

BARNWELL INDUSTRIES INC  
Form DEF 14A  
January 22, 2019

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 14A

SCHEDULE 14A INFORMATION  
Proxy Statement Pursuant To Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement.  
Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).  
Definitive Proxy Statement.  
Definitive Additional Materials.  
Soliciting Material Pursuant to § 240.14a-12.

BARNWELL INDUSTRIES, INC.  
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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- (2) Aggregate number of securities to which transaction applies:
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
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- (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
-

EXPLANATORY NOTE

This supplement to the Barnwell Industries, Inc. (the "Company") annual proxy statement filed with the Securities and Exchange Commission (the "SEC") on January 17, 2019 for use at the annual meeting of shareholders on March 4, 2019 (the "Proxy Statement") is being filed to correct formatting errors included in the Proxy Statement as filed with the SEC. The footnotes in the beneficial ownership table in the section titled "Security Ownership of Certain Beneficial Owners and Management" were incorrectly numbered while the Proxy Statement mailed to shareholders included the correct footnote numbering. Therefore, we are refiling with the SEC the entire Proxy Statement with these formatting errors corrected. All other information set forth in the Proxy Statement remains unchanged.

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BARNWELL INDUSTRIES, INC.

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Notice of Annual Meeting of Stockholders

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To the Stockholders of BARNWELL INDUSTRIES, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of BARNWELL INDUSTRIES, INC., a Delaware corporation, will be held on March 4, 2019, at 9:00 a.m., Hawaii Standard Time, in Suite 210, Alakea Corporate Tower, 1100 Alakea Street, Honolulu, Hawaii, for the following purposes:

- (1) the election of a Board of Directors to serve until the next Annual Meeting of Stockholders and until their successors shall have been elected and qualified;
- (2) the ratification of the selection of the independent auditors for 2019; and
- (3) any and all other business which may properly come before the meeting.

Only stockholders of record at the close of business on January 7, 2019, are entitled to notice of and to vote at this meeting or any adjournment thereof. The Company's Annual Report to Stockholders for the fiscal year ended September 30, 2018, which includes consolidated financial statements, is enclosed herewith.

We will be pleased to have you attend the meeting. However, if you are unable to do so, please sign and return the accompanying Proxy in the enclosed addressed envelope.

By Order of the Board of Directors,

RUSSELL M. GIFFORD  
Secretary

Dated: January 17, 2019

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**IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MARCH 4, 2019:**

This proxy statement, the form of proxy and Barnwell's Annual Report on Form 10-K for the fiscal year ended September 30, 2018 ("2018 Annual Report") are being mailed to stockholders who have requested hard copies on or after January 17, 2019.

Registered and beneficial stockholders may view and print Barnwell's proxy statement and the 2018 Annual Report at [www.proxyvote.com](http://www.proxyvote.com).

All stockholders may view and print Barnwell's proxy statement and the 2018 Annual Report, which are located on the "Corporate Information" tab of Barnwell's website at <http://www.brninc.com>.

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BARNWELL INDUSTRIES, INC.

1100 ALAKEA STREET, SUITE 2900

HONOLULU, HAWAII 96813

PROXY STATEMENT

#### SOLICITATION AND REVOCATION OF PROXIES

The following information is furnished in connection with the Annual Meeting of Stockholders (the "Annual Meeting") of Barnwell Industries, Inc., a Delaware corporation (the "Company"), to be held on March 4, 2019 at 9:00 a.m., Hawaii Standard Time, in Suite 210, Alakea Corporate Tower, 1100 Alakea Street, Honolulu, Hawaii.

Proxies are being solicited on behalf of the Board of Directors (the "Board" or the "Board of Directors") of the Company to be used at the Annual Meeting and at any postponement or adjournment thereof, for the purposes set forth in the Notice of Annual Meeting of Stockholders.

Barnwell is using the Securities and Exchange Commission (the "SEC") rule that allows companies to furnish their proxy materials over the Internet. As a result, we mailed to our stockholders a Notice of Internet Availability of Proxy Materials (the "Notice") instead of a paper copy of the proxy materials (including the form of proxy, this Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended September 30, 2018, filed with the SEC on January 17, 2019 (the "2018 Annual Report"), collectively, the "Proxy Materials") on or about January 17, 2019. We also provided access to our Proxy Materials over the Internet beginning on that date. The Notice contained instructions on how to access this Proxy Statement and the 2018 Annual Report and how to vote online or by toll-free number. Subsequent to receiving the Notice, all stockholders have the ability to access the Proxy Materials over the Internet and request to receive a paper copy of the Proxy Materials by mail. Instructions on how to access the Proxy Materials over the Internet or to request a paper copy may be found on the Notice. In addition, the Notice contains instructions on how stockholders may request to receive Proxy Materials electronically by e-mail.

Registered and beneficial stockholders may view and print this Proxy Statement and the 2018 Annual Report at [www.proxyvote.com](http://www.proxyvote.com).

All stockholders may view and print this Proxy Statement and the 2018 Annual Report, which are located on the "Corporate Information" tab of Barnwell's website at <http://www.brninc.com>.

Proxies are being solicited from stockholders of Barnwell. If a proxy is properly executed and returned, the shares represented by it will be voted and, where specification is made by the stockholder as provided in such proxy, will be voted in accordance with such specification. Unless a stockholder specifies otherwise, all shares represented by valid proxies will be voted (i) FOR the election of the persons named in this Proxy Statement as nominees of Barnwell under the heading "Election of Directors;" (ii) FOR the ratification of the appointment of KPMG LLP as Barnwell's independent auditors for the fiscal year ending September 30, 2019; and (iii) at the discretion of the proxy holders on any other matter that may properly come before the Annual Meeting or any adjournment thereof.

Barnwell is paying all of the costs of soliciting proxies, including preparation costs, assembly, posting on the Internet, printing and mailing of the Proxy Materials, the Notice and any additional information furnished to stockholders. Proxies are being solicited by Barnwell primarily by mail and the Internet, but in addition, the solicitation by these means may be followed by solicitation in person, or by telephone, e-mail or facsimile, by directors, officers and other

employees of Barnwell without additional compensation. Brokers, dealers, banks, voting trusts, custodians and other institutions, and their nominees, who are holders of shares of Barnwell's common stock on the Record Date, referred to below, will be requested to forward the soliciting material to the beneficial owners of such shares of common stock and to obtain authorization for the execution of proxies. Barnwell will, upon request, reimburse such institutions for their reasonable expenses in forwarding the Proxy Materials to their beneficial owners.

## VOTING AT THE MEETING

Only stockholders of record at the close of business on January 7, 2019 (the "Record Date") will be entitled to vote at the Annual Meeting and any adjournment thereof. As of the Record Date, 8,277,160 shares of common stock, par value \$0.50, of the Company (the "Common Stock") were issued and outstanding. Each share of Common Stock outstanding as of the Record Date is entitled to one vote on any proposal presented at the meeting. The presence, in person or by proxy, of holders representing a majority of all the votes entitled to be cast at the meeting will constitute a quorum at the meeting. Abstentions and broker non-votes (described below) are counted for the purposes of determining the presence or absence of a quorum for the transaction of business. The election of directors requires a plurality of the votes cast at the meeting. Any other item on the agenda must receive the affirmative vote of a majority of the shares present in person or represented by proxy and entitled to vote on the item at the meeting in order to pass. Abstentions are counted in the calculation of the votes cast with respect to any of the matters submitted to a vote and have the same effect as votes against the matter except in the election of directors. Brokers and nominees are precluded from exercising their voting discretion with respect to all matters to be acted upon at the meeting, other than the ratification of KPMG LLP as our independent auditors. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted with respect to the election of directors. A broker non-vote will not have any effect on any of the proposals. A stockholder may revoke a proxy at any time prior to its exercise by giving to the Secretary of Barnwell a written notice of revocation of the proxy's authority prior to the voting thereof or by submitting a later dated proxy by telephone, on the Internet or by mail, or by voting in person at the Annual Meeting.

## PROPOSAL NO. 1 ELECTION OF DIRECTORS

Seven directors of the Company are proposed to be elected at the meeting. Each elected director shall hold office until the next annual meeting and until his successor is duly elected and qualified. The persons named as proxies in the enclosed Proxy are executive officers of the Company and, unless contrary instructions are given, they will vote the shares represented by the Proxy FOR the election to the Board of Directors of the persons named below. The Board of Directors has no reason to believe that any of the nominees for director will be unable to serve; however, in the event any of the nominees should withdraw or otherwise become unavailable for reasons not presently known, the persons named as proxies may vote for other persons in place of such nominees.

Our Board of Directors recommends a vote FOR the election of each of the following seven directors of the Company.

## NOMINEES TO THE BOARD OF DIRECTORS

The Board of Directors held eight meetings during the fiscal year ended September 30, 2018, except for Martin Anderson who attended three audit committee meetings and three board of directors meetings, all directors attended at least 75% of the meetings of the Board of Directors and of the committees of the Board on which each director served. The independent directors met on four occasions out of the presence of management during the fiscal year ended September 30, 2018.

The following table sets forth, as to the nominees for election as directors: (1) such person's name; (2) the year in which such person was first elected a director of the Company; (3) such person's age; (4) all positions and offices with

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the Company held by such person; (5) the business experience of such person during the past five years; (6) certain other directorships, if any, held by such person; and briefly discusses the specific experience, qualifications, attributes or skills that led to the conclusion that each such person should serve as a director of Barnwell.

Name	Director Since	Age	All other Present Positions with the Company and Principal Occupations
Martin Anderson <sup>1</sup>	1985	95	Partner, Goodsill Anderson and Quinn 1951 to 2011. Trustee, Stanford University 1981 to 1985. Overseer, Hoover Institute 1981 to date, named Chairman in 1993 to 1996 and thereafter designated for life as Distinguished Overseer. Mr. Anderson brings to the Board of Directors broad experience, expertise and qualifications as a result of his extensive legal background and boardroom experience with both public and private entities, including Hawaiian Airlines and the entities listed above. Mr. Anderson was a senior partner in a major Honolulu law firm from 1951 until 2011 and therefore brings to the Board extensive leadership and management skills, as well as a strong consensus-building capacity from his other board and trusteeship experiences.
Murray C. Gardner, Ph.D. <sup>1</sup>	1996	86	Geothermal resource, oil and gas exploration and reservoir consultant and investor, self-employed since 1995. Dr. Gardner has a Ph.D. in geology and brings to the Board of Directors extensive knowledge and experience of geology, geophysics, the oil and gas industry and the geothermal industry and operations. As a former officer and director of Geothermex, Inc., a geothermal exploration consulting firm now owned by Schlumberger, Inc., Dr. Gardner also brings to the Board broad business and general management experience in corporate operations, as well as extensive leadership and consensus-building skills.
Alexander C. Kinzler	1999	60	Chief Executive Officer of the Company since December 2016. President and Chief Operating Officer of the Company since December 2002 and General Counsel of the Company since December 2001. Mr. Kinzler is the son of Morton H. Kinzler, a member and Chairman Emeritus of the Board of Directors of the Company until June 10, 2018. Mr. Kinzler, an attorney, has been employed by the Company since 1984 in various capacities, including Vice President, Executive Vice President, and currently Chief Executive Officer, President and Chief Operating Officer, and brings to the Board deep insight into the operations, challenges and complex issues facing the Company. He has served on the boards of directors of business groups including the Hawaii Leeward Planning Conference, and also brings to the Board significant operational, strategic, consensus-building and management skills from his years with the Company and legal background.
Russell M. Gifford	2003	64	Secretary of the Company since December 2002. Executive Vice President since December 1997, Treasurer since November 1986 and Chief Financial Officer since August 1985. President of Water Resources International, Inc., a wholly-owned subsidiary of the Company, since December 1999. Mr. Gifford, a Certified Public Accountant, has been employed by the Company since 1982 in various capacities including Vice President, Executive Vice President and Chief Financial Officer, and has also served as President of the Company's water well drilling subsidiary since 1999. Mr. Gifford has substantial financial and accounting expertise, including experience working in public accounting as an auditor at Touche Ross & Company prior to his employment by the Company. Mr. Gifford brings to the Board of Directors substantial financial and accounting knowledge, as well as deep insight into the operations, challenges and complex issues facing the Company. Mr. Gifford also serves on the boards of various community organizations and has substantial strategic



planning and consensus-building skills as a result of that experience.

