Stargold Mines, Inc.
Form 10KSB/A
January 25, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-KSB/A
(Amending Registrant's Form 10-KSB filed on April 2, 2007)

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

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

For the year Ended December 31, 2006

| Nevada | 0-51197 | 98-0400208 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

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

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

Securities registered under Section 12 (b) of the Exchange Act:

None

Securities registered under Section 12 (g) of the Exchange Act:

Common Stock, par value $.0001 per share
(Title of Class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15 (d) of the Exchange Act o

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes x No o

The issuer's revenues for its most recent fiscal year were $4,127.

Based on the closing sales price of the Common Stock on March 30, 2007, the aggregate marker value of the voting stock of registrant held by non-affiliates was $188,600,000.

As of March 30, 2007, the Registrant had outstanding 81,000,000 shares of common stock issued and outstanding.

Documents Incorporated By Reference: None

Transitional Small business Issuer Disclosure Format (check one): Yes o No x.

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Forward-Looking Statements

This Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of !934, as amended. These statements relate to our ability to consummate the contemplated transaction with Univercompany described herein, our ability to manage the operations of such company in Russia if we close the transaction, future actions or events, future performance, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings and objectives of management. The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking information to encourage companies to provide prospective information about themselves without fear of litigation so long as that information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information. Forward-looking information may be included in this Annual Report or may be incorporated by reference from other documents filed with the Securities and Exchange Commission (the “SEC”) by us. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential”, or “continue” or the negativ terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, any of which may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

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

ITEM 7. Financial Statements

The Company’s audited financial statements for the periods ended December 31, 2006 and 2005 are attached hereto as F-1 through F-13.

ITEM 13. Exhibits

| Exhibit No. | Description |
|---|---|
| 31.1 | Certification by Principal Executive Officer and Financial Officer pursuant to Rule 13a-14 and Rule 15d-14 of the Securities Exchange Act of 1934. * |
| 32.1 | Certification by Principal Executive Officer and Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 USC 1350) * |

· Filed herewith.

SIGNATURES

In accordance with Section 13 or 15 (d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STARGOLD MINES, INC.

By: /s/ Marcus Segal

Date: January 25, 2008

Marcus Segal
Chief Executive Officer,
Chief Financial Officer,
Principal Accounting Officer,
and (Principal Executive,
Financial and Accounting
Officer)

**STARGOLD MINES, INC.**
**(A DEVELOPMENT STAGE COMPANY)**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2006, 2005 AND THE
PERIOD FROM THE DATE OF INCEPTION (MAY 21, 2003)
THROUGH TO DECEMBER 31, 2006

**CONTENTS**

## REPORT OF REGISTERED INDEPENDENT AUDITORS

To the Board of Directors and Stockholders
of **Stargold Mines, Inc.**:

We have audited the accompanying balance sheet of **Stargold Mines, Inc.** (a development stage company) as of December 31, 2006 and the related statements of operations and comprehensive loss, stockholders' equity and cash flows for the year ended December 31, 2006 and the period from the date of inception (May 21, 2003) through to December 31, 2006, except as explained as follows: we did not audit the cumulative data from May 21, 2003 to December 31, 2005. The cumulative data was audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts in the cumulative data through December 31, 2005, is based solely on the report of other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stargold Mines, Inc. as of December 31, 2006 and the results of its operations and its cash flows for the year ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred losses since inception which raises substantial doubt about the Company's ability to continue as a going concern. Management's plan regarding this matter is also described in Note 1 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**"SF PARTNERSHIP, LLP"**

**Toronto, Canada**

**CHARTERED ACCOUNTANTS**

March 26, 2007 except as to note 9
which is as of January 23, 2008

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors of
Sockeye Seafood Group, Inc. (A Development Stage Company)

We have audited the accompanying balance sheet of Sockeye Seafood Group, Inc. (A Development Stage Company) as at December 31, 2005, and the related statements of operations, change in stockholders' equity, and cash flows for the year then ended, and for the period of May 21, 2003 (inception) to December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The December 31, 2004 financial statements of Sockeye Seafood Group, Inc. were audited by other auditors whose report dated March 27, 2005, expressed an unqualified opinion on those statements. Their report included an explanatory paragraph regarding going concern.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2005 and the results of its operations and its cash flows for the year then ended, and for the period of May 21, 2005 (inception) to December 31, 2005, in conformity with US generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company is currently in the development stage. Because of the Company's current status and limited operations there is substantial doubt about its ability to continue as a going concern. Management's plans in regard to its current status are also described in Note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**/s/ Armando C. Ibarra, CPA**
Chula Vista, CA
January 19, 2006

