

NORTH BAY RESOURCES INC  
Form 10-K/A  
August 01, 2013

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

\_\_\_\_\_  
FORM 10-K/A  
\_\_\_\_\_

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

For the fiscal year ended December 31, 2012

o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-54213

NORTH BAY RESOURCES INC.  
(Exact name of registrant as specified in its charter)

Delaware 83-0402389  
(State or other jurisdiction of incorporation (IRS Employer Identification No.)  
or organization)

2120 Bethel Road  
Lansdale, Pennsylvania 19446  
(Address of principal executive offices)

\_\_\_\_\_  
(215) 661-1100  
(Issuer's telephone number, including area code)

\_\_\_\_\_  
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

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

Class A Common Stock, \$0.001 par value

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “accelerated filer”, “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

(Check one):

|                         |                       |                       |                       |
|-------------------------|-----------------------|-----------------------|-----------------------|
| Large accelerated filer | Accelerated filer     | Non-accelerated       | Smaller reporting     |
| <input type="radio"/>   | <input type="radio"/> | filer                 | company               |
|                         |                       | <input type="radio"/> | <input type="radio"/> |

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter (June 30, 2012): \$5,839,500\*

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date: 107,367,088 as of March 26, 2013.

\*As reported on the Over-the-Counter Bulletin Board (OTCBB). Excludes 16,206,474 shares of common stock deemed to be held by officers and directors and stockholders whose ownership exceeds ten percent of the shares outstanding at June 30, 2012. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant. The OTCBB and OTCQB are centralized quotation services that collect and distribute market maker quotations for securities traded in the over-the-counter market. They display real-time quotes, last-sale prices, and volume information for many over-the-counter securities that are not listed on the Nasdaq Stock Market or a national securities exchange. However, they are not recognized as an established trading market for securities. The registrant’s common stock trades on the OTCQB and OTCBB.

DOCUMENTS INCORPORATED BY REFERENCE

None.

STATEMENT REGARDING THIS FILING

This filing reflects the restatement of our annual reports for the years ended December 31, 2012 and December 31, 2011, as well as our quarterly reports for the periods ended March 31, 2012, June 30, 2012 and September 30, 2012. These restatements reclassify as temporary equity certain issuances of unregistered common stock issued during the time period from October 24, 2011 through December 31, 2012 which may be considered to be redeemable. These shares have been moved to the mezzanine portion of our balance sheet at their redemption values. These restatements should be read in conjunction with our previously filed annual reports on Form 10-K for the years ended December 31, 2012 and December 31, 2011, and our quarterly reports on Form 10-Q for the periods ended March 31, 2012, June 30, 2012 and September 30, 2012. Please see Note 10 and Note 19 to our financial statements herein for further information.



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PART I

Forward-Looking Statements

Certain statements contained in this report (including information incorporated by reference) are “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 1934, as amended, and are intended to be covered by the safe harbor provided for under these sections. Our forward-looking statements include, without limitation:

- Statements regarding future earnings;
- Estimates of future mineral production and sales, for specific operations and on a consolidated or equity basis;
- Estimates of future costs applicable to sales, other expenses and taxes for specific operations and on a consolidated basis;
- Estimates of future cash flows;
- Estimates of future capital expenditures and other cash needs, for specific operations and on a consolidated basis, and expectations as to the funding thereof;
- Estimates regarding timing of future capital expenditures, construction, production or closure activities;
- Statements as to the projected development of certain ore deposits, including estimates of development and other capital costs and financing plans for these deposits;
- Estimates of reserves and statements regarding future exploration results and reserve replacement and the sensitivity of reserves to metal price changes;
- Statements regarding our ability to raise capital and the availability and costs related to future borrowing, debt repayment and financing;
- Statements regarding modifications to hedge and derivative positions;
- Statements regarding future transactions;
- Statements regarding the impacts of changes in the legal and regulatory environment in which we operate;
- Unexpected changes in business and economic conditions;
- Changes in interest rates and currency exchange rates;
- Technological changes in the mining industry;
- Changes in exploration and overhead costs;

- The level of demand for our products;
- Changes in our business strategy;
- Changes in exploration results;
- Estimates of future costs and other liabilities for certain environmental matters.



