period ended June 30, 2008 (June 30, 2007 - 0%) are denominated in Russian ruble. As of June 30, 2008, approximately 98% of the Company's assets and 43% of the Company's liabilities are denominated in Russian ruble. The Company is exposed to foreign exchange risk as the result of operations and may be affected by fluctuations in the exchange rate between the USD and Russian ruble.

The Company has not entered into any hedging transactions in an effort to reduce the exposure to currency risk.

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4. Fair Value Measurements

Effective January 1, 2008, the Company adopted SFAS 157, except as it applies to the nonfinancial assets and nonfinancial liabilities subject to FSP SFAS 157-2. SFAS 157 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, SFAS 157 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 - Unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Cash (level 1), and accounts and other receivable, loans receivable, accounts payable and accrued liabilities, loans payable and advances from related party (level 2) are reflected in the condensed consolidated balance sheet at carrying value, which approximates fair value due to the short-term nature of these instruments.

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5. Loss on Disposition of Mineral Rights

Pursuant to a Purchase and Sale Agreement No. Yuv/ZGP, dated November 5, 2006, as amended on December 1, 2006 (collectively “the Nerchinskiye Agreement”), the Company obtained the rights to extract metals from two consignments of tailings, aggregating 254,906 tons, from the Nerchinskiye Rudniki mining dump (the “Nerchinkiye Dump”) from Mining Corporation Zabaikalgeoprom Limited Liability Company, a Russian entity (the “Seller”).

The Nerchinkiye Agreement provided that 133,271 tons of tailings from the Nerchinkiye Dump were to be delivered on or before December 31, 2006 (the “First Consignment”). In exchange, the Company would pay the Seller two payments of $426,000 (10,000,000 rubles), the first on or before December 31, 2007, that has not been paid to date, and the second on December 31, 2008. The balance of $28,658,332 (672,729,331 rubles) for the First Consignment would be paid in equal monthly installments between 2009 and 2012. The above referenced payments commence, if, and when, minerals are successfully extracted. If the Company is unable to implement, develop, or acquire an extraction method and begin extracting metals from the Nerchinkiye Dump, it is entitled to cancel the Nerchinkiye Agreement. Although the Company was deemed to be the owner of the Nerchinkiye Dump, if UniverCompany begins extraction of the Nerchinkiye Dump and does not make the payments described above, the Seller may terminate the Nerchinkiye Agreement and claim the property back from the Company.

The Nerchinkiye Agreement provided for the transfer of the balance of an additional 121,635 tons of tailings (the “Second Consignment”). The Second Consignment is to be delivered to the Company, provided the Company requests this consignment by December 30, 2008, however, the Company is under no obligation to do so. If the Company requests the Second Consignment, $26,934,731 (632,270,669 rubles) must be paid in equal monthly installments between 2009 and 2012.

Pursuant to an agreement dated June 2, 2008, between the Company and the Seller, the Company returned to the Seller the Nerchinkiye Dump due to the absence of financial resources and technological facilities to extract precious and rare-earth metals from this property. As a result, the Company realized a loss on disposition of the mineral rights in the amount of $2,187,254 for the six months ended June 30, 2008 (six months ended June 30, 2007 - $nil) .

6. Deposit

Pursuant to the purchase agreement between the Company and Solvay Industries, Solvay Industries paid the Company $55,000 for the transfer of 50% ownership of Priisk Zhaima to Solvay Industries when the Company acquires Priisk Zhaima. As of June 30, 2008, the Company has not acquired any shares of Priisk Zhaima and is obligated to return the amount advanced by Solvay Industries if the acquisition does not take place.

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7. Loans Payable

The loan payable to Bluewater Partners, in the amount of $324,994, bears interest at the Federal Reserve's prime plus 1% per annum, is unsecured and has no specified terms of repayment.

The loan payable to Quesir Group, in the amount of $69,000, bears interest at the Federal Reserve's prime plus 1% per annum, is unsecured and has no specified terms of repayment.

The loan payable to Almazineteh - Consulting Limited Liability Company, in the amount of $8,000, bears interest at the 11% per annum, is unsecured and was due on April 5, 2007. Pursuant to an oral amended agreement, the loan is due on July 1, 2008.

8. Advances from Related Party

These advances from a director, bear interest at 15% per annum, are unsecured, and are due on July 1, 2008.

9. Capital Stock

In March 2008, the Company issued 15,000,000 shares valued at $1,650,000 for the acquisition of all of the issued and outstanding shares of UniverCompany pursuant to the terms of a purchase agreement between the Company and the shareholder of UniverCompany, dated November 30, 2006 and amended in May 2007, as described in note 1(a).

10. Income Taxes

The Company accounts for income taxes pursuant to SFAS No. 109. This standard prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates. The effects of future changes in tax laws or rates are not anticipated.