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**STARGOLD MINES, INC.**
**(A DEVELOPMENT STAGE COMPANY)**
Balance Sheet
December 31, 2006 and 2005

| | | **2006** | | (Note 8) 2005 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current** | | | | |
| Cash | **$** | **7,879** | $ | 10,157 |
| Accounts receivable | | **-** | | 26,915 |
| | | | | |
| **Total Current Assets** | | **7,879** | | 37,072 |
| **Loan Receivable** (note 3) | | **1,000,000** | | - |
| | | | | |
| **Total Assets** | **$** | **1,007,879** | $ | 37,072 |
| | | | | |
| **LIABILITIES** | | | | |
| **Current** | | | | |
| Accounts payable | **$** | **25,282** | $ | 89 |
| Advance from related party (note 4) | | **240** | | 3,900 |
| | | | | |
| **Total Current Liabilities** | | **25,522** | | 3,989 |
| | | | | |
| **Total Liabilities** | | **25,522** | | 3,989 |
| | | | | |
| **STOCKHOLDERS' EQUITY** | | | | |
| **Capital Stock** (note 5) | | **9,000** | | 8,000 |
| **Additional Paid-in Capital** | | **1,036,000** | | 37,000 |
| **Deficit Accumulated During the Development Stage** | | **(62,643)** | | (11,917) |
| | | | | |
| **Total Stockholders' Equity** | | **982,357** | | 33,083 |
| | | | | |
| **Total Liabilities and Stockholders' Equity** | **$** | **1,007,879** | $ | 37,072 |

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

**STARGOLD MINES, INC.**
**(A DEVELOPMENT STAGE COMPANY)**
Statement of Operations and Comprehensive Loss
Years Ended December 31, 2006, 2005 and the Period from the Date of Inception (May 21, 2003) through to December 31, 2006

| | **2006** | (Note 8) 2005 | Inception (May 21, 2003) to December 31, 2006 |
|---|---|---|---|
| **Revenue** | **$ 4,127** | $ 17,228 | $ 68,739 |
| **Cost of Sales** | **3,259** | 15,605 | 60,508 |
| | | | |
| **Gross Profit** | **868** | 1,623 | 8,231 |
| | | | |
| **Expenses** | | | |
| Bad debt | **26,915** | - | 26,915 |
| Office and general | **1,097** | 799 | 5,032 |
| Professional fees | **29,482** | 6,500 | 44,827 |
| | | | |
| | **57,494** | 7,299 | 76,774 |
| | | | |
| **Operating Loss** | **(56,626)** | (5,676) | (68,543) |
| **Other Income** | | | |
| Debt forgiven | **5,900** | - | 5,900 |
| | | | |
| **Net Loss and Comprehensive Loss** | **$ (50,726)** | $ (5,676) | $ (62,643) |
| | | | |
| **Basic and Diluted Loss Per Weighted Average Number of Shares Outstanding During the Year** | **$ (0.0006)** | $ (0.0001) | |
| | | | |
| **Basic Weighted Average Number of Shares During the Year** | **80,084,932** | 80,000,000 | |

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

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**STARGOLD MINES, INC.**
**(A DEVELOPMENT STAGE COMPANY)**
Statement of Stockholders' Equity
Years Ended December 31, 2006, 2005 and the Period from the Date of Inception (May 21, 2003) through to December 31, 2006