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- Interpretation of drill hole results and the geology, grade and continuity of mineralization;
- The uncertainty of mineralized material estimates and timing of development expenditures;
- Results of future feasibility studies, if any;
- Timing and amount of production, if any;
- Access to and availability of materials, equipment, supplies, labor and supervision, power and water; and
- Commodity price fluctuations;

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Such risks include, but are not limited to: the ability of North Bay Resources Inc. to obtain or maintain necessary financing; the price of gold, silver and other commodities; currency fluctuations; geological and metallurgical assumptions; operating performance of equipment, processes and facilities; labor relations; timing of receipt of necessary governmental permits or approvals; domestic laws or regulations, particularly relating to the environment and mining; domestic and international economic and political conditions; and other risks and hazards associated with mining operations. More detailed information regarding these factors is included in Item 1, Business, Item 1A, Risk Factors, and elsewhere throughout this report. Given these uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements.

Available Information

The Company maintains an internet website at [www.northbayresources.com](http://www.northbayresources.com). The Company makes available, free of charge, through the Investor Information section of the web site, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Section 16 filings and all amendments to those reports, as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission. Any of the foregoing information is available in print to any stockholder who requests it by contacting our Investor Relations Department at 215-661-1100.

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Item 1. Business

Corporate Background and Our Business

The Company was incorporated in the State of Delaware on June 18, 2004 under the name Ultimate Jukebox, Inc. On September 4, 2004, Ultimate Jukebox, Inc. merged with NetMusic Corporation, and subsequently changed the Company name to NetMusic Entertainment Corporation. On March 10, 2006, the Company ceased digital media distribution operations, began operations as a natural resources company, and changed the Company name to Enterayon, Inc. On January 15, 2008, the Company merged with and assumed the name of its wholly-owned subsidiary, North Bay Resources Inc. As a result of the merger, Enterayon, Inc. was effectively dissolved, leaving North Bay Resources Inc. as the remaining company.

The Company's business plan is based on the Generative Business Model, which we believe can generate a steady stream of revenue before any property is ever developed into a commercial mining operation. The Generative Business Model comprises the following steps:

1. Targeting and acquiring mining properties with good historical assays. (1)
2. Identifying potential partners for the development of each of the Company's properties and entering into joint-venture or option agreements. In most cases, the partner is another mining company whose shares trade on a public exchange.
3. The initial agreement usually comprises a small non-refundable cash payment in advance and a significant number of shares in the stock of the partner or acquiring company. Cash and shares increase in staged payments on the anniversary date of the agreement. In the case of an option agreement, the Company will retain a Net Smelter Royalty with a buyout provision should the property be the site of a major discovery and/or developed into a commercially-operating mine. In the case of a joint-venture, we retain a percentage of ownership, typically 50%, in the event the partner satisfies all the terms of the contract to completion. (2)
4. The partner or acquiring company also must commit to a specific work program over a period of several years to develop the property, often involving a commitment of several million dollars.
5. We believe these work programs enable us to maintain our properties for little or no cost, as the annual maintenance fees due to the government are offset by the amount of money spent on property exploration and development paid for by our partners. Any surplus of expenditures beyond what is due to maintain the properties can then be applied as "portable assessment credits" towards the maintenance of other Company properties that are not yet producing revenue but which have good prospects of doing so in the future. (3)
6. If at anytime the partner defaults on the work agreement or does not make staged cash or stock payments by the anniversary date, the property then reverts back to us, which then leaves us free to find another partner and begin the process all over again.

(1) The acquisition of a mining property in British Columbia conveys the mineral or placer rights for mining-related purposes only, and while our rights allow us to use the surface of a claim for mining and exploration activities, our claims do not convey any other surface, residential or recreational rights to the Company. Additionally, our right to extraction is not absolute, as any mechanized extraction work on claims in BC requires additional permits and possibly conversion of our claims to mining leases, the approval of which is not guaranteed. As of July 1, 2012 when new regulations became effective in British Columbia, the registration fee to stake a claim in British Columbia is now \$1.75 per hectare. Prior to July 1, 2012, when most of the Company's properties were staked, the registration fee was \$0.40 per hectare. The initial term of any claim staked is one year. This term may be extended for up to 10 years at a time by filing a statement of work showing minimum expenditures on a mineral claim of \$5 per hectare per year for the first 2 years, \$10 per hectare per year for the next 2 years, \$15 per hectare per year for the following 2 years, and \$20 per hectare per year for each year thereafter. For placer claims, the annual work expenditure is \$20 per hectare. In the event no work is performed by the anniversary date of each claim, the claims may be extended for up to one year at a time by paying twice the applicable work commitment as a fee to the Province of British Columbia, which is referred to as Cash In Lieu Of Work ("CIL fee"). These fees are the responsibility of the Company to maintain our mineral or placer rights in good standing.