Under SFAS No. 109 income taxes are recognized for the following: a) amount of tax payable for the current period, and b) deferred tax liabilities and assets for future tax consequences of events that have been recognized differently in the financial statements than for tax purposes.

The current provision for income taxes has been computed as follows:

Expected income tax recovery at the effective statutory rate - 28%	**$**	**(968,063)**
Valuation allowance		**968,063**
Current provision for income taxes	**$**	**-**

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10. Income Taxes (cont'd)

The Company has no deferred income tax assets or liabilities at June 30, 2008 and December 31, 2007.

The Company has tax losses available to be applied against future years' income. Due to the losses incurred in the current period and expected future operating results, management determined that it is more likely than not that the deferred tax asset resulting from the tax losses available for carryforward will not be realized through the reduction of future income tax payments, accordingly a valuation allowance has been recorded for the current income taxes and deferred income tax assets.

As of June 30, 2008, the Company had $3,234,288 of Federal and state net operating loss carryforwards available to offset future taxable income. The Company has the following losses which expire in 20 years from the date the loss was incurred.

2023	$ 1,728
2024	4,513
2025	5,676
2026	50,726
2027	522,755
2028	2,648,890
	$ 3,234,288

11. Supplemental Disclosure of Cash Flow Information

	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Period from Date of Inception (May 21, 2003) Through June 30, 2008
Non-cash investing activities is as follows:			
Issuance of common stock for acquisition of UniverCompany (note 9)	**$ 1,650,000**	$ -	$ 1,650,000
Interest and income taxes paid during the period:			
Interest	**$ -**	$ -	$ -
Income taxes	**$ -**	$ -	$ -

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12. Subsequent Events

Capital Stock

In April 2008, the directors of the Company were awarded a total of 300,000 common shares valued at $36,000, in recognition of their services to the Company. These shares were issued on July 29, 2008.

Loans Payable

The loan payable to Almazineteh - Consulting Limited Liability Company, in the amount of $8,000, as described in note 7, was not paid on the due date. The Company is in the process of negotiating an extension.

Advances from Related Party

The advances from a director, in the amount of $10,000, as described in note 8, were not paid on the due date. The Company is in the process of negotiating an extension.

Item 2. Management's Discussion and Analysis or Plan of Operations.

As used in this Form 10-Q, references to the "Company," "we," "our" or "us" refer to Stargold Mines, Inc., unless the context otherwise indicates.

Forward-Looking Statements

The following discussion should be read in conjunction with our financial statements, which are included elsewhere in this Form 10-Q (the "Report"). This Report contains forward-looking statements which 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 "continue" or the neg terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties, and other 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.

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. 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.

Overview

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

The merger was consummated on November 23, 2006. Pursuant to the Articles of Merger, we also changed our name from "Sockeye Seafood Group, Inc." to "Stargold Mines, Inc."

Effective as of November 23, 2006, we implemented a one for forty (1:40) forward stock split and increased our authorized shares of common stock on a corresponding basis. The number of shares of our common stock increased on a one for forty (1:40) basis, from 25,000,000 shares, par value $0.001, to 1,000,000,000 shares, par value $0.0001.

As disclosed in the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission (the "SEC") on December 5, 2006, on November 30, 2006, the Company entered into a Stock Purchase Agreement with UniverCompany Limited Liability Company, a Russian limited liability society ("UniverCompany"), and the shareholder of UniverCompany, Evgeny Belchenko (the "UniverCompany Shareholder"), (collectively, the "Univer Agreement"). Pursuant to the Univer Agreement, the Company agreed to purchase from the UniverCompany Shareholder 100% of the issued and outstanding shares of common stock of UniverCompany in exchange for 41,000,000 shares of the Company's common stock. On May 15, 2007, the Univer Agreement was amended to reduce the consideration to 15,000,000 shares of the Company's common stock.

In November 2007, the Company completed its acquisition of UniverCompany and acquired 100% of the issued and outstanding shares of common stock of UniverCompany in accordance with the Univer Agreement, as amended. UniverCompany is now wholly-owned by the Company.

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Proposed Business

Under an agreement dated December 2006, UniverCompany owns approximately 17% of a “Karalon” deposit and had the option to acquire an additional 63% of the Karalon deposit in return for a payment of $2.8 million USD. However, the Company has been unable to make the required payments under our agreement with Karalon. Although we have defaulted on those payments, the remaining owners have advised that they have secured a new purchaser and if the transaction is concluded successfully, we will receive our pro rata share of the then purchase price.

In December 2006 we received $1,000,000 gross proceeds from the sale of 1,000,000 units to Hampton Park Capital LLC. Each unit consisted of one share of common stock and one share purchase warrant, exercisable for one share of common stock at an exercise price of US$2.50 for two years from the date of issuance. The $1,000,000 raised by us was lent to UniverCompany on an unsecured basis, with no specific terms for repayment.

