

Gold Bag, Inc.
Form 8-K
November 19, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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): November 10, 2010

GOLD BAG, INC.

(Exact name of registrant as specified in its Charter)

Commission File No.: 000-52720

Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

26-4205169
(I.R.S. Employer
Identification No.)

4695 MacArthur Court, Suite 1430
Newport Beach, CA 92660

(Current Address of Principal Executive Offices)

Phone number: 949-475-9086

(Issuer Telephone Number)

(Former Name or former address, if changed since last report.)

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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 240.14a12)
 - “ Pre-commencement communications pursuant to Rule 14d-21(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - “ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement

On November 10, 2010, Gold Bag, Inc. (the “Company” or “GBGI”) signed a definitive agreement to acquire Fairfield Gold S.A. de CV (“Fairfields”). Fairfield owns an option to acquire 100% of the Huicicila gold project (the “Project”) in Nayarit Mexico. The Huicicila project is a high grade gold-silver mesothermal vein system with strong possibilities to become a large high grade ore deposit. The Project was historically mined by Asarco back in the 1930’s. The Project is located 25 kilometers southeast of Tepic and 10 kilometers northwest of Compostela in the State of Nayarit. The Project is covered by five mining claims with a surface of 1012 hectares.

Under the terms of the definitive agreement, GBGI will issue 12 million restricted shares of GBGI to the shareholders of Fairfield in exchange for 100% of the issued and outstanding shares of Fairfield. Fairfield shareholders will also have the opportunity to receive additional shares based on performance as per the following schedule:

Resource Estimate Date	Indicated Reserves	Payment Obligation
18 months after Closing Date	475,000 oz Au (equivalent)	\$1,250,000
24 months after Closing Date	750,000 oz Au (equivalent)	\$1,250,000
36 months after Closing Date	1,025,000 oz Au (equivalent)	\$1,250,000
48 months after Closing Date	1,300,000 oz Au (equivalent)	\$1,250,000

Any future payments would be made in shares based on the 20 day average price of GBGI stock prior to the required payment date.

In addition, Fairfield shareholders will also receive options to acquire up to 25% of Focus Gold Mexico Corp., a newly created wholly owned subsidiary of GBGI, created to acquire Fairfield. The option price payable upon the exercise of the option shall be 25% of the aggregate value of the outstanding Focus Gold Mexico shares at the time of exercise of the Option calculated as the sum of (i) \$5,000,000, (ii) the dollar value of all payments made in respect of the deferred payments outlined above as at the date of exercise of the Option, and (iii) the dollar value of any shareholders’ equity contributed into Focus Gold Mexico after the Closing Date until the date of exercise of the Option.

As part of the transaction, Fairfield will be appointing one member to the board of directors of GBGI and the Fairfield management team will be staying on to help operate the Project going forward. The acquisition is expected to close in mid-December. A copy of the Share Purchase Agreement to Acquire Fairfield Gold S.A. de CV is included as Exhibit 10.1 to this Form 8-K.

Item 8.01. Other Events

A copy of the Company’s press release concerning the share purchase agreement is included as Exhibit 99.1 to this Form 8-K.

Item 9.01. Financial Statements and Exhibits

Exhibit No. Description

10.1 Share Purchase Agreement to Acquire Fairfield Gold S.A. de CV
99.1 Press Release

SIGNATURES

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.

Gold Bag, Inc.

Dated: November 17, 2010

By: /s/ Grant R. White
Grant R. White
Chief Executive Officer