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(2) As of January 19, 2012, the Company has a Memorandum of Understanding (“MOU”), as amended, with Devlin's Bench Mining Ltd and P. Wright Contracting Ltd (“PWC”) to engage in a joint-venture on the Company’s Fraser River Platinum and Monte Cristo projects. As of the date of this report, a definitive agreement has not yet been executed. Under the terms of the MOU, a definitive agreement will be signed within 60 days of formal permit approval by the British Columbia Ministry of Mines and the local First Nations governments. A mining permit for the Fraser River Project was issued on June 25, 2012, but as of the date of this report a definitive agreement with PWC has not yet been signed. As of the date of this report, the Company continues to own and control 100% of the project. In the interim, the Company has engaged PWC as an independent contractor to initiate mining operations, and the Company does not presently expect that a definitive JV agreement with PWC will be forthcoming.

On October 24, 2012, the Company entered into an agreement on its Willa property with Caribou King Resources Ltd. (“Caribou”), a Canadian issuer listed on the TSX Venture Exchange. Under the terms of the agreement, Caribou may earn up to a 100% interest in the Willa Claims by making aggregate payments to North Bay of USD \$232,500 in cash and issuing 1,000,000 shares of Caribou common stock. Of the aggregate payments, \$7,500 in cash and 500,000 shares are due upon receipt of regulatory acceptance of the agreement by the TSX Venture Exchange. This regulatory approval has been received, and the initial consideration has been paid. An additional \$50,000 cash and 500,000 shares of Caribou stock are due upon the first anniversary of the agreement, and a \$175,000 cash payment is due upon the second anniversary of the agreement. In addition to the consideration received, North Bay shall be granted a royalty equal to 2% of net smelter returns (“NSR”). At any time up to the commencement of commercial production, Caribou may purchase one-half of the NSR (being 1%) in consideration of USD \$1,000,000 payable to North Bay, such that North Bay will then retain a 1% NSR.

(3) Our primary cost in any option or JV agreements is typically the degree to which we give up our rights to any property. In the case of an option agreement, we give up all of our rights if all of the terms of the contract are fulfilled, and will only retain a net smelter royalty (NSR), typically 2%. In the case of a joint-venture, we will generally retain only 25% to 50% of our rights if all of the terms of the contract are fulfilled, and may be subject to further dilution should we elect not to further participate in the joint-venture. An exception to this is when a joint-venture is agreed to on a profit-sharing basis, where the Company elects to retain 100% ownership of the project, and both parties are obligated to contribute its share of the project development costs.

Our properties in British Columbia are located and acquired through the use of a suite of online applications which are provided to people and companies licensed to acquire and maintain mineral rights within the Province of British Columbia. Mineral Titles Online (MTO) is an Internet-based mineral titles administration system provided and maintained by the British Columbia Ministry of Energy, Mines, and Petroleum Resources (MEMPR) that allows the mineral exploration industry to acquire and maintain mineral titles by selecting the area on a seamless digital GIS map of British Columbia and pay the associated fees electronically.

The MTO system is also interactively linked to British Columbia’s MINFILE Project and Assessment Report Indexing System (ARIS), both of which are provided and maintained by the British Columbia Geological Survey (BCGS).

The MINFILE Project is a mineral inventory system that contains information on more than 12,300 metallic mineral, industrial mineral and coal occurrences in British Columbia. It is used by industry, governments, universities and the public to find information on documented mineralization anywhere in British Columbia, develop exploration strategies, conduct geoscience research, and evaluate the resource potential of an area.

The ARIS database has over 30,500 approved mineral exploration assessment reports filed by the exploration and mining industry since 1947. These reports provide information on geological, geophysical, geochemical, drilling and other exploration-related activities throughout B.C.



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Both MINFILE and ARIS are interlinked with MTO, which combined and interfaced with other geospatial applications such as Google Earth, provide a skilled user with the ability to virtually visit any location in British Columbia, analyze its geographical and geological setting, access and evaluate its geological records and the historical archives of any prior development work, and determine the relative value of a given area. If the area is also open to staking, a claim can then be staked, and the required claim registration fees can be paid immediately and interactively.