Kevin K. Takata<sup>2</sup> 2004 62 Supervising Deputy Attorney General, Criminal Justice Division, State of Hawaii, since June 1, 2015; First Deputy Prosecutor, County of Kauai, from December 3, 2012 to May 31, 2015; Deputy Attorney General, State of Hawaii, from October 2010 to November 30, 2012; Deputy Prosecuting Attorney, City and County of Honolulu, from 1987 to October 2010, Trials Division Chief from 1997 to 2006. Instructor, National Advocacy Center since 2000. Mr. Takata, an attorney, has broad leadership, management and consensus-building skills from his years as Trials Division Chief of the Office of the Prosecuting Attorney of the City and County of Honolulu. Mr. Takata's lifelong residency in Hawaii has also assisted the Board of Directors in overseeing the Company's various Hawaii-based businesses, including its real estate and water well drilling divisions. Mr. Takata's experience as a prosecutor and expertise in trial tactics and legal ethics has also given the Board of Directors valuable insights into the challenges and complex issues, both legal and otherwise, facing the Company and businesses in general.

Robert J. Inglima, Jr.<sup>2</sup> 2007 60 Investor; Sole practitioner, Robert J. Inglima, Jr., Attorney-at-Law, since October 2002; Attorney in private practice since 1985. Mr. Inglima, an attorney-at-law, brings to the Board of Directors substantial legal and financial expertise from his practice of law since 1985 and his work with an accounting and consulting firm. Mr. Inglima also has substantial experience in real estate and corporate law, and has advised numerous clients on matters of business, finance and taxation as well. Mr. Inglima has extensive experience representing clients with respect to real estate development and land use, commercial transactions, taxation, contract law, general corporate, and business formation and planning. He has represented domestic as well as international companies, government agencies and individuals in complex business transactions. His experience as a Principal and Member of Cipolla Sziklay, LLC (certified public accountants and consultants) from 2004 to 2006 with respect to business valuation and litigation support services also adds to his significant business experience.

James S. Barnwell III<sup>2</sup> 2012 73 Chairman of the Board of the Company since October 1, 2017. Investor in oil and gas and real estate since 1967. Served on the board of directors and as president of the Larry D. Large Foundation (charitable 501(c)(3) organization) from 2004 to 2010. Mr. Barnwell, who has a B.S. in geology and an M.B.A., spent 29 years in the telecommunications industry with AT&T and its successor Lucent Technologies. He worked in the oil and gas industry as part of the Company's founding Barnwell family, served as director of various civic organizations, including the Louisiana Chamber of Commerce and Municipal Affairs Committee Shreveport, and is a certified member of the American Production and Inventory Control Society. Mr. Barnwell's many years of management experience developing complex business plans and budgets provides valuable insight into corporate operations and business enterprise development. His oil and gas background, together with his broad range of business, management and civic experience and strong personal and professional ethics provide a strong foundation to assist the Board of Directors with regard to many challenges and complex issues facing the Company and businesses in general. Mr. Barnwell also has strong consensus-building skills from his management experience and service with charitable organizations.

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<sup>1</sup> This director is independent as defined in Section 803(A) of the NYSE American listing standards.

<sup>2</sup> This director is independent as defined in Section 803(A) of the NYSE American listing standards.

### Board Nomination Process

The Board of Directors has a standing Compensation Committee, a standing Audit Committee, a standing Executive Committee and a standing Reserves Committee. It has no standing nominating committee and there is no nominating committee charter. The Board of Directors believes that it is appropriate for the Company not to have a nominating committee because potential nominees are recommended to the full Board by a majority vote of the independent directors. The Board identifies nominees by first evaluating the current members of the Board willing to continue in service. Current members of the Board with skills and experience relevant to the Company's business and willing to continue in service are considered for re-nomination. If any member of the Board up for re-election at an upcoming annual meeting of stockholders does not wish to continue in service, the Board determines whether it is appropriate to replace the retiring member. If deemed appropriate, the Board identifies the desired skills and experience of a new nominee. The Board believes that potential directors should possess sound judgment, understanding of the business issues affecting the Company, integrity and the highest personal and professional ethics. The Board seeks directors possessing a range of business, management and civic experience appropriate for the Board to discharge its responsibilities. In the case of both incumbent and new directors, the Board seeks persons who are able to devote significant time and effort to Board and Board committee responsibilities. Once nominees have been identified, the independent directors recommend to the Board such nominees, and the Board reviews and votes on such recommendation.

The Company does not have a specific policy regarding the diversity of the Board. Instead, the Board considers its overall composition when considering director candidates, including whether the Board has an appropriate combination of professional experience, skills, knowledge and variety of viewpoints and backgrounds in light of the Company's current and expected future needs. The Board also believes that it is desirable for new candidates to contribute to a variety of viewpoints on the Board, which may be enhanced by a mix of different professional and personal backgrounds and experiences.

The Board will consider potential nominees brought to its attention by any director or officer of the Company. It will also evaluate recommendations for director nominees proposed by a stockholder who (i) has continuously held at least 1% of the outstanding shares of the Company's Common Stock entitled to vote at the annual meeting of stockholders for at least one year prior to the date the stockholder makes the recommendation and (ii) undertakes to continue to hold such number of shares through the date of the upcoming annual meeting. For possible inclusion in next year's proxy statement, any recommendation for a director nominee submitted by a qualifying stockholder must be received by the Company no later than the date for stockholder proposals set forth herein under the heading "Stockholder Proposals." Any stockholder recommendation for a director nominee must be submitted to the Company's Chairman of the Board in writing and must include:

- a statement by the stockholder that such stockholder is the holder of at least 1% of the outstanding shares of the Company's Common Stock, that the shares have been held for at least one year prior to the date of the submission and that such stockholder will continue to hold the shares through the date of the upcoming annual meeting of stockholders;
- the candidate's name, age, contact information and current principal occupation or employment;
- the candidate's resume, which will include a description of the candidate's qualifications and business experience during, at a minimum, the last five years, including his/her principal occupation or employment and the name and principal business of any corporation or other organization in which the candidate was employed; and
- at least three (3) references for the candidate.

The Board will evaluate recommendations for director nominees submitted by directors, management or qualifying stockholders in the same manner, using the criteria stated above. All directors and director nominees will submit a completed form of directors' and officers' questionnaire as part of the nominating process.

Stockholders may send any communication to the Board of Directors, as a whole, or individually, by mail to the Company's address listed on page one of this Proxy Statement, to the attention of Russell M. Gifford, Secretary. All such communications will be forwarded to the Board of Directors or individual directors as appropriate.

The Company strongly encourages each member of the Board of Directors to attend the Annual Meeting. Eight members of the Board of Directors attended the 2017 Annual Meeting of Stockholders of the Company, of which four attended in person and four attended by telephone.

## BOARD LEADERSHIP STRUCTURE; RISK OVERSIGHT

The positions of Chairman and CEO were jointly held by Mr. Morton H. Kinzler from the time of his selection as Chairman of the Board in 1980 until December 2016. From December 31, 2016 until September 30, 2017, Mr. Morton H. Kinzler was Chairman of the Board and Mr. Alexander C. Kinzler was Chief Executive Officer. Mr. James S. Barnwell III became Chairman of the Board on October 1, 2017. Barnwell Industries, Inc. is a smaller reporting company and the Board has determined that the current structure is appropriate at this time in that it enables Mr. Alexander C. Kinzler to handle the complexities of his role as a CEO while allowing Mr. James S. Barnwell III to continue to provide leadership on policy at the Board level. Although the roles of CEO and Chairman are currently held by different persons, the Board regularly considers the appropriate leadership structure for the Company and has concluded that the Company and its stockholders are best served by not having a formal policy on whether the same individual should serve as both Chief Executive Officer and Chairman of the Board, and the Board has not adopted such a policy. The Board believes that it is important to retain the flexibility to make this determination at any given point in time based upon what it believes will provide the best leadership structure for the Company at that time. This approach allows the Board to utilize its considerable experience and knowledge to elect the most qualified director as Chairman of the Board, while maintaining the ability to combine or separate the Chairman and Chief Executive Officer roles when necessary. Accordingly, at different points in time in the Company's history, the Chief Executive Officer and Chairman of the Board roles have been held by the same person. At other times, they have been held by different individuals. In each instance, the decision on whether to combine or separate the roles was made in the best interest of the Company's stockholders, based on the circumstances at the time.

The Board's primary function with respect to risk is oversight. The Board administers its risk oversight function both as a whole and through its committees. The Audit Committee reviews and makes inquiry as to risk management and reports to the Board on its findings. The Board of Directors has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. Management is responsible for the Company's day-to-day risk management activities. Other Board committees also consider and address risk as they perform their committee responsibilities. For example, the Compensation Committee, comprised solely of independent directors, discusses and reviews compensation arrangements for the Company's Executive Officers to avoid incentives that would promote excessive risk-taking that is reasonably likely to have a material adverse effect on the Company. The full Board is also apprised of particular risk management matters in connection with its general oversight and approval of corporate matters. We believe the division of risk management responsibilities as described above is an effective approach for evaluating and addressing the risks facing the Company and that our Board leadership structure supports this approach because it allows our independent directors to exercise effective oversight of the actions of management.

## COMPENSATION COMMITTEE

The members of the Compensation Committee are Mr. Anderson, Dr. Gardner, Mr. Takata and Mr. Barnwell, Chairman. The Compensation Committee (i) determines the annual compensation of the Company's Executive Officers; (ii) recommends, if appropriate, new employee benefit plans to the Board of Directors; (iii) administers all employee benefit plans; and (iv) makes such other determinations regarding compensation or benefits as may be necessary or advisable. The Compensation Committee held one meeting during the fiscal year ended September 30, 2018. The Board of Directors has adopted a written charter for the Compensation Committee, a copy of which is available on our website.

#### NAMED EXECUTIVE OFFICERS OF THE COMPANY

The Company currently has two executive officers (the "Named Executive Officers"). The following table sets forth the names and ages of all Named Executive Officers of the Company during fiscal 2018, their positions and offices with the Company and the period during which each has served.

Name	Age	Position with the Company
Alexander C. Kinzler	60	Chief Executive Officer since December 2016. President and Chief Operating Officer since December 2002 and General Counsel since December 2001. Director of the Company since December 1999. Mr. Kinzler is the son of Morton H. Kinzler, a Director of the Company until June 10, 2018.
Russell M. Gifford	64	Secretary since December 2002, Executive Vice President since December 1997, Treasurer since November 1986 and Chief Financial Officer since August 1985. President of Water Resources International, Inc., a wholly-owned subsidiary of the Company, since December 1999.

#### EXECUTIVE COMPENSATION

##### Summary Compensation Table

The Summary Compensation Table below sets forth certain information regarding compensation paid during the fiscal years ended September 30, 2018, September 30, 2017 and September 30, 2016 to (1) Morton H. Kinzler<sup>3</sup>, (2) Alexander C. Kinzler, our Chief Executive Officer<sup>3</sup>, President, Chief Operating Officer and General Counsel, and (3) Russell M. Gifford, our Executive Vice President, Chief Financial Officer, Treasurer and Secretary.

No Named Executive Officer was granted a stock award or an option award in fiscal year 2018, 2017 or 2016. As a result, such columns have been omitted.

Our Pay for Performance Plan adopted in 2014 (the "Plan") is available to pay bonuses to our executives based on performance. Performance measures and targeted goals for the Company's 2018 fiscal year performance period were established by the Compensation Committee in December 2017 and the Committee designated the CEO to be eligible to participate in the Plan for fiscal year 2018. The material terms of such performance measures and targeted goals are as follows:

<sup>3</sup> Mr. Morton H. Kinzler resigned as Chief Executive Officer in December 2016 and Mr. Alexander C. Kinzler was appointed Chief Executive Officer at that time.