| | Common Shares Number | | Common Shares Amount | | Additional Paid-in Capital | | (Note 9) Deficit Accumulated During the Development Stage | | Stockholders' Equity |
|---|---|---|---|---|---|---|---|---|---|
| Balance, May 21, 2003 | 1,000,000 | $ | 1,000 | $ | 4,000 | $ | - | $ | 5,000 |
| Net loss for the period | - | | - | | - | | (1,728) | | (1,728) |
| | | | | | | | | | |
| **Balance, December 31, 2003** | **1,000,000** | **$** | **1,000** | **$** | **4,000** | **$** | **(1,728)** | **$** | **3,272** |
| | | | | | | | | | |
| Common shares issued | 1,000,000 | | 1,000 | | 39,000 | | - | | 40,000 |
| Net loss for the period | - | | - | | - | | (4,513) | | (4,513) |
| | | | | | | | | | |
| **Balance, December 31, 2004** | **2,000,000** | **$** | **2,000** | **$** | **43,000** | **$** | **(6,241)** | **$** | **38,759** |
| Net loss for the period | - | | - | | - | | (5,676) | | (5,676) |
| **Balance, December 31, 2005 - as previously reported** | **2,000,000** | **$** | **2,000** | **$** | **43,000** | **$** | **(11,917)** | **$** | **33,083** |
| | | | | | | | | | |
| Restated to give retroactive effect to the November 23, 2006 1 for 40 stock split (note 5 and 8) | 78,000,000 | | 6,000 | | (6,000) | | - | | - |
| | | | | | | | | | |
| **December 31, 2005 - as restated** | **80,000,000** | | **8,000** | | **37,000** | | **(11,917)** | | **33,083** |
| | | | | | | | | | |
| Common shares issued | 1,000,000 | | 1,000 | | 999,000 | | - | | 1,000,000 |
| | | | | | | | | | |
| Net loss for the period | - | | - | | - | | (50,726) | | (50,726) |
| | | | | | | | | | |
| **Balance, December 31, 2006** | **81,000,000** | **$** | **9,000** | **$** | **1,036,000** | **$** | **(62,643)** | **$** | **982,357** |

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

**STARGOLD MINES, INC.**
**(A DEVELOPMENT STAGE COMPANY)**
Statement of Cash Flows
Years Ended December 31, 2006, 2005 and the Period from the Date of Inception (May 21, 2003) through to December 31, 2006

| | **2006** | (Restated note 8) 2005 | Inception (May 21, 2003) to December 31, 2006 |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Net loss | **$ (50,726)** | $ (5,676) | $ (62,643) |
| Adjustments for working capital: | | | |
| Accounts receivable | **26,915** | (455) | - |
| Inventory | **-** | 3,436 | - |
| Accounts payable | **25,193** | (167) | 25,282 |
| **Net Cash Flows Provided by (Used in) Operating Activities** | **1,382** | (2,862) | (37,361) |
| **Cash Flows from Investing Activities** | | | |
| Deposit | **-** | 250 | - |
| Loan receivable | **(1,000,000)** | - | (1,000,000) |
| **Net Cash Flows (Used in) Provided by Investing Activities** | **(1,000,000)** | 250 | (1,000,000) |
| **Cash Flows from Financing Activities** | | | |
| Issuance of common stock | **1,000,000** | - | 1,045,000 |
| Advances from related party | **(3,660)** | 3,900 | 240 |
| **Net Cash Flows Provided by Financing Activities** | **996,340** | 3,900 | 1,045,240 |
| **Net (Decrease) Increase in Cash** | **(2,278)** | 1,288 | 7,879 |
| **Cash - Beginning of Year** | **10,157** | 8,869 | - |
| **Cash - End of Year** | **$ 7,879** | $ 10,157 | $ 7,879 |

**Supplemental Cash Flow Information**

During the year, the Company had no cash flows arising from interest and income taxes paid.

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

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**STARGOLD MINES, INC.**
**(A DEVELOPMENT STAGE COMPANY)**
Notes to Financial Statements
December 31, 2006 and 2005

**1. Description of Business and Going Concern**

a) Description of Business

Stargold Mines, Inc. (the "Company"), formerly Sockeye Seafood Group Inc., (Sockeye Seafood Group Inc. merged with its 100% owned subsidiary Stargold Mines, Inc. on November 23, 2006 and changed its name to Stargold Mines, Inc.) was incorporated under the laws of the State of Nevada on May 21, 2003. The Company was formed to engage in the business of procuring and marketing seafood products direct from Pacific Northwest First Nations organizations to North American and International wholesalers, distributors, and retailers.

The Company operations have been limited to general administrative operations, purchasing a limited amount of sample inventory, minimal sales and establishing its website. The Company is considered a development stage company in accordance with Statement of Financial Accounting Standards No. 7. The Company is currently working on acquiring licenses to develop and extract natural resources in the Siberian and Far Eastern Districts of Russia.

b) Going Concern

The Company's financial statements are presented on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has experienced recurring losses since inception and has negative cash flows from operations that raise substantial doubt as to its ability to continue as a going concern. For the year ended December 31, 2006, the Company experienced a net loss of $50,726 (2005 - $5,676).