The Company also plans on generating revenue through mining once commercial operations begin on any of its properties. Towards this end, the Company has acquired the Ruby Mine (the "Ruby") in Sierra County, California. The purchase price was \$2,500,000, of which \$510,000 in cash and stock was paid as of the closing date of July 1, 2011, and the remaining \$1,990,000 is a seller-financed mortgage at a 3% interest rate per annum. The balance due on the mortgage is \$1,774,822 as of December 31, 2012. The mortgage was to be paid in full on or before December 30, 2012, which has been extended to June 30, 2013 pursuant to an amendment to the agreement executed on December 12, 2012. As part of the terms of acquisition, the seller received 10 million shares of the Company's common stock with a market value of \$150,000 as of the day the agreement was signed, and which was then applied to the purchase price. The seller has also been granted 10 million 5-year warrants exercisable at 2 cents, 2 million 5-year warrants exercisable at 9 cents, and 2 million 5-year warrants exercisable at 10 cents.

This is an arms-length transaction, and there is no family or other relationship with any affiliate of the seller, Ruby Development Company, with any officer, director, or affiliate of North Bay Resources Inc.

Operational funding for the Ruby project of up to \$7.5 million is expected to be provided through the federal EB-5 program described below. It is expected that this funding will be non-dilutive, as no shares of Company stock will be issued to EB-5 investors. The EB-5 funding will be debt, which must be repaid from mining operations over five years and at an interest rate of no more than 6%. In the interim, if the Company has not generated enough revenue from claim sales and joint-ventures to meet our commitments, we believe we can rely on loans and our equity credit line established by way of our Securities Purchase Agreement with Tangiers, LP to cover our acquisition costs.

The Company presently has an agreement with ACG Consulting, LLC ("ACG") intended to establish a new economic Regional Center ("RC") under the federal EB-5 program (the "EB-5 Program") that will encompass all of Northern California's Gold Country. Once established, the Regional Center is expected to provide full funding for the Company's prospective mining projects in Northern California.

EB-5 is a federal program authorized by the US Congress in the Immigration Act of 1990, and is intended to help stimulate the US economy by creating new jobs in rural areas or areas of high unemployment. The term "EB-5" is an acronym for "the fifth employment based visa preference category." As it implies, the source of the investment capital comes from overseas investors who wish to immigrate to the US by investing in a commercial enterprise that will benefit the US economy and create at least 10 full-time jobs. The program is administered by the United States Citizenship and Immigration Services ("USCIS"), as provided under Section 610 of Public Law 102-395. Since its inception in 1990, the EB-5 Program has been the conduit through which over \$1 billion has been invested by foreign nationals in US enterprises to create jobs throughout the US economy.

A USCIS designated "Regional Center" under the EB-5 Pilot Program is defined as any economic unit, public or private, engaged in the promotion of economic growth, improved regional productivity, job creation and increased domestic capital investment.

Once USCIS has approved a Regional Center application, an investor seeking an EB-5 green card through the Regional Center Investment Program must make the qualifying investment of \$1 million within an approved Regional Center. If the investment is also within a USCIS-designated targeted employment area ("TEA"), of which Sierra County, California, where the Ruby Mine is located, is so designated, then the minimum investment requirement is

\$500,000. Before an investor can participate in a Regional Center EB-5 investment program, each investor must independently petition USCIS for an EB-5 visa. USCIS solely determines whether the investor qualifies for the EB-5 visa. USCIS' diligence includes a detailed review of the sources of the investor's funds, family history, and other representations of the head of household and his immediate family members under the age of 21. Each investor must further demonstrate that at least 10 or more full-time jobs will be created directly or indirectly as a result of the investment into our project.

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Upon approval by USCIS, the Regional Center will serve as the legal vehicle through which investment capital may be solicited from foreign nationals under the EB-5 Program, in reliance upon Regulation S, to provide EB-5 financing for all approved industries within the Regional Center's designated geographical area. The new Regional Center will encompass all of what is commonly known as "Gold Country", which traverses State Route 49 from Plumas County in the north to Mariposa County in the south. The full extent of the Regional Center is expected to include all of the counties in Northern California from Monterey up to the Oregon border, and from the Pacific coastline across to the Nevada border.