The Compensation Committee determined that the sum of the following three components shall represent the maximum bonus that may be achieved under the Plan for fiscal 2018 by the CEO (the "2018 Maximum Bonus Amount"), which was designed so that the Company would be in compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"):

- (a) an amount equal to 5% of the earnings before income taxes on a GAAP basis of the Company;
- (b) for an increase in earnings attributable to the combined Land Investment and Residential Real Estate segments in the State of Hawaii on a GAAP basis over the prior fiscal year with respect to such segments, 20% of the first 100% of such increase and 10% of the remaining amount of such increase; and
- (c) for an increase in the Company's market capitalization of up to 10%, determined by comparing the closing price of the Common Stock on September 30, 2017 and September 30, 2018, 10% of the amount of such increase.

Section 162(m) of the Code generally limits our federal tax deduction for compensation paid in any fiscal year to our CEO and our other "covered employees," as defined in Section 162(m), to \$1,000,000. In the past, an exception to this deduction limit was available for "performance-based" compensation that had been approved by our stockholders and otherwise satisfied certain requirements under Section 162(m) and applicable regulations. As a result of new tax legislation that went into effect on December 22, 2017, this exception for performance-based compensation is not available for taxable years beginning after December 31, 2017, unless such compensation qualifies for transition relief for written binding contracts that were in effect on November 2, 2017. Barnwell was not party to any such binding contracts. This legislation also expanded the definition of "covered employees" to include the chief financial officer and certain former named executive officers. These changes in the tax laws have not had an effect on Barnwell, primarily because the compensation paid to such persons in our fiscal 2018 year, and in other recent fiscal years, has been below the \$1,000,000 threshold.

The Compensation Committee continues to retain flexibility to make compensation decisions that are based on factors other than Section 162(m) and related consequences when necessary or appropriate (as determined by the Compensation Committee in its sole discretion) to enable Barnwell to continue to attract, retain, reward and motivate its highly-qualified executives. This flexibility may include amending or modifying the design elements of our historical compensation programs to the extent those design elements were principally adopted in an effort to comply with Section 162(m).

The 2018 Maximum Bonus Amount for each participant shall in no case exceed 150% of such participant's base salary as of January 2018. Additionally, a decrease in earnings before income taxes or market capitalization will not decrease the amounts of the other respective components of the 2018 Maximum Bonus Amount. The Committee, in its sole discretion, reserves the right to eliminate or reduce the 2018 Maximum Bonus Amount payable to the CEO pursuant to the bonus formula described above and in addition or alternatively to grant ordinary bonuses.

The Compensation Committee determined that, pursuant to the adopted performance measures and targeted goals, the maximum bonus grant which could have been payable as calculated under the Plan was \$0 as to our CEO. The Compensation Committee reviewed the performance of our CEO during fiscal 2018, analyzed the Company's results for the year, reviewed the overall performance of management for the fiscal year, reviewed with management various factors the Committee takes into account in setting compensation, including individual and corporate, financial and non-financial performance, the creation of value for our stockholders, the long-term commitment and contributions of management to the Company and certain events in the Company's oil and gas division, including the closing of a major oil acquisition at Twining.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Morton H. Kinzler	2018	-	-	-	-	-
						14,014

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Chairman of the Board and Chief Executive Officer	2017	-	-	-	14,014	252,205
	2016	212,000	-	-	40,205	
Alexander C. Kinzler	2018	380,000	65,000	-	36,356 <sup>4</sup>	481,356
President, Chief Operating Officer and General Counsel	2017	347,000	100,000	-	33,869	480,869
	2016	333,000	-	-	30,439	363,439
Russell M. Gifford	2018	380,000	65,000	-	9,221 <sup>5</sup>	454,221
Executive Vice President, Chief Financial Officer, Treasurer and Secretary	2017	347,000	100,000	-	9,864	456,864
	2016	333,000	-	-	17,928	350,928

No Named Executive Officer was granted a plan-based award or stock award in fiscal 2018. As a result, such table has been omitted.

Outstanding Equity Awards At Fiscal Year-End 2018

The following table sets forth grants of stock options and grants of unvested stock awards outstanding on the last day of the fiscal year ended September 30, 2018 to each of the Named Executive Officers. No Named Executive Officer held unvested stock awards as of fiscal year end 2018. As a result, such columns have been omitted.

Option Awards

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Alexander C. Kinzler	125,000	-	4.32	12/2019
Russell M. Gifford	67,500	-	4.32	12/2019

If a change in control occurs, then all unvested stock options will accelerate and will become exercisable in full. Assuming a change in control occurred September 30, 2018 and using the closing price of the Company's stock on that date, the value of the accelerated vesting of these options would be \$0 and \$0 for Mr. A. Kinzler and Mr. Gifford, respectively.

<sup>4</sup> This amount represents perquisites received with respect to: (1) medical insurance; (2) medical expense reimbursements; (3) a club membership; (4) vehicle expense (including depreciation on a straight-line basis with a 7-year life); and (5) imputed interest on a loan from the Company made prior to the enactment of the Sarbanes-Oxley Act.

<sup>5</sup> This amount represents perquisites received with respect to: (1) medical expense reimbursements; (2) a club membership; (3) vehicle expense (including depreciation on a straight-line basis with a 7-year life); and (4) imputed interest on a loan from the Company made prior to the enactment of the Sarbanes-Oxley Act.

DIRECTOR OF COMPENSATION

The Company's program of director compensation is intended to fairly pay directors for work required for a company of our size and scope. Directors who are not officers of the Company currently receive an annual fee of \$20,000 and are reimbursed for expenses incurred in connection with meeting attendance. The Chairmen of the Compensation Committee and the Reserves Committee currently receive an additional \$12,000 annual fee and the Chairman of the Audit Committee currently receives an additional \$25,000 annual fee. The members of the Reserves Committee and Compensation Committee, other than the Chairmen, currently receive an additional \$2,500 annual fee. The members of the Audit Committee, other than the Chairperson, currently receive an additional \$10,000 annual fee. The Chairman of the Board of Directors, if he or she is not an officer of the Company, receives an additional \$30,000 annual fee. Prior to his passing, Morton H. Kinzler received an additional fee of \$35,625, which was the pro rata share of the \$20,000 annual fee, the \$2,500 fee for being a member of the Reserves Committee and the \$25,000 annual fee payable to the Chairman Emeritus of the Board of Directors.

#### Non-Employee Director Compensation

The following Non-Employee Director Compensation table sets forth information with regard to the nominees to the Board of Directors as listed in the table under "Proposal No. 1", above, with regard to compensation paid to them during the fiscal year ended September 30, 2018. Directors who are officers of the Company do not receive any fees for their service as directors, and their compensation as officers of the Company is disclosed in the Summary Compensation Table.

No named director was granted a stock award or option award in fiscal year 2018 nor earned any non-equity incentive plan compensation in fiscal year 2018. As a result, such columns have been omitted.

Name	Fees Earned or Paid in Cash (\$)	All Other Compensation (\$)	Total (\$)
Martin Anderson	32,500	-	32,500
Murray C. Gardner, Ph.D.	35,000	-	35,000
Kevin K. Takata	37,375	-	37,375
Robert J. Inglima, Jr.	47,500	-	47,500
James S. Barnwell III	81,625	-	81,625
Morton H. Kinzler	35,625 <sup>6</sup>	9,388 <sup>7</sup>	45,013

<sup>6</sup>Mr. Morton H. Kinzler passed away on June 10, 2018.

<sup>7</sup>This amount represents perquisites received with respect to medical insurance.

#### AUDIT COMMITTEE

The members of the Audit Committee are Mr. Inglima, Chairman, Dr. Gardner, and Messrs. Anderson, Takata, and Barnwell. All of the members of the Audit Committee are independent (as independence is defined in Section 803 (A) of the NYSE American listing standards). The Board of Directors has determined that the Audit Committee has an audit committee financial expert, Mr. Inglima, who is a financial expert based on his degree in finance, education in accounting, his work with an accounting and consulting firm on business valuation and litigation support services, as well as his many years of legal experience advising clients on matters of business, finance and taxation. Mr. Inglima, while not a CPA, has in-depth financial and accounting expertise and has been determined by the Board of Directors to qualify as an Audit Committee financial expert. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is available on our website. The Audit Committee reviews the services of the independent accountants employed by the Company to audit the consolidated financial statements of the Company. The Audit Committee periodically reviews major issues regarding accounting and auditing principles and practices,

the adequacy of internal controls that could affect the consolidated financial statements as well as all related party transactions and potential conflicts of interest. During the fiscal year ended September 30, 2018, the Audit Committee held four meetings.

#### REPORT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed and discussed the audited consolidated financial statements with management, and the Audit Committee has discussed with KPMG LLP, the independent registered public accounting firm, the matters required to be discussed by PCAOB Auditing Standard No. 16, "Communications with Audit Committee; Related Amendments to PCAOB Standards; and Transitional Amendments to PCAOB AU Section 380.", as such may be modified or supplemented. KPMG LLP has provided to the Company the written disclosures and the letter required by applicable PCAOB requirements regarding their communications with the Audit Committee concerning independence, and the Audit Committee has discussed with KPMG LLP its independence. The committee also concluded that KPMG LLP's performance of tax services to us and our affiliates, as pre-approved by the committee and described in the next section, does not impair KPMG LLP's independence. Based upon its discussions with management and with KPMG LLP, the Audit Committee has recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2018.

#### Audit Fees

The aggregate fees billed to the Company by KPMG LLP, the Company's independent registered public accounting firm, for professional services rendered in connection with the audit of the annual financial statements included in the Company's Annual Report on Form 10-K, review of financial statements included in the Company's Quarterly Reports on Form 10-Q and services to the Company in connection with statutory or regulatory filings or engagements for the fiscal year ended September 30, 2018 totaled \$532,500. For the comparable services provided for the fiscal year ended September 30, 2017, KPMG LLP billed the Company \$398,500.

#### Audit-Related Fees

For the fiscal years ended September 30, 2018 and September 30, 2017, the Company did not incur and KPMG LLP, the Company's independent registered public accounting firm, did not bill the Company for assurance and related services that are not reasonably related to the performance of the audit or review of the Company's financial statements and classified above with audit fees.

#### Tax Fees

The aggregate fees billed to the Company by KPMG LLP, the Company's independent registered public accounting firm, for tax compliance, tax advice and tax planning for the fiscal year ended September 30, 2018 totaled \$122,100 and for the fiscal year ended September 30, 2017 totaled \$164,000.

#### All Other Fees

For the fiscal years ended September 30, 2018 and September 30, 2017, the Company did not incur and KPMG LLP, the Company's independent registered public accounting firm, did not bill the Company for any fees other than Audit Fees and Tax Fees.

#### Pre-approval Policies and Procedures



The Audit Committee pre-approves all services provided to the Company by the independent registered public accounting firm through the following policies and procedures: (1) the Audit Committee reviews with the Company's independent registered public accounting firm its audit plan and report thereon, including estimated Audit Fees, Audit-Related Fees, Tax Fees and Other Fees; (2) upon review of such audit plan and estimated fees, the Audit Committee may pre-approve the provision of such products and services and the payment therefor; and (3) at subsequent meetings of the Audit Committee, the Audit Committee reviews the status of the provision of all products and services from the Company's independent registered public accounting firm to the Company and payment therefor, and may pre-approve the provision of additional products and services as necessary.

#### Audit Committee of the Board of Directors

Robert J. Inglima, Jr., Chairman

Murray C. Gardner

Martin Anderson

Kevin K. Takata

James S. Barnwell III

EXECUTIVE COMMITTEE

The members of the Executive Committee are Mr. James S. Barnwell III, Chairman, and Messrs. Anderson, A. Kinzler and Dr. Gardner. The Executive Committee has and may exercise all the powers of the Board of Directors when the Board is not in session, subject to certain limitations in the Company's Bylaws. During the fiscal year ended September 30, 2018, the Executive Committee held no meetings.

#### RESERVES COMMITTEE

The members of the Reserves Committee are Mr. Kevin K. Takata, Chairman, Dr. Gardner and Messrs. Barnwell, Inglima, Gifford and A. Kinzler. During the fiscal year ended September 30, 2018, the Reserves Committee held one meeting.

#### CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Below are the transactions that occurred during fiscal years 2017 and 2018 in which, to our knowledge, the Company was or is a party, in which the amount involved exceeded the disclosure thresholds set forth in the applicable SEC rules and regulations, and in which any director, director nominee, executive officer, person known by us to be a holder of more than 5% of our Common Stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

#### Transactions with the Estate of Dr. Sudarsky

The Estate of Dr. R. David Sudarsky (the "Sudarsky Estate") is a person known by the Company to be holders of more than 5% of the Company's Common Stock during fiscal 2017. Mr. Morton H. Kinzler, a director of the Company, who passed away June 10, 2018, was the executor of the Sudarsky Estate. In June 2017, the Sudarsky Estate distributed to its beneficiaries the Company's Common Stock it held. One such beneficiary, the R. David Sudarsky testamentary Charitable Trust ("the Trust") received a distribution of 182,897 shares of the Company's Common Stock. Morton H. Kinzler, a director of the Company and Alexander C. Kinzler, Chief Executive Officer and President of the Company, were co-trustees of the Trust and as such had voting and dispositive power over the 182,897 shares held by the Trust. Thereafter, on March 26, 2018, both Mr. M. Kinzler and Mr. A. Kinzler resigned as trustees of the Trust and ownership of the shares held by the Trust was no longer imputed to Mr. A. Kinzler or Mr. M. Kinzler.

On June 10, 2018, Mr. Morton H. Kinzler, a director of the Company, passed away. On August 9, 2018, Mr. A. Kinzler became a co-personal representative of the Estate of Morton H. Kinzler together with Mr. M. Kinzler's wife, Mrs. Ruth Kinzler. The Estate of Morton H. Kinzler holds 1,150,037 shares of common stock as to which Mr. A. Kinzler expressly disclaims beneficial ownership. Pursuant to the will of Mr. M. Kinzler, Mr. A. Kinzler has the right to vote the shares of common stock held by the Estate after consultation with Mrs. Ruth Kinzler.

For the Period

For the Six Months Ended

For the Three Months Ended

From January 1,

July 31,

July 31,

1995 to July

2008

2007

2008

2007

31, 2008

Net Sales

\$645,360 \$- \$369,567 \$- \$1,196,639

Exploration and maintenance costs

3,013,513 463,815 1,622,102 337,134 7,102,865

Gross loss

(2,368,153) (463,815) (1,252,535) (337,134) (5,906,226)

Operating expenses

(2,968,926) (2,211,602) (1,497,520) (1,225,917) (24,551,900)

Loss from operations

(5,337,079) (2,675,417) (2,750,055) (1,563,051) (30,458,129)

Other (expense)

Interest income

22,532 83,306 1,469 77,340 301,203

Dividend income

30,188

Gain on settlement of obligations

22,851 22,851 1,149,375

Other income

6,565					
Adjustments to fair value of derivatives				- (703,992) - 919,263	(1,357,903)
Interest expense				(155,910) (523,539) (121,305) (275,580)	(4,031,366)
Loss from joint venture					
(859,522)					
Loss on sale of marketable securities					
(281,063)					
Bad debt expense					
(40,374)					
Loss on disposal of plant, property					
and equipment					
(334,927)					
Loss on disposal of bond					
(21,000)					
Total other income (expense)				(110,527) (1,144,225) (96,985) (721,023)	(5,438,824)
Net loss					
				\$(5,447,606) \$(3,819,642) \$(2,847,040) \$(842,028)	\$(35,896,953)
Basic and diluted loss per share					
				\$(0.04) \$(0.04) \$(0.02) \$(0.01)	
Basic and diluted weighted-					
average shares					
outstanding				128,079,528 87,133,248 130,729,904 93,940,374	

FIRSTGOLD CORP.  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENTS OF CASH FLOWS  
For the Six Months Ended July 31, 2008 and 2007  
and for the Period from January 1, 1995 to July 31, 2008

	For the Six Months Ended July 31,		For the Period
	2008	2007	From January 1, 1995 to July 31, 2008
<b>Cash flows from operating activities</b>			
Net loss	\$ (5,447,606)	\$ (3,819,642)	\$ (33,044,661)
Adjustments to reconcile net loss to net cash used in operating activities:			
Accretion of warrants issued as a debt discount	21,461	21,461	1,341,606
Accretion of beneficial conversion	-	-	107,468
Accretion of debt discount	-	119,919	531,110
Adjustments to fair value of derivatives	-	703,992	1,357,904
Loss from joint venture	-	-	859,522
Loss on sale of marketable securities	-	-	281,063
Depreciation and amortization	246,069	111,213	509,399
Loss on disposal of property, plant and equipment	-	-	334,927
Impairment in value of property, plant and equipment	-	-	807,266
Loss on disposal of bond	-	-	21,000
Impairment in value of Relief Canyon Mine	-	-	3,311,672
Impairment in value of joint investments	-	-	490,000
Bad debt	-	-	40,374
Assigned value of stock and warrants exchanged for services	-	358,062	2,108,452
Assigned value of stock options issue for compensation	116,639	55,039	895,864
Gain on write off of note payable	-	-	(7,000)
Judgment loss accrued	-	-	250,000
(Increase) decrease in:			
Restricted cash	(12,214)	(423,869)	(674,850)
Receivables	50,600	100,000	(54,383)
Deposits	35,512	(100,000)	(94,468)
Deferred reclamation costs	-	-	214,848
Prepaid expenses	(26,397)	6,360	(284,909)
Inventory	(200,305)	-	(289,362)
Reclamation bonds	-	-	185,000
Other assets	-	-	(1,600)
Increase (decrease) in:			
Accounts payable	(558,676)	(133,812)	517,662



Accrued expenses	96,944	70,730	1,063,320
Net cash used by operating activities	(5,677,973)	(2,662,923)	(19,160,132)
Cash flows from investing activities			
Proceeds from sale of marketable securities	-	-	34,124
Investment in marketable securities	-	-	(315,188)
Advances from shareholder	-	-	7,436
Contribution from joint venture partner	-	-	775,000
Purchase of joint venture partner interest	-	-	(900,000)
Capital expenditures	(3,312,699)	(965,185)	(13,966,483)
Proceeds from disposal of property, plant and equipment	-	-	278,783
Investments in joint ventures	-	-	(490,000)
Note receivable	-	-	(268,333)
Repayment of note receivable	-	-	268,333
Net cash used by investing activities	(3,312,699)	(965,185)	(14,576,328)
Cash flows from financing activities			
Proceeds from the issuance of common stock	7,621,515	10,992,988	28,258,782
Proceeds from notes payable	1,405,966	960,000	8,646,733
Principal repayments of notes payable	(167,617)	(8,757)	(2,631,443)
Repayment of advances to affiliate	-	-	(231,663)
Deferred revenue	(137,650)	-	800,000
Net cash provided by financing activities	8,722,214	11,944,231	34,842,409
Net increase in cash	(268,458)	8,316,123	1,175,307
Cash, beginning of year	383,223	150,647	6,687
Cash, end of year	\$ 114,765	\$ 8,466,770	\$ 1,168,620

FIRSTGOLD CORP.  
(A DEVELOPMENT STAGE COMPANY)  
STATEMENTS OF CASH FLOWS  
For the Six Months Ended July 31, 2008 and 2007  
and for the Period from January 1, 1995 to July 31, 2008

Supplemental cash flow information for the three months ended July 31, 2008 and 2007 and January 1, 1995 through April 30, 2008 as follows:

	For the Six Months Ended July 31,		For the
	2008	2007	Period From January 1, 1995 to July 31, 2008
Cash paid for interest	\$ -	\$ -	\$ 161,107
Cash paid for income taxes	\$ -	\$ -	\$ -
<b>Non Cash Investing and Financing Activities:</b>			
Conversion of related party note payable to common stock, including interest payable of \$446,193	\$ -	\$ -	\$ 2,093,573
Conversion of convertible debentures to common stock, including interest of \$217,151	\$ -	\$ 450,000	\$ 4,359,609
Issuance of warrants as financing costs in connection with convertible debt	\$ -	\$ -	\$ 2,093,573
Issuance of common stock as payment for settlement of liabilities	\$ 63,999	\$ -	\$ 2,093,573

FIRSTGOLD CORP.  
(A DEVELOPMENT STAGE COMPANY)  
NOTES TO FINANCIAL STATEMENTS  
For the Six Months Ended July 31, 2008

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NOTE 1 - ORGANIZATION AND LINE OF BUSINESS

Firstgold Corp. has been in the business of acquiring, exploring, developing, and producing gold properties. Firstgold had rights to mine properties in Nevada and Montana. Its primary focus was on the Relief Canyon mine located near Lovelock, Nevada, where it has performed development and exploratory drilling and was in the process of obtaining permits to allow operation of the Relief Canyon Mine. In December 1997, Firstgold placed the Relief Canyon Mine on care and maintenance status. From mid-2001 until the beginning of 2003 Firstgold was essentially inactive, only continuing with some of the care and maintenance at Relief Canyon, as provided for by a non-affiliate company owned by the Chief Operating Officer of Firstgold.

Firstgold has embarked on a business strategy whereby it will invest in and/or manage the exploration of gold and other mineral producing properties. Currently, Firstgold's principal assets include various mineral leases associated with the Relief Canyon mine located near Lovelock, Nevada along with various items of mining equipment located at that site. Firstgold's business will be to acquire, explore and, if warranted, develop various mining properties located in the state of Nevada. Firstgold plans to carryout comprehensive exploration and development programs on its properties. Firstgold plans to conduct these activities itself, although some activities may be outsourced. Consequently, Firstgold's current plan will require the hiring of significant amounts of mining employees to carry out its future mining and current exploration activities.

NOTE 2 - GOING CONCERN

These financial statements have been prepared on a going concern basis. During the years ended January 31, 2008 and 2007 and the period from January 1, 1995 to January 31, 2008, Firstgold incurred net losses of approximately \$7,632,537, \$4,728,070, and \$30,449,347, respectively. In addition, Firstgold has been in the exploration stage since inception and through July 31, 2008. Information for the six months ended July 31, 2008 include a net loss of \$5,447,606, negative cash flows from operations of \$5,677,973 and a deficit accumulated during the exploration stage of \$36,638,746. The Company's ability to continue as a going concern is dependent upon its ability to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. The outcome of these matters cannot be predicted with any certainty at this time. Since inception, the Company has satisfied its capital needs by issuing equity and debt securities.

Management plans to continue to provide for its capital needs during the year ending January 31, 2009 by issuing equity securities or incurring additional debt financing, with the proceeds to be used to re-establish mining operations at Relief Canyon as well as improve its working capital position. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should Firstgold be unable to continue as a going concern.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnotes normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or



omitted pursuant to these rules and regulations. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in Firstgold's Form 10-KSB, as filed with the SEC for the year ended January 31, 2008.

#### Exploration Stage Company

Effective January 1, 1995 (date of inception), the Company is considered a development stage Company as defined in SFAS No. 7. The Company's development stage activities consist of the development of several mining properties located in Nevada. Sources of financing for these development stage activities have been primarily debt and equity financing. The Company has, at the present time, not paid any dividends and any dividends that may be paid in the future will depend upon the financial requirements of the Company and other relevant factors.

#### Cash and Cash Equivalents

For the purpose of the statements of cash flows, Firstgold considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

#### Restricted Cash

Restricted cash represents a certificate of deposit with Umpqua Bank to serve as collateral for a reclamation bond with the Nevada Department of Environmental Protection at the Relief Canyon Mine.

#### Deferred Reclamation Costs

In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 143, "Accounting for Asset Retirement Obligations," which established a uniform methodology for accounting for estimated reclamation and abandonment costs. The statement was adopted February 1, 2003. The reclamation costs will be allocated to expense over the life of the related assets and will be adjusted for changes resulting from the passage of time and revisions to either the timing or amount of the original present value estimate.

Prior to adoption of SFAS No. 143, estimated future reclamation costs were based principally on legal and regulatory requirements. Such costs related to active mines were accrued and charged over the expected operating lives of the mines using the UOP method based on proven and probable reserves. Future remediation costs for inactive mines were accrued based on management's best estimate at the end of each period of the undiscounted costs expected to be incurred at a site. Such cost estimates included, where applicable, ongoing care, maintenance and monitoring costs. Changes in estimates at inactive mines were reflected in earnings in the period an estimate was revised.