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

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

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

**STARGOLD MINES, INC.**
**(A DEVELOPMENT STAGE COMPANY)**
Notes to Financial Statements
December 31, 2006 and 2005

**2. Summary of Significant Accounting Policies**

The accounting policies of the Company are in accordance with U.S. generally accepted accounting principles, and their basis of application is consistent with that of the previous year. Outlined below are those policies considered particularly significant:

a) Reporting Currency

The U.S. Dollar has been used as the unit of measurement in these financial statements.

b) Cash

Cash includes cash and highly liquid investments with initial maturities of three months or less.

c) Revenue Recognition

The Company recognizes revenues when there is a definitive sales agreement, and upon shipment of products, when title is passed and the amount collectible can reasonably be determined.

d) Financial Instruments

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

e) Comprehensive Income (Loss)

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income.", SFAS No. 130 establishes standards for reporting and presentation of comprehensive income (loss) and its components in a full set of financial statements. Comprehensive income is presented in the statements of operations, and consists of net income and unrealised gains (losses) on available for sale marketable securities; foreign currency translation adjustments and changes in market value of future contracts that qualify as a hedge; and negative equity adjustments recognized in accordance with SFAS No. 87. SFAS No. 130 requires only additional disclosures in the financial statements and does not affect the Company's financial position or results of operations.

**STARGOLD MINES, INC.**
**(A DEVELOPMENT STAGE COMPANY)**
Notes to Financial Statements
December 31, 2006 and 2005

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

f) Income Tax

The Company accounts for income taxes pursuant to SFAS No. 109, "Accounting for Income Taxes". Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

g) Earnings (Loss) per Share

The Company adopted SFAS No.128, "Earnings per Share" which requires disclosure on the financial statements of "basic" and "diluted" earnings (loss) per share. Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the year. Diluted earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding plus common stock equivalents (if dilutive) related to convertible bonds, stock options and warrants for each year. As the warrants were anti-dilituve, there was no adjustment to the basic earnings per share.

h) Concentration of Credit Risk

SFAS No. 105, "Disclosure of Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentration of Credit Risk", requires disclosure of any significant off-balance-sheet risk and credit risk concentration. The Company does not have significant off-balance-sheet risk or credit concentration.

The Company provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses that, once they materialize, are consistent with management's forecasts.

For other debts, the Company determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

Concentration of credit risk arises when a group of clients having a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic of other conditions. The Company does not have any significant risk with respect to a single client.

**STARGOLD MINES, INC.**
**(A DEVELOPMENT STAGE COMPANY)**
Notes to Financial Statements
December 31, 2006 and 2005

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

i) Use of Estimates

Preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results may ultimately differ from those estimates, although management does not believe such changes will materially affect the financial statements in any individual year.

j) Recent Accounting Pronouncements

In March 2006, Financial Accounting Standards Board ("FASB") issued SFAS No. 156, "Accounting for Servicing of Financial Assets - An Amendment of FASB Statement No.140", In a significant change to current guidance, SFAS No. 156 permits an entity to choose either of the following subsequent measurement methods for each class of separately recognized servicing assets and servicing liabilities: (1) amortization method or (2) fair value measurement method. SFAS No. 156 is effective for fiscal years that begin after September 15, 2006. The Company is currently reviewing the effect, if any, the proposed guidance will have on its financial position and results of operations.

In July 2006 FASB issued Financial Accounting Standards Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes - An interpretation of FASB Statement No.109”. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprises’ financial statements in accordance with SFAS No. 109, “Accounting for Income Taxes”. FIN 48 prescribes a recognition threshold and measurement attributable for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transitions. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company is currently reviewing the effect, if any, FIN 48 will have on its financial position and results of operations.

In September 2006, the Securities and Exchange Commission (“SEC”) staff issued Staff Accounting Bulletin No. 108 (“SAB No. 108”), “Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements.” SAB No. 108 was issued to provide consistency in how registrants quantify financial statement misstatements. The Company is required to and will initially apply SAB No. 108 in connection with the preparation of its annual financial statements for the year ending December 31, 2006. The application of SAB No. 108 did not have a material effect on the Company's financial position and results of operations.

