FIRSTGOLD CORP.
Form 8-K
August 12, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of report (Date of earliest event reported): August 7, 2008

FIRSTGOLD CORP.
(Exact Name of Registrant as Specified in Charter)

| | | |
|---|---|---|
| Delaware | 0-20722 | 16-1400479 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

| | |
|---|---|
| 3108 Gabbert Drive, Suite 210<br>Cameron Park, CA | 95682 |
| (Address of Principal Executive Offices) | (Zip Code) |

Registrant's telephone number, including area code: (530) 677-5974

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

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

On August 7, 2008, Firstgold Corp. (the "Company") entered into a Note and Warrant Purchase Agreement (the "Agreement") with Platinum Long-Term Growth, LLC and Lakewood Group, LLC, two US-based investment funds (the "Lenders"). Pursuant to the Agreement, the Lenders will fund up to $15,750,000 in Senior Secured Promissory Notes. Funding of the loan will occur in five tranches of which the first occurred at the initial closing on August 7, 2008 in the aggregate amount of $6,742,625 (the "Initial Note Amount"). The second tranch which is scheduled for not later than August 30, 2008, in the amount of $5,257,375 will occur upon the Company being issued 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.

During the time that any debt remains owed to the Lenders the Agreement limits the Company's ability to incur any additional indebtedness and, the Company must obtain the Lender's consent to enter into certain future transactions including any future merger, sale of a substantial portion of its assets or becoming involved in any partnership or joint venture.

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.

The cost of the loan transaction includes an original issue discount of 15% on each note amount plus a 4% origination fee and 7% broker's commission.

Item 2.03 Creation of a Direct Financial Obligation

On August 7, 2008 the Company entered into a Note and Warrant Purchase Agreement which creates a long-term debt obligation in the aggregate amount of up to $15,750,000.

Pursuant to the Agreement, the Lenders will fund up to $15,750,000 in Senior Secured Promissory Notes. Funding of the loan will occur in five tranches of which the first occurred at the initial closing on August 7, 2008 in which initial promissory notes in the aggregate principal amount of $6,742,625 were issued. The second tranch which is scheduled for not later than August 30, 2008, in the principal amount of $5,257,375, will occur upon the Company being issued 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.

The loans also require that commencing in December, 2008 and continuing in each month thereafter, the Company is required to make monthly principal reduction payments equal to the greater of: i) 40% of the Company's free cash flow (as defined in the Agreement) in the preceding calendar month, and ii) $400,000. The loan is secured by a priority interest in all of the Company's assets including its equipment, its mining rights existing at its Relief Canyon mine as well as any future mining rights the Company may develop in certain other properties.

The third, fourth and fifth tranches of $1,250,000 each will be available for draw-down by the Company provided that the Company has achieved and maintained a production level in excess of 3000 ounces of gold per month in the preceding month period.

Item 9.01 Financial Statements and Exhibits

Exhibits.

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| 10.27 | Note and Warrant Purchase Agreement dated August 7, 2008 |
| 10.28 | Senior Secured Promissory Notes dated August 7, 2008 |
| 99.1 | Press Release dated August 7, 2008 |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FIRSTGOLD CORP.

Date: August 12, 2008    By: /s/ James Kluber
James Kluber, Chief Financial Officer