#### Valuation of Derivative Instruments

FAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" requires bifurcation of embedded derivative instruments and measurement of their fair value for accounting purposes. In determining the appropriate fair value, the Company uses the Black Scholes model as a valuation technique. Derivative liabilities are adjusted to reflect fair value at each period end, with any increase or decrease in the fair value being recorded in results of operations as Adjustments to Fair Value of Derivatives. In addition, the fair values of freestanding derivative instruments such as warrants are valued using Black Scholes models.

#### Revenue Recognition

Revenues will be recognized when deliveries of gold are made, title and risk of loss passes to the buyer and collectibility is reasonably assured. Deferred revenue represents non-refundable cash received in exchange for royalties on net smelter returns on the Relief Canyon Mine. Deferred revenue will be amortized to earnings based on estimated production in accordance with the royalty agreement.

#### Risks Associated with Gold Mining

The business of gold mining is subject to certain types of risks, including environmental hazards, industrial accidents, and theft. Prior to suspending operations, Firstgold carried insurance against certain property damage loss (including business interruption) and comprehensive general liability insurance. While Firstgold maintained insurance consistent with industry practice, it is not possible to insure against all risks associated with the mining business, or prudent to assume that insurance will continue to be available at a reasonable cost. Firstgold has not obtained environmental liability insurance because such coverage is not considered by management to be cost effective. Firstgold currently carries no insurance on any of its properties due to the current status of the mine and Firstgold's current financial condition.

#### Comprehensive Income

Firstgold utilizes SFAS No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting comprehensive income and its components in a financial statement. Comprehensive income as defined includes all changes in equity (net assets) during a period from non-owner sources. Examples of items to be included in comprehensive income, which are excluded from net income, include foreign currency translation adjustments, minimum pension liability adjustments, and unrealized gains and losses on available-for-sale marketable securities. Comprehensive income is presented in Firstgold's financial statements since Firstgold did have unrealized gain (loss) from changes in equity from available-for-sale marketable securities.

#### Estimates

The preparation of financial statements 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Loss Per Share

Firstgold utilizes SFAS No. 128, "Earnings per Share." Basic loss per share is computed by dividing loss available to common shareholders by the weighted-average number of common shares outstanding. Diluted loss per share is computed similar to basic 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. Common equivalent shares are excluded from the computation if their effect is anti-dilutive.

The following common stock equivalents were excluded from the calculation of diluted loss per share since their effect would have been anti-dilutive:

	2008	2007
Warrants	49,332,841	39,183,820
Stock options	5,751,038	3,825,000

#### Recent Accounting Pronouncements

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (SFAS 159). Under the provisions of SFAS 159, Companies may choose to account for eligible financial instruments, warranties and insurance contracts at fair value on a contract-by-contract basis. Changes in fair value will be recognized in earnings each reporting period. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is required to and plans to adopt the provisions of SFAS 159 beginning in the first quarter of 2008. The Company is currently assessing the impact of the adoption of SFAS 159.

In December 2007, the FASB released FAS 141R, “Business Combinations” and FAS 160, “Non-controlling Interests in Consolidated Financial Statements.” Both standards will be effective for transactions that occur after January 1, 2009. FAS 141R applies to all business combinations and will require the acquiring entity to recognize the assets and liabilities acquired at their respective fair value. This standard changes the accounting for business combinations in several areas. If we complete an acquisition after the effective date of FAS 141R, some of these changes could result in increased volatility in our results of operations and financial position. For example, transaction costs, which are currently capitalized in a business combination, will be expensed as incurred. Additionally, pre-acquisition contingencies (such as in-process lawsuits acquired) and contingent consideration (such as additional consideration contingent on specified events in the future) will be recorded at fair value at the acquisition date, with subsequent changes in fair value reflected in our results of operations. Under current accounting guidance, adjustments to these contingencies are reflected in the allocation of purchase price if they occur within a certain period of time after the acquisition date.

#### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment was recorded at \$11,956,780 and \$1,914,064 at July 31, 2008 and 2007, respectively. Depreciation expense was \$443,670 and \$55,735 for the six months ended July 31, 2008 and 2007, respectively

#### NOTE 5 - NOTES PAYABLE

Notes payable consist of the following at July 31, 2008:

Note payable	\$ 250,000
<p>The note bears interest at 12% and is due January 2009. The note along with the Convertible Debenture issued in May 2008 (see Note 6 below) is secured by all property of Firstgold.</p>	
Equipment notes payable	60,298
<p>The first note does not bear any interest and is due in December 2010. The second note bears interest at 8.6% and is due June 2011. The loans are secured by a Caterpillar loader and backhoe.</p>	
Insurance premium note payable	55,966

The note bears interest at 5.6%, is payable in monthly installments of \$6,218 and is due February 2009.

Total notes payable	\$ 116,264
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Firstgold recorded interest expense of \$121,305 and \$155,910 for the three months and six months ended July 31, 2008 compared to interest expense of \$275,580 and \$523,539 for the three months and six months ended July 31, 2007.

#### NOTE 6 – CONVERTIBLE DEBENTURES

##### September 2006 Convertible Debenture

In September 2006, Firstgold entered into a Securities Purchase Agreement (the “Purchase Agreement”) and other agreements, as amended on November 1, 2006, in connection with the private placement of convertible debentures, in the aggregate principal amount of \$3,000,000 and bearing interest at 8% per annum (the “Debenture”). The Debentures were funded \$1,000,000 on September 26, 2006, \$1,000,000 upon the filing of a resale registration statement with the SEC on December 1, 2006 and \$1,000,000 on March 15, 2007. Of the \$1,000,000 funded on September 26, 2006, \$120,000 was paid for various loan fees and closing costs; of the \$1,000,000 funded December 1, 2006, \$90,000 was paid for various loan fees and closing costs; and of the \$1,000,000 funded March 19, 2007, \$90,000 was paid for various loan fees and closing costs.

The Debentures were due and payable three years after the issue date unless converted into shares of common stock or repaid prior to its expiration date. The conversion rate was adjustable and at any conversion date, would be the lower of \$0.45 per share or 95% of the Market Conversion Price. On July 13, 2007 \$450,000 of the Debenture dated March 15, 2007 was converted into 1,000,000 shares of common stock. On September 13, 2007 the \$1,000,000 Debenture dated September 26, 2006 was converted into 2,222,222 shares of common stock. On October 12, 2007 \$450,000 of the Debenture dated December 1, 2006 was converted into 1,000,000 shares of common stock. On October 16, 2007 \$450,000 of the Debenture dated December 1, 2006 was converted into 1,000,000 shares of common stock. On October 30, 2007 1,444,444 shares of common stock were issued in conversion of the remaining \$650,000 in principal of outstanding Secured Convertible Debentures. An additional 413,784 shares of common stock was issued in conversion of \$186,203 of accrued interest on the Secured Convertible Debentures.

#### October 2006 Convertible Debentures

In October 2006, Firstgold issued convertible debentures in the aggregate principal amount of \$650,000 and bearing interest of 8% per annum. The Debentures and accrued interest are convertible into shares of Firstgold common stock at a conversion rate of \$0.405 per share. The Debentures are due and payable three years from the date of issue unless they are converted into shares of the Company's common stock or are repaid prior to their expiration date. Additionally, the investors were issued warrants to purchase an aggregate of 746,843 shares of Firstgold common stock exercisable at \$0.45 per warrant. The warrants were issued as financing costs and total deferred financing cost of \$173,114 was recorded in relation to this debt.

#### May 2008 Convertible Debenture

In May 2008, Firstgold issued a convertible debenture in the principal amount of \$1,100,000 and bearing interest of 10% per annum. The Debentures and accrued interest are convertible into shares of Firstgold common stock at a conversion rate of \$0.80 per share. The Debentures are due and payable 20 months from the date of issue unless they are converted into shares of the Company's common stock or are repaid prior to their expiration date. Additionally, the investor was issued warrants to purchase an aggregate of 1,100,000 shares of Firstgold common stock exercisable at \$1.00 per warrant. The warrants were issued as financing costs and total deferred financing cost of \$296,102 was recorded in relation to this debt. The May 2008 Convertible Debenture along with the \$250,000 Note Payable in Note 5 above is secured by all property of Firstgold.

#### NOTE 7 - COMMITMENTS AND CONTINGENCIES

Except for the advance royalty and rent payments noted below, Firstgold is not obligated under any capital leases or non-cancelable operating lease with initial or remaining lease terms in excess of one year as of July 31, 2008. However, minimum annual royalty payments are required to retain the lease rights to Firstgold's properties.

##### Relief Canyon Mine

Our mining property rights are represented by 141 unpatented mill site and mining lode claims which were re-staked in October 2004 and June 2006. Unpatented mining claims are generally considered subject to greater title risks than patented mining claims or real property interests that are owned in fee simple. To remain valid, such unpatented claims are subject to annual maintenance fees. As of July 31, 2008, we were current in the payment of such maintenance fees.

During 1996, Repadre Capital Corporation ("Repadre") purchased for \$500,000 a net smelter return royalty (Repadre Royalty). Repadre was to receive a 1.5% royalty from production at each of the Relief Canyon Mine and Mission Mines. In July 1997, an additional \$300,000 was paid by Repadre for an additional 1% royalty from the Relief Canyon Mine. In October, 1997, when the Mission Mine lease was terminated, Repadre exercised its option to transfer the Repadre Royalty solely to the Relief Canyon Mine resulting in a total 4% royalty. The total amount received of \$800,000 has been recorded as deferred revenue in the accompanying financial statements.

On February 8, 2007, a complaint was filed against ASDi, LLC, Crescent Red Caps LLC, Firstgold, and Scott Dockter by the Lessors of the Crescent Valley and Red Caps mining properties. The complaint was filed in the Sixth Judicial District Court of Lander County, Nevada (Case No. 9661). In the complaint the plaintiffs allege that ASDi, LLC wrongfully assigned its lessee rights in the Crescent Valley and Red Caps mining properties to Crescent Red Caps LLC (of which Firstgold is the Managing Member).

In late March, 2008 the parties reached a settlement agreement and the case was dismissed by the Court on April 4, 2008. As a result of the Settlement, Firstgold paid \$150,000 to Plaintiffs and Firstgold, ASDi LLC and Crescent Red Caps LLC relinquished all right, title and interest in the Red Caps and Crescent Valley leases to the Plaintiffs. Consequently, Firstgold no longer has any interest in these leases and will not pursue any further exploration activity on such leased property.

On September 24, 2007, a complaint was served on Firstgold by Swartz Private Equity, LLC. The complaint was filed in the District Court for the Western District of New York (Case No. 07CV6447). In the complaint, plaintiff alleges that pursuant to an Investment Agreement dated October 4, 2000, and entered into with Firstgold's former management, it is entitled to the exercise of certain warrants in the amount of 1,911,106 shares of Firstgold common stock or the equivalent cash value of \$0.69 per share and a termination fee of \$200,000. Firstgold filed an answer to the complaint on December 3, 2007 and expects to vigorously defend this action. The lawsuit is now in the discovery phase.

On January 30, 2008, a complaint was served on Firstgold by Park Avenue Consulting Group, Inc. The complaint was filed in the Supreme Court of the State of New York but was subsequently removed to the Federal District Court for the Southern District of New York (Case No. 08CV01850). In the complaint, plaintiff alleges that pursuant to a Retainer Agreement entered into on September 1, 2000, it is entitled to \$100,000 in retainer fees, \$43,874 in expenses, and 850,000 shares of common stock during the term of the agreement. Firstgold is currently evaluating this lawsuit and expects to vigorously defend this action.

Firstgold is involved in various other claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate dispositions of these matters will not have a material adverse effect on Firstgold's financial position, results of operations or liquidity.

#### NOTE 8 - SHAREHOLDERS' SURPLUS

##### Common Stock

In February 2008 warrants to purchase 250,000 shares of common stock were exercised at an average exercise price of \$0.25 per share.

In February 2008 Firstgold received proceeds of \$3,450,975 upon the issuance of Units consisting of 5,309,193 shares of common stock and warrants to purchase 2,654,460 shares of common stock at an exercise price of \$0.80 per share. The warrants have a term of 18 months.

In March 2008 Firstgold received proceeds of \$4,261,822 upon the issuance of Units consisting of 6,556,650 shares of common stock and warrants to purchase 3,278,325 shares of common stock at an exercise price of \$0.80 per share. The warrants have a term of 18 months.