**STARGOLD MINES, INC.**
**(A DEVELOPMENT STAGE COMPANY)**
Notes to Financial Statements
December 31, 2006 and 2005

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

j) Recent Accounting Pronouncements (cont'd)

In September 2006, FASB issued SFAS No. 157, “Fair Value Measurements,” which is effective for calendar year companies on January 1, 2008. The statement defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. The statement codifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The Company is currently assessing the potential impacts of implementing this standard.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Liabilities" ("SFAS No. 159"), which permits entities to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. An entity would report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The decision about whether to elect the fair value option is applied instrument by instrument, with a few exceptions; the decision is irrevocable; and it is applied only to entire instruments and not to portions of instruments.

The statement requires disclosures that facilitate comparisons (a) between entities that choose different measurement attributes for similar assets and liabilities and (b) between assets and liabilities in the financial statements of an entity that selects different measurement attributes for similar assets and liabilities.

SFAS 159 is effective for for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year provided the entity also elects to apply the provisions of SFAS 157. Upon implementation, an entity shall report the effect of the first remeasurement to fair value as a cumulative-effect adjustment to the opening balance of retained earnings. Since the provisions of SFAS 159 are applied prospectively, any potential impact will depend on the instruments selected for fair value measurement at the time of implementation.

**3. Loan Receivable**

The loan receivable from UniverCompany Limited Liability Company, a Russian limited liability society ("UniverCompany"), is non-interest bearing, unsecured and has no specified terms for repayment.

**STARGOLD MINES, INC.**
**(A DEVELOPMENT STAGE COMPANY)**
Notes to Financial Statements
December 31, 2006 and 2005

**4. Advance from Related Party**

These advances, from a director, are non-interest bearing, unsecured and have no specified terms of repayment.

**5. Capital Stock**

Authorized

1,000,000,000 common stock, par value $0.0001 per share

| | | | | |
|---|---|---|---|---|
| | | | | **(Restated** Note 8) |
| | | **2006** | | 2005 |
| Issued | | | | |
| 81,000,000 common stock (2005 - 80,000,000) | **$** | **9,000** | $ | 8,000 |

On November 23, 2006, the Company implemented a one for forty (1:40) forward stock split and increased its authorized shares of common stock on a corresponding basis. The 2005 comparative share amounts have been retroactively adjusted to give effect to the stock split.

On December 19, 2006 the Company issued 1,000,000 units of the Company's securities, each unit consisting of one share of common stock and one share purchase warrant for $1,000,000. Each warrant is exercisable for one share of common stock at an exercise price of $2.50. Due to the substantial difference between market value and exercise price no value has been attributed to the warrants.

**6. Income Taxes**

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

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

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**6. Income Taxes** (cont'd)

The provision for income taxes has been computed as follows:

| | | **2006** | | 2005 |
|---|---|---|---|---|
| Expected income tax recovery at the statutory rate - 31% | **$** | **(15,928)** | $ | (1,782) |
| Valuation allowance | | **15,928** | | 1,782 |
| | | | | |
| Provision for income taxes | **$** | **-** | $ | - |

The Company has tax losses available to be applied against future years income. Due to the losses incurred in the current year and expected future operating results, management determined that it is more likely than not that the deferred tax asset resulting from the tax losses available for carryforward and stock option compensation expense will not be realized through the reduction of future income tax payments. Accordingly a 100% valuation allowance has been recorded for deferred income tax assets.

As of December 31, 2006 and 2005, the Company had approximately $19,600 and $3,700 respectively, of federal and state net operating loss carryforwards available to offset future taxable income. The losses expire in 20 years from the date the loss was incurred.

**7. Subsequent Event**

On November 30, 2006, the Company entered into a stock purchase agreement with UniverCompany, and the two shareholders of UniverCompany. Pursuant to the stock purchase agreement, the Company agreed to purchase from the shareholders of UniverCompany 100% of the issued and outstanding shares of common stock of UniverCompany. In consideration thereon, the Company will issue to the shareholders of UniverCompany 41,000,000 shares of the Company's common stock.

The consummation of above transactions will take place at a closing to be held at a later date. Such closing will not take place until certain conditions have occurred.

**8. Comparative Figures and Restatement**

Certain figures for the prior year have been reclassified to conform with the current year's financial statement presentation.

The stockholders' equity has been retroactive restated to give effect to the 1 for 40 stock split as described in note 5.

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**9. Restatement of Previously Issued Financial Statements**

The stockholders' equity statement has been corrected to include the cumulative information from the date of inception (May 21, 2003) through to December 31, 2004, which is required by U.S. generally accepted accounting principles and was not previously reported.