In May 2007, the Company received gross proceeds of an aggregate of $500,000 from the sale of 111,111 units of the Company's securities. Each unit consisted of one share of common stock and one half Class A Warrant. Each Class A Warrant is exercisable for one share of common stock at an exercise price of $7.00 for two years from the date of issuance. The units were sold pursuant to Section 4(2) of the Securities Act of 1933.

In June 2007, the Company cancelled 40,000,000 shares of its commons stock which had previously been issued to former directors.

As of the date of this Report, neither the Company nor UniverCompany has had any revenues for the current fiscal year ended December 31, 2007 (“2007 Fiscal Year”) and through the quarter ended June 30, 2008 (“2nd Quarter 2008”). As we have disposed of principal asset, we are uncertain as to our future business plans.

Financial Condition, Liquidity and Capital Resources

We have generated only nominal operating revenues from operations from our inception. The comparison of current period operating results with those of prior periods is not meaningful.

From our inception through June 30, 2008, we have generated only nominal revenues and have incurred cumulative losses of $3,318,288.

As of June 30, 2008, we had $16,634 in cash. We incurred a net loss of $2,499,228 for the period April 1, 2008 to June 30, 2008. In 2006, the Company obtained the rights to extract metals from two consignments of tailings, from the Nerchinskiye Rudniki mining dump (the "Nerchinkiye Dump") from Mining Corporation Zabaikalgeoprom Limited Liability Company, a Russian entity (the "Seller"). In June 2008, the Company returned to the Seller the Nerchinkiye Dump due to the absence of financial resources and technological facilities to extract precious and rare-earth metals from this property. As a result, the Company realized a loss on disposition of the mineral rights in the amount of $2,187,254 for the six months ended June 30, 2008 (six months ended June 30, 2007 - $nil).

Going Concern Consideration

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America with the assumption that the Company will be able to realize its assets and liabilities in the normal course of business. The Company has experienced recurring losses since inception and has negative cash flows from operations that raise substantial doubt as to its ability to continue as a going concern. For the six months ended June 30, 2008 and 2007, the Company experienced net losses of $2,732,890 and $122,552, respectively, and has a deficit accumulated during the development stage of $3,318,288 at June 30, 2008.

The Company's ability to continue as a going concern is contingent upon its ability to secure additional financing and attaining profitable operations.

Management is pursuing various sources of equity financing. Although the Company plans to pursue additional financing, there can be no assurance that the Company will be able to secure financing when needed or obtain such on terms satisfactory to the Company, if at all.

The accompanying unaudited condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the inability of the Company to continue as a going concern.

Proposed Business Operations

The commencement of our business is dependent upon obtaining further financing and achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current or future stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

There are no assurances that we will be able to either (1) commence operations; (2) achieve a level of revenues adequate to generate sufficient cash flow from operations; or (3) obtain additional financing through either private placements, public offerings and/or bank financing necessary to support our working capital requirements. To the extent that funds generated from operations and any private placements, public offerings and/or bank financing are insufficient, we will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on terms acceptable to us. If adequate working capital is not available we may not increase our operations.

These conditions raise substantial doubt about our ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should we be unable to commence our business plan.

Critical Accounting Policies

Our financial statements and accompanying notes are prepared in accordance with generally accepted accounting principles in the United States ("US GAAP"). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our financial statements is critical to an understanding of our financials.

Use of Estimates

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

Cash and Cash Equivalents

We consider all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

Financial Instruments

The fair values of accounts payable, accrued liabilities and amounts due to a related party were estimated to approximate their carrying values due to the immediate or short-term maturity of these financial instruments.

Off Balance Sheet Arrangements

We have no off-balance sheet arrangements or contractual or commercial commitments.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that we file, under the Securities Exchange Act of 1934, as amended, are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the United States Securities and Exchange Commission. Our Chief Executive Officer and Chief Financial Officer has reviewed the effectiveness of our “disclosure controls and procedures” (as defined in the Securities Exchange Act of 1934 Rules 13a-14(c) and 15d-14(c)) within the end of the period covered by this Quarterly Report on Form 10-Q and has concluded that the disclosure controls and procedures are effective to ensure that material information relating to the Company is recorded, processed, summarized, and reported in a timely manner. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the last day they were evaluated by our Chief Executive Officer and Chief Financial Officer.

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the last quarterly period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II
OTHER INFORMATION

Item 6. Exhibits

Exhibit No.	Description	
31.1	Rule 13a-14(a)/15d14(a) Certifications	Attached Hereto
32.1	Section 1350 Certifications	Attached Hereto
99.1	Agreement of Univer Company LLC Returning the "Nerchinkiye Dump" to seller of that property	Attached Hereto

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SIGNATURES

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

Dated: August 18, 2008

STARGOLD MINES, INC.

By:	/s/ F. Bryson Farrill
Name:	F. Bryson Farrill
Title:	Chief Executive Officer, Chief Financial Officer, and Director (Principal Executive, Financial, and and Accounting Officer)

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