In April 2008 Firstgold received proceeds of \$330,100 upon the issuance of Units consisting of 507,846 shares of common stock and warrants to purchase 253,923 shares of common stock at an exercise price of \$0.80 per share. The warrants have a term of 18 months.

In April 2008 warrants to purchase 200,000 shares of common stock were exercised at an exercise price of \$0.50 per share.

In May 2008 Firstgold received proceeds of \$300,000 upon the issuance of Units consisting of 461,538 shares of common stock and warrants to purchase 230,769 shares of common stock at an exercise price of \$0.80 per share. The warrants have a term of 18 months.

In May 2008 Firstgold issued 127,999 shares of common stock to one person in settlement of an existing note payable and accrued interest totaling \$63,999.

##### Warrants

The fair market value of warrants issued during the six months ended July 31, 2008 in conjunction with the issuance of common stock was determined to be \$1,836,890 and was calculated under the Black-Scholes option pricing model with the following assumptions used:

Expected life	1.5 to 1.67 years
Risk free interest rate	1.53% to 2.41%
Volatility	63.39% to 104.95%
Expected dividend yield	None

The fair value of these warrants has been recorded as both a debit and credit to additional paid in capital.



The following table presents warrant activity from January 31, 2008 through July 31, 2008:

	Number of Shares	Weighted- Average Exercise Price
Outstanding, January 31, 2008	39,507,146	\$ 0.47
Exercised	(450,000)	\$ (0.36)
Granted	10,275,695	\$ 0.81
Outstanding, July 31, 2008	49,332,841	\$ 0.54
Exercisable, July 31, 2008	49,332,841	\$ 0.54

### Stock options

The 2006 Plan provides for the issuance of non-qualified or incentive stock options to employees, non-employee members of the board and consultants. The exercise price per share is not to be less than the fair market value per share of the Company's common stock on the date of grant. The Board of Directors has the discretion to determine the vesting schedule. Options may be either immediately exercisable or in installments, but generally vest over a three-year period from the date of grant. In the event the holder ceases to be employed by the Company, all unvested options terminate and all vested installment options may be exercised within an installment period following termination. In general, options expire ten years from the date of grant. Stockholders voting at the 2007 Annual Stockholders meeting held on September 20, 2007 approved an increase in the shares issuable under the 2006 Plan to a total of 10,000,000.

Effective February 1, 2006, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 123(R), Share-Based Payment (SFAS 123(R)), which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors, including stock options based on their fair values. Firstgold had not previously issued any stock options prior to adoption of the 2006 Plan. In March 2005, the SEC issued Staff Accounting Bulletin No. 107 (SAB 107) to provide guidance on SFAS 123(R). The Company has applied SAB 107 in its adoption of SFAS 123(R).

The Company adopted SFAS 123(R) using the modified prospective transition method as of and for the three months ended April 30, 2008. In accordance with the modified prospective transition method, the Company's financial statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R). Share-based compensation expense recognized is based on the value of the portion of share-based payment awards that is ultimately expected to vest. Share-based compensation expense recognized in the Company's Statement of Operations during the three months ended April 30, 2008 includes compensation expense for share-based payment awards granted during the current fiscal year.

In conjunction with the adoption of SFAS 123(R), the Company elected to attribute the value of share-based compensation to expense using the straight-line method. Share-based compensation expense related to stock options and restricted stock grants was \$59,311 for the three months ended April 30, 2008, and was recorded in the financial statements as operating expense.

For the six months ended July 31, 2008 the Company's calculations were made using the Black-Scholes option pricing model with the following weighted average assumptions: expected life, 36 months following the grant date; stock volatility, 63.4%; risk-free interest rates of 1.77% to 2.97%; and no dividends during the expected term. As stock-based compensation expense recognized in the consolidated statement of operations pursuant to SFAS No. 123(R) is based on awards ultimately expected to vest, expense for grants beginning upon adoption of SFAS No. 123(R) on February 1, 2006 will be reduced for estimated forfeitures. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures are estimated based on historical experience.

A summary of the Company's stock option activity is as follows:

	# of Shares	Weighted Ave. Exercise Price	Aggregate Intrinsic Value
Outstanding as of January 31, 2008	4,650,000	\$ 0.61	\$ 0
Granted	1,101,038	\$ 0.64	\$ 0
Exercised	0	\$ 0.00	
Cancelled	0	\$ 0.00	

Outstanding as of July 31, 2008	5,751,038	\$	0.63	\$	0
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Exercisable as of July 31, 2008	4,075,260	\$	0.59	\$	0
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NOTE 9 – SUBSEQUENT EVENT

In August 2008, Firstgold issued two Senior Secured Promissory Notes for up to a total of \$15,750,000. Funding of the Notes will occur in five tranches of which the first occurred at the initial closing in August 2008 in the aggregate amount of \$6,742,625 (the “Initial Note Amount”). Two interim fundings occurred in August and September 2008 and totaled \$1,824,324. The second tranche which is scheduled for not later than September 25, 2008, in the amount of \$3,433,051 will occur upon the expiration of appeal periods applicable to certain operating and reclamation permits relating to its Relief Canyon Mine properties. Three additional tranches of \$1,250,000 each will be available during the months of November and December, 2008 and January 2009 subject to the Company achieving certain operational conditions. The loans bear an interest rate of 4% per annum with interest payments commencing in September, 2008. The loans will be due and payable on March 1, 2010.

In conjunction with the making of the loan, the Lenders were issued Warrants to purchase 15,000,000 shares of the Company’s common stock at an exercise price of \$.4357 cents per share which may be adjusted downward based on future market conditions but in no event less than \$.3961 cents per share. The Warrants have a term of 3 years. The Warrants also provide for a Put Right in which the Warrant holder after August 7, 2009 may require the Company to repurchase the Warrants at a redemption price of \$.30 per Warrant. The Put Right is exercisable for a period of one year. In addition, participating brokers will be issued Warrants to purchase up to 1,050,000 shares of common stock having the same terms as set forth above except with no Put Right included.

In August 2008 Firstgold increased the reclamation cost deposit from \$613,500 to \$2,797,346 which was placed in a blocked account with its bank in Sacramento, California.

In August 2008 the May 2008 Convertible Debenture and note payable were repaid in full for the amount of \$1,459,707.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

### Caution About Forward-Looking Statements

This Form 10-Q includes "forward-looking" statements about future financial results, future business changes and other events that haven't yet occurred. For example, statements like Firstgold "expects," "anticipates" or "believes" are forward-looking statements. Investors should be aware that actual results may differ materially from Firstgold's expressed expectations because of risks and uncertainties about the future. Firstgold does not undertake to update the information in this Form 10-Q if any forward-looking statement later turns out to be inaccurate. Details about risks affecting various aspects of Firstgold's business are discussed in Firstgold's Form 10-KSB as well as throughout this Form 10-Q and should be considered carefully.

### Overview

We are an exploration-stage company engaged in the acquisition, exploration and, if warranted, development of various mining properties located in the State of Nevada. We are currently conducting a comprehensive exploration and development program on various mineral leases associated with our Relief Canyon Mine property located near Lovelock, Nevada. Since February 1, 2007 we have completed drilling 83 reverse circulation drill holes. We have also drilled a total of 57 sonic holes reverse circulation holes in the existing heap leach pads to assess the economic potential of reprocessing the ore and extracting any remaining gold. These drill results will be added to the historic drill hole database to help develop a new mining plan for Relief Canyon Mine property.

In preparation for the resumption of ore processing at the Relief Canyon Mine, on August 7, 2007 we received an "Approval of the Relief Canyon Mine Heap reprocessing amendment to the Plan of Operations" from the Bureau of Land Management ("BLM"). In conjunction with the BLM action, Firstgold increased its posted reclamation bond to \$2.8 million with the BLM.

On August 16, 2008 an "Amended Reclamation Permit No. 264" issued by the Nevada Division of Environmental Protection ("NDEP") became final. In addition, Firstgold has recently received its Water Pollution Control Permit and Air quality Permit from the NDEP.

The above approval and permits allow Firstgold to begin construction of a new heap leach pad and to construct and operate an ADR Process Plant and crushing facility at the Relief Canyon Mine site.

In October 2006, we entered into a Mineral Lease Agreement to explore, and, if warranted, develop up to 25,000 acres of property called Antelope Peak located in Elko County, Nevada. The Lease allows us the exclusive right to explore for, and, if warranted, develop gold, silver and barite minerals on the leased property. Exploration activity has commenced on this property.

We have conducted preliminary sampling of approximately 4,200 acres of potentially mineralized ground in the Horse Creek area located approximately 100 miles northeast of Reno, Nevada. During the course of the property evaluation, rock chip samples were collected showing the potential presence of intrusion-related mineral systems. During the third quarter we commenced the extensive mapping of the area's bedrock geology. Additionally, we plan to conduct an airborne geophysical survey to map the magnetic character of the rocks. Geochemical exploration efforts continued with more rock chip sampling as well as an in-depth soil sampling survey.

On January 11, 2008 we secured claims on approximately 2,300 acres of potentially mineralized ground near Fairview, Nevada referred to as the Fairview-Hunter property. We are conducting preliminary sampling of the area. During the course of the property evaluation, rock chip samples were collected. The next phase of this project will be to conduct extensive mapping of the area's bedrock geology. Additionally, we plan to conduct an airborne

geophysical survey to map the magnetic character of the rocks. Geochemical exploration efforts will continue with more rock chip sampling as well as an in-depth soil sampling survey.

On February 22, 2008, we secured claims on approximately 3,300 acres of potentially mineralized ground north of Winnemucca, Nevada referred to as the Honorine Gold property. We are conducting preliminary sampling of the area. During the course of the property evaluation, rock chip samples were collected. The next phase of this project will be to conduct extensive mapping of the area's bedrock geology. Additionally, we plan to conduct an airborne geophysical survey to map the magnetic character of the rocks. Geochemical exploration efforts will continue with more rock chip sampling as well as an in-depth soil sampling survey.

In July 2008, Firstgold opened a full service metals and mineral assay laboratory in Lovelock, Nevada. The laboratory will process mineral samples from Firstgold's Relief Canyon Mine, other Firstgold exploration properties and provide excess capacity to process mined samples from other outside mining and exploration companies. At peak operation, the laboratory is designed to process up to 2,200 fire assays and up to 250 geochemical analyses per day.

## Plan of Operations for the Next Twelve Months

Certain key factors and objectives will affect our future financial and operating results. These include, but are not limited to the following:

- Gold prices, and to a lesser extent, silver prices;
- The amount of mineralization at the Relief Canyon Mine as estimated by us (based on past and current exploration by Firstgold and work done by others).
- Our proposed exploration of properties now include 146 mill site and unpatented mining claims contained in about 1,000 acres of the Relief Canyon Property; the 25,000 acre Antelope Peak property; and approximately 4,200 acres in the Horse Creek area of Nevada; 2,300 acres near Fairview, Nevada and 3,300 acres near Winnemucca, Nevada.
- Our operating plan is to continue exploration work on the Relief Canyon mining property during calendar 2008. During 2008, we plan to resume heap leaching at the Relief Canyon Mine and we anticipate commencing ore processing at the Relief Canyon Mine thereafter. Through the sale of additional securities and/or the use of joint ventures, royalty arrangements and partnerships, we intend to progressively enlarge the scope and scale of our current exploration, and future mining and processing operations, thereby potentially increasing our chances of locating and processing commercially viable ore deposits which could increase both our annual revenues and ultimately our net profits. Our objective is to achieve annual growth rates in revenue and net profits for the foreseeable future.
- We expect to make capital expenditures in calendar years 2008 and 2009 of between \$5 million and \$10 million, including costs related to the exploration, development and operation of the Relief Canyon mining property. We will have to raise additional outside capital to pay for these activities and the continuation of exploration activities and possible future production at the Relief Canyon mine.
- Additional funding or the utilization of other venture partners will be required to fund exploration, research, development and operating expenses at the Horse Creek, Antelope Peak, Fairview-Hunter and Honorine Gold properties when and if such activity is commenced at these properties. In the past we have been dependent on funding from the private placement of our securities as well as loans from related and third parties as the sole sources of capital to fund operations.
- Completion of the ore processing facility at the Relief Canyon site and installation of a new jaw crushing unit.
- Operation of a state-of-the-art mineral assay laboratory occupying 10,000 square feet of leased space outside of Lovelock, Nevada.

## Results of Operation

Our current business strategy is to invest in, explore and if warranted, conduct mining operations of our current mining properties and other mineral producing properties. Firstgold is a public company that in the past has been engaged in the exploration, acquisition and development of gold-bearing properties in the continental United States. Currently, our principal assets include various mineral leases associated with the Relief Canyon Mine located near Lovelock, Nevada along with various items of mining equipment and improvements located at that site. We have also entered into (i) a mineral lease to explore approximately 25,000 acres of property located in Elko County, Nevada; ii) the staking of approximately 4,200 acres of property located in Humboldt County, Nevada; (iii) claims to explore 2,300 acres of property located near Fairview, Nevada; and (iv) mineral leases on 3,300 acres of property located near Winnemucca, Nevada.

Operating Results for the Fiscal Quarters Ended July 31, 2008 and 2007

Although we commenced efforts to re-establish our mining business early in fiscal year 2004, no mining operations have commenced and no revenues from mining operations have been recognized during the quarters ended July 31, 2008 and 2007, respectively. We have granted a 4% net smelting return royalty to a third party related to the Relief Canyon mining property which has been recorded as an \$800,000 deferred option income. During the second quarter of fiscal year 2009 we recognized revenue of \$369,567 from the leasing of drill rigs and crew to other nearby mining operations.

During the quarter ended July 31, 2008 we spent \$1,622,102 for exploration, reclamation and maintenance expenses related to our mining properties. Reclamation and maintenance expenses expended during the same quarter ended July 31, 2007 were \$337,134. These expenses relate primarily to exploration activities and installation of processing facilities at the Relief Canyon Mine. The increase in costs was due to extensive building and facility expansion at the Relief Canyon mine and significant exploration drilling. During the quarter ended July 31, 2008 we expended approximately \$78,098 on preliminary exploration activities at the Antelope Peak, Horse Creek, Fairview-Hunter and Honorine Gold properties.



We incurred operating expenses of \$1,497,520 during the quarter ended July 31, 2008. Of this amount, \$35,206 reflects promotion expense, \$135,433 reflects officer and director compensation during the quarter and \$286,085 reflect fees for outside professional services. We incurred operating expenses of \$1,225,917 during the quarter ended July 31, 2007. Of this amount, \$197,140 reflects outside director compensation expense, \$113,882 reflects promotion expense, \$93,500 reflects officer compensation and related payroll taxes during the quarter and \$224,717 reflect fees for outside professional services.

A large portion of the outside professional services reflects legal and accounting work pertaining to our annual and quarterly reporting on Form 10-KSB and Form 10-Q occurring in fiscal year 2008 and 2009 respectively, as well as the preparation and filing of Amended Form SB-2's. It is anticipated that both mining costs and operating expenses will increase significantly as we continue our exploration program and prepare for mining operations.

We incurred interest expense of \$121,305 during the quarter ended July 31, 2008 which compares to interest expenses of \$275,580 incurred during the same quarter of 2007. The principal balance of loans outstanding at the end of the second quarter of fiscal year 2009 decreased by \$1,221,584 to \$2,149,908 compared to a principal balance of \$3,371,492 outstanding at the end of the second quarter of fiscal year 2008, which was primarily the result of a decrease in convertible debentures. The decrease in interest expense during the quarter ended July 31, 2008 was primarily due to the decrease in the principal balance of loans outstanding during the period offset by the write-off of unamortized debt costs related to convertible debt which was converted in full during the period.

Our total net loss for the quarter ended July 31, 2008 increased to \$2,847,040 compared to a net loss of \$842,028 incurred for the same quarter ended July 31, 2007. The larger net loss in the second quarter of fiscal 2009 reflects the substantial increase in the exploration and mine site improvement expenses as well as an increase in operating expenses. The increase in net loss for the quarter ended July 31, 2008 was partially offset by the net sales revenue recognized during the quarter.

#### Operation results for the Six Months Ended July 31, 2008 and 2007

During the six months ended July 31, 2008 we recognized revenue of \$645,360 from the leasing of drill rigs and crew to other nearby mining operations.

During the six months ended July 31, 2008, we spent \$3,013,513 on exploration, reclamation and building and facilities expansion expenses related to our mining properties. Reclamation and maintenance expenses expended during the six months ended July 31, 2007, were \$463,815. These expenses relate primarily to repairing and upgrading costs required to resume exploration drilling of our Relief Canyon mining claims. We incurred operating expenses of \$2,968,926 during the six months ended July 31, 2008. Of this amount, \$113,505 reflects promotion expense; \$363,893 reflects director and officer compensation; and \$1,253,900 reflects fees for outside professional services. A large portion of the outside and professional services reflects legal and accounting work pertaining to our annual and quarterly reporting on Form 10-KSB and Form 10-Q and financing activities. During the six months ended July 31, 2007, we incurred operating expenses of \$2,211,602, of which \$187,000 represented officer compensation, and \$349,249 reflected fees for outside professional services. It is anticipated that both mining costs and operation costs will increase significantly as we continue our exploration program and initiate mining operations.

We incurred interest expense of \$155,910 during the six months ended July 31, 2008, which compares to interest expenses of \$523,539 incurred during the same six months of 2007. The principal balance of loans outstanding during the first six months of the fiscal year 2009 decreased by \$1,221,584, compared to the same six months for the fiscal year 2008, which was primarily the result of the increase in Convertible Debentures. The decrease in additional interest expense during the six months ended July 31, 2008, was primarily due to the decrease in outstanding Convertible Debentures.

Our total net loss of the six months ended July 31, 2008, increased to \$5,447,606 compared to a net loss of \$3,819,642 incurred for the same six months ended July 31, 2007. The higher net loss in the first six months of fiscal 2009 reflects the increase in exploration, maintenance, and operating expenses as we reactivate our exploration activities, construct processing facilities and establish a mineral assay laboratory which expenses were partially offset by revenues recognized during the first six months of fiscal 2009.

#### Liquidity and Capital Resources

We have incurred significant operating losses since inception and during the six months ended July 31, 2008 which has resulted in an accumulated deficit of \$36,638,746 as of July 31, 2008. At July 31, 2008, we had cash and other current assets of \$997,745 compared to \$1,125,613 at January 31, 2008 and a net working capital deficit of \$3,231,051 as of July 31, 2008. Since the resumption of our business in February 2003, we have been dependent on borrowed or invested funds in order to finance our ongoing operations. As of July 31, 2008, we had outstanding debentures and notes payable in the gross principal amount of \$2,149,908 (net balance of \$1,984,341 after \$(165,567) of deferred financing costs) which reflects a decrease in the gross principal balance of \$1,221,584 compared to notes payable in the gross principal amount of \$3,371,492, (net balance of \$4,738,773 after \$(1,868,149) of note payable discount and deferred financing costs and \$3,235,430 of derivative liabilities) as of July 31, 2007.

During the six months ended July 31, 2008 we received proceeds of \$7,621,515 from the issuance of stock and \$1,405,966 from notes payable.

Subsequent to the end of the second fiscal quarter, we secured an additional \$12,000,000 in senior secured notes payable above the amounts outstanding at July 31, 2008 which should be sufficient to bring the Relief Canyon Mine into full production and carry out planned initial exploration on our other properties. Subsequent to this funding we believe we have sufficient working capital to fund our current business plan for Relief Canyon. However, should additional funds become necessary, our intention would be to pursue several possible funding opportunities including the sale of additional securities, entering into joint venture arrangements, or incurring additional debt.

Due to our continuing losses from business operations, the independent auditor's report dated May 15, 2008, includes a "going concern" explanation relating to the fact that Firstgold's continuation is dependent upon obtaining additional working capital either through significantly increasing revenues or through outside financing. As of July 31, 2008, Firstgold's principal commitments included its obligation to pay ongoing maintenance fees on 146 unpatented mining claims, the annual minimum rent due on the Winchell Ranch mineral lease and mortgage payments relating to its offices in Lovelock, Nevada.

It is likely that we will need to raise additional capital to fund the long-term or expanded development, promotion and conduct of our mineral exploration. Due to our limited cash flow, operating losses and limited assets, it is unlikely that we could obtain financing through commercial or banking sources. Consequently, any future capital requirements will be dependent on cash infusions from our major stockholders or other outside sources in order to fund our future operations. Although we believe that our creditors and investors would continue to fund Firstgold's expenses if such became necessary based upon their significant debt and/or equity interest in Firstgold, there is no assurance that such investors would continue to pay our expenses in the future. If adequate funds are not available in the future, through public or private financing as well as borrowing from other sources, Firstgold might not be able to sustain its mineral exploration or mining program.

#### Recent Financing Transactions

During February, March and April of 2008, Firstgold received gross proceeds of \$8,042,897 upon the private placement of Units consisting of 12,373,689 shares of common stock and warrants to purchase 6,186,845 shares of common stock at an exercise price of \$0.80 per share. The warrants have a term of 18 months.

On May 1, 2008, we issued a Convertible Debenture in the principal amount of \$1,100,000 and bearing interest of 10% per annum. The transaction included the issuance of warrants to purchase 1,100,000 shares of Firstgold common stock at an exercise price of \$1.00 per share. On July 11, 2008 we issued a Note Payable in the principal amount of \$250,000 and bearing interest of 12% per annum. The transaction included the issuance of warrants to purchase 500,000 of Firstgold common stock at an exercise price of \$0.50 per share. On August 7, 2008 both the Convertible Debenture and the Note Payable were repaid in full for the amount of \$1,459,707.

Subsequent to the end of the second fiscal quarter and through September 15, 2008, Firstgold issued Senior Promissory Notes in the principal amount of \$8,566,949 which resulted in net proceeds to Firstgold of \$6,252,583. The transaction included the issuance of warrants to purchase 15,000,000 shares of Firstgold common stock at an exercise price of \$0.4357 per share.

#### Off-Balance Sheet Arrangements

During the fiscal quarter ended July 31, 2008, Firstgold did not engage in any off-balance sheet arrangements as defined in Item 303(a) of the SEC's Regulation S-K.

#### Critical Accounting Policies

The discussion and analysis of our financial conditions and results of operations are based upon our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of financial statements requires management to make estimates and disclosures on the date of the financial statements. On an on-going basis, we evaluate our estimates, including, but not limited to, those related to revenue recognition. We use authoritative pronouncements, historical experience and other assumptions as the basis for making judgments. Actual results could differ from those estimates. We believe that the following critical accounting policies along with those set forth in Note 3 to the financial statements, affect our more significant judgments and estimates in the preparation of our financial statements.

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### Valuation of long-lived assets

Long-lived assets, consisting primarily of property and equipment, patents and trademarks, and goodwill, comprise a significant portion of our total assets. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Recoverability of assets is measured by a comparison of the carrying value of an asset to the future net cash flows expected to be generated by those assets. The cash flow projections are based on historical experience, management's view of growth rates within the industry, and the anticipated future economic environment.

Factors we consider important that could trigger a review for impairment include the following:

- (a) significant underperformance relative to expected historical or projected future operating results,
- (b) significant changes in the manner of its use of the acquired assets or the strategy of its overall business, and
- (c) significant negative industry or economic trends.

When we determine that the carrying value of long-lived assets and related goodwill and enterprise-level goodwill may not be recoverable based upon the existence of one or more of the above indicators of impairment, we measure any impairment based on a projected discounted cash flow method using a discount rate determined by our management to be commensurate with the risk inherent in its current business model.

### Exploration Costs

Exploration costs are expensed as incurred. All costs related to property acquisitions are capitalized.

### Mine Development Costs

Mine development costs consist of all costs associated with bringing mines into production, to develop new ore bodies and to develop mine areas substantially in advance of current production. The decision to develop a mine is based on assessment of the commercial viability of the property and the availability of financing. Once the decision to proceed to development is made, development and other expenditures relating to the project will be deferred and carried at cost with the intention that these will be depleted by charges against earnings from future mining operations. No depreciation will be charged against the property until commercial production commences. After a mine has been brought into commercial production, any additional work on that property will be expensed as incurred, except for large development programs, which will be deferred and depleted.

### Reclamation Costs

Reclamation costs and related accrued liabilities, which are based on our interpretation of current environmental and regulatory requirements, are accrued and expensed, upon determination.

Based on current environmental regulations and known reclamation requirements, management has included its best estimates of these obligations in its reclamation accruals. However, it is reasonably possible that our best estimates of our ultimate reclamation liabilities could change as a result of changes in regulations or cost estimates.

## ITEM 4T. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures.

Firstgold maintains a set of disclosure controls and procedures designed to ensure that information required to be disclosed in reports that it files or submits under the Securities Exchange Act of 1934 (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. In addition, the disclosure controls and procedures ensure that information required to be disclosed is accumulated and communicated to management, including the chief executive officer (CEO) and the chief financial officer (CFO), allowing timely decisions regarding required disclosure. We carried out an evaluation under the supervision and with the participation of management, including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the quarter covered by this report. Based upon that evaluation, our CEO and CFO concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our consolidated subsidiary) that is required to be included in our periodic reports.

## Changes in Internal Control Over Financial Reporting

As described more fully in our Annual Report on Form 10-KSB for the year ended January 31, 2008, our management periodically assesses our internal controls over financial reporting based upon the criteria set forth in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework"). Based on this assessment, including testing, our management determined that as of January 31, 2008 we had the following material weaknesses in our internal control over financial reporting:

1. Deficiencies in Segregation of Duties. Firstgold lacked adequate segregation of duties in our financial reporting process, as our CFO serves as our only qualified internal accounting and financial reporting personnel, and as such, performs substantially all accounting and financial reporting functions with the assistance of an inexperienced internal accountant.
2. Deficiencies in Firstgold's financial reporting process controls. We did not consistently prepare and review account reconciliations and analyses for significant financial statement accounts on a timely basis.

To address and remediate these material weaknesses, we implemented the following changes to our internal controls over financial reporting during the period covered by this report:

For the material weakness concerning deficiencies in segregation of duties, we created the position of Operations Controller and hired an experienced accounting professional to fill the position.

For the material weakness concerning deficiencies in the financial reporting process, we have developed the following remediation plan that will enhance our current policies and procedures. All material accounts are now reconciled on a timely basis.

No changes to our financial statements as filed with the SEC have been required as a result of the ineffectiveness of our previously identified internal disclosure controls and procedures.

Other than the items identified above, during the quarter covered by this report, there was no change in Firstgold's internal control over financial reporting that has materially affected, or is reasonably likely to materially effect, the Company's internal control over financial reporting

## PART II - OTHER INFORMATION

### ITEM 1A. FACTORS AFFECTING FUTURE OPERATING RESULTS

We are a development stage company and an investment in, or ownership position in our common stock is inherently risky. Some of these risks pertain to our business in general, and others are risks which would only affect our common stock. The price of our common stock could decline and/or remain adversely affected due to any of these risks and investors could lose all or part of an investment in our company as a result of any of these risks coming to pass. Readers of this Report should, in addition to considering these risks carefully, refer to the other information contained in this Report, including disclosures in our financial statements and all related notes. If any of the events described below were to occur, our business, prospects, financial condition, or results of operations or cash flow could be materially adversely affected. When we say that something could or will have a material adverse effect on Firstgold, we mean that it could or will have one or more of these effects. We also refer readers to the information in this Report, discussing the impact of Forward-Looking Statements on the descriptions contained in this Report and included in the Factors discussed below.

As an exploration stage company with no proven mineral reserves, we may not be able to prove viable mineral reserves or achieve positive cash flows and our limited history of operations makes evaluation of our future business and prospects difficult. We reactivated our business operations in early 2003 and we have not generated any revenues, other than leasing certain of our drill rigs and crew for short periods of time, since our reactivation. As a result, we have only a limited operating history upon which to evaluate our future potential performance. Our prospects must be considered in light of the risks and difficulties encountered by companies which have not yet established their mining operations.

We believe we currently have sufficient funds to finance our near-term mining activities at the Relief Canyon Mine and preliminary exploration activities at our other properties. We had cash reserves of \$114,765 and a working capital deficit of \$3,231,051 as of July 31, 2008. However, our ability to fully implement our business plan and meet our long-term obligations in the ordinary course of business is dependent upon our ability to raise additional capital through public or private equity financings, establish cash flows from operations, enter into joint ventures or other arrangements with capital sources, or secure other sources of financing to fund operations. Our continuing reliance on outside capital is a consequence of our negative cash flows from operations.



At any time, a serious deficiency in cash flows could occur and it is not always possible or convenient to raise additional capital. A problem in raising capital could result in temporary or permanent insolvency and consequently potential claims by unpaid creditors and perhaps closure of the business.

Our current independent certified public accountants have expanded their opinion contained in our financial statements as of and for the years ended January 31, 2008, and January 31, 2007 to include an explanatory paragraph related to our ability to continue as a going concern, stating, in the audit report dated May 15, 2008, that “the Company has incurred a net loss of \$7,632,537 and had negative cash flow from operations of \$4,832,217. In addition, the Company had an accumulated deficit of \$31,391,142 and a shareholders’ surplus of \$5,174,290 at January 31, 2008.” These factors, among others, as discussed in “Note 2- Going Concern” to the financial statements, raise substantial doubt about our ability to continue as a going concern. The auditors recognize that the cash flow uncertainty makes their basic assumptions about value uncertain. When it seems uncertain whether an asset will be used in a “going concern” or sold at auction, the auditors assume that the business is a “going concern” for purposes of all their work, and then they disclose that there is material uncertainty about that assumption. It is certain, in any case, that analysts and investors view unfavorably any report of independent auditors expressing substantial doubt about a company’s ability to continue as a going concern.

The price of gold has experienced an increase in value over the past five years, generally reflecting among other things relatively low interest rates in the United States; worldwide instability due to terrorism; inflation affecting the US dollar and a slow recovery from the global economic slump. Any significant drop in the price of gold may have a materially adverse affect on the results of our operations unless we are able to offset such a price drop by substantially increased production.

We have no proven or probable reserves and have no ability to currently measure or prove our reserves other than estimating such reserves relying on information produced in the 1990’s and thus may be unable to actually recover the quantity of gold anticipated. We have retained SRK Engineering to perform a resource evaluation. We can only estimate a potential mineral resource which is a subjective process which depends in part on the quality of available data and the assumptions used and judgments made in interpreting such data. There is significant uncertainty in any resource estimate such that the actual deposits encountered or reserves validated and the economic viability of mining the deposits may differ materially from our expectations.

Gold exploration is highly speculative in nature. Success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological data and availability of exploration capital. Due to these and other factors, the probability of our exploration program identifying individual prospects having commercially significant reserves cannot be predicted. It is likely that many of the claims explored will not contain any commercially viable reserves. Consequently, substantial funds will be spent on exploration which may identify only a few, if any, claims having commercial development potential. In addition, if commercially viable reserves are identified, significant amounts of capital will be required to mine and process such reserves.

Our mining property rights consist of 146 mill site and unpatented mining claims at the Relief Canyon Mine, our leasehold interest in the Antelope Peak, Fairview-Hunter and Honorine Gold properties, and recently staked claims in the Horse Creek area of Nevada. The validity of unpatented mining claims is often uncertain and is always subject to contest. Unpatented mining claims are generally considered subject to greater title risk than patented mining claims, or real property interests that are owned in fee simple. If title to a particular property is successfully challenged, we may not be able to carryout exploration programs on such property or to retain our royalty or leasehold interests on that property should production take place, which could reduce our future revenues.

Mining is subject to extensive regulation by state and federal regulatory authorities. State and federal statutes regulate environmental quality, safety, exploration procedures, reclamation, employees’ health and safety, use of explosives, air quality standards, pollution of stream and fresh water sources, noxious odors, noise, dust, and other environmental protection controls as well as the rights of adjoining property owners. We believe that we are currently operating in

substantial compliance with all known safety and environmental standards and regulations applicable to our Nevada property. However, there can be no assurance that our compliance could not be challenged or that future changes in federal or Nevada laws, regulations or interpretations thereof will not have a material adverse affect on our ability to resume and sustain mining operations.

The business of gold mining is subject to certain types of risks, including environmental hazards, industrial accidents, and theft. We carry insurance against certain property damage loss (including business interruption) and comprehensive general liability insurance. While we maintain insurance consistent with industry practice, it is not possible to insure against all risks associated with the mining business, or prudent to assume that insurance will continue to be available at a reasonable cost. We have not obtained environmental liability insurance because such coverage is not considered by management to be cost effective. We currently carry insurance on our property, plant and equipment as well as comprehensive general liability insurance.

As of August 29, 2008, Firstgold had approximately 130,845,543 shares of Common Stock outstanding and options and warrants to purchase a total of 64,922,821 shares of our Common Stock were outstanding as of August 29, 2008. The possibility that substantial amounts of our outstanding Common Stock may be sold by investors or the perception that such sales could occur, often called "equity overhang," could adversely affect the market price of our Common Stock and could impair our ability to raise additional capital through the sale of equity securities in the future.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

On May 1, 2008, we issued a Convertible Debenture in the principal amount of \$1,100,000 and bearing interest of 10% per annum. The Debenture and accrued interest are convertible into shares of Firstgold common stock at a conversion rate of \$0.80 per share. The Debenture is due and payable 20 months from the date of issue. The Debenture was secured by all of our assets including the Relief Canyon Mine. The transaction included the issuance of warrants to purchase 1,100,000 shares of Firstgold common stock at an exercise price of \$1.00 per share. The proceeds of this Debenture were used to fund working capital needs.

Subsequent to the end of the second fiscal quarter, in August 2008, Firstgold issued Senior Secured Promissory Notes in the aggregate principal amount of \$7,215,597 which resulted in net proceeds to Firstgold of \$5,252,584. On September 10, 2008, Firstgold issued additional Senior Promissory Notes in the aggregate principal amount of \$1,351,351, which resulted in net proceeds to Firstgold of \$1,000,000. The Notes bear interest of 4% per annum payable monthly and are due and payable on March 1, 2010. In addition, commencing in December 2008, Firstgold is required to make minimum monthly principal reduction payments of \$400,000. The Notes are secured by all of the assets of Firstgold including its interests in the Relief Canyon Mine property and facilities. The proceeds of these Notes will be used to fund the final permitting, deposits and facility construction at the Relief Canyon Mine site.

The issuance of the above-referenced debt instruments and warrants were made without any public solicitation to a limited number of investors or related individuals or entities. Each investor represented to us that the securities were being acquired for investment purposes only and not with an intention to resell or distribute such securities. Each of the individuals or entities had access to information about our business and financial condition and was deemed capable of protecting their own interests. The debt instruments and warrants were issued pursuant to the private placement exemption provided by Section 4(2) and Regulation D there under or Section 4(6) of the Securities Act. The debenture and notes are deemed to be "restricted securities" as defined in Rule 144 under the Securities Act and the warrant certificates and stock certificates bear a legend limiting the resale thereof.

## ITEM 5. OTHER INFORMATION

In January 2008, Firstgold filed an application to become listed on the Toronto Stock Exchange ("TSX"). This application had been pending with the TSX while Firstgold satisfied various listing requirements, including securing additional capital. On May 12, 2008, the TSX approved Firstgold's application for listing its common shares and, effective May 14, 2008, Firstgold's shares became listed for trading under the symbol "FGD". Firstgold's common stock continues to be listed for trading on the OTC Bulletin Board market under the symbol "FGOC".

## ITEM 6. EXHIBITS

- 10.20(b) Amended Aircraft Time Sharing Agreement dated December 1, 2006
- 10.29(a) Senior Secured Promissory Note dated August 27, 2008 (Platinum)
- 10.29(b) Senior Secured Promissory Note dated August 27, 2008 (Lakewood)
- 31.1 Certification of CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certification by CEO and CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

FIRSTGOLD CORP.

Dated: September 19, 2008

By: /s/ STEPHEN AKERFELDT  
Stephen Akerfeldt, Chief  
Executive Officer

/s/ JAMES KLUBER  
James Kluber, Principal  
Accounting Officer and Chief  
Financial Officer