The agreement provides that North Bay and ACG shall form a Limited Liability Corporation ("LLC") concurrent with the filing of our Regional Center application with USCIS, in which North Bay will own 49% of the Regional Center, and ACG will own 51%. ACG and North Bay, working together through the Regional Center, will seek to raise up to \$7.5M in EB-5 funding for North Bay's initial mining project, subject to USCIS approval. ACG will also be an equity partner by way of membership in a joint-venture LLC in each project North Bay may bring into the Regional Center, the amount of which will vary on a deal by deal basis based on the amount of consulting services ACG actually provides, and the amount of EB-5 funding actually received. At the present time, no projects other than mining are being considered, and the industry focus for the Regional Center is expected to be limited to mining initially.

Terms of the agreement specify that upon filing an application for a new Regional Center with USCIS, North Bay shall pay ACG up to \$50,000 as its share of the startup expenses. In lieu of cash, North Bay may elect to issue a convertible debenture to ACG, at an interest rate of 8%, and convertible to shares of common stock, the number of shares of which, if and when issued, shall be equal to the principal and interest to be paid on the date of conversion divided by the prevailing market price of our common stock on the date of conversion. In the event the Company does issue a convertible debenture, we expect it to be dilutive to shareholders, the extent of which will be determined by the market price of our shares on the day of conversion. In addition, upon receipt by the Company of the first tranche of EB-5 funding at a minimum of \$500,000, the Company shall reimburse ACG for its share of the marketing expenses in the amount of \$110,000 cash. The Company will await guidance from USCIS after the Regional Center is established as to whether marketing costs incurred to secure funds through the EB-5 program can be recouped from EB-5 funds subsequently received. Alternatively, if the Company has not generated enough revenue from claim sales and joint-ventures to cover these costs, we believe we can rely on loans as well as our equity credit line established by way of our Securities Purchase Agreement with Tangiers, LP to cover these expenses. As of December 31, 2012, the Company has paid a total of \$37,216 in startup expenses incurred by ACG to prepare and file EB-5 applications with USCIS. These expenses have been paid in full, in cash, and as such there will be no convertible debenture issued in connection with this agreement. As of December 31, 2012, no shares have been or will be issued in connection with this agreement.

Subsequent to the execution of the agreement with ACG, the Company was presented with the opportunity to include the Ruby Project within the scope of an existing USCIS-approved EB-5 Regional Center, and with the goal of expediting the approval process for the Ruby Project by USCIS, the Company, together with ACG, has entered into a Memorandum of Understanding ("MOU") with an existing Regional Center, the Northern California Regional Center, LLC ("NCRC"). NCRC has agreed to expand the scope of its USCIS-approved designation to include mining projects in the counties of Sierra and Nevada in Northern California, and together with ACG has agreed to sponsor North Bay's application to obtain \$7.5 million through the EB-5 Program for the Ruby Project in Sierra County, California.

NCRC was approved on April 22, 2010 by USCIS as a designated EB-5 Regional Center, and is currently approved to sponsor qualifying investments in such capacity within the Northern California counties of Colusa, Butte, Glenn, Sacramento, San Joaquin, Shasta, Sutter, Tehama, Yuba and Yolo (the "Regional Center's Geographic Area"). Pursuant to its regional center designation, NCRC may sponsor qualifying investments in certain industry economic sectors that do not currently include mining. The MOU provides that NCRC will seek USCIS approval for an expansion of NCRC's Regional Center Geographic Area (the "Expansion") to include the counties of Nevada and Sierra, where the



Ruby Mine is located, and for approval to include mining within its designated industry sectors (the “Mining Designation”).

The applications and all supporting documentation required by USCIS were filed by NCRC in January, 2011. In July, 2011, NCRC received formal approval by USCIS for the expansion of the Regional Center, and the inclusion of the Ruby Mine as a qualified EB-5 project.

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With the approval of the Expansion and Mining Designation by USCIS, NCRC is now permitted to sponsor qualified investments in North Bay's Ruby Project under the EB-5 Program. The MOU provides that NCRC will receive a \$5,000 administrative fee to be paid by each investor independent of the investor's minimum EB-5 investment of \$500,000. In addition, upon the Ruby Project receiving the aggregate sum of \$7,500,000 through the EB-5 Program, NCRC shall be entitled to an undivided one and one half percent (1.5%) interest in the Ruby Project. No shares of Company stock have been or will be issued in connection with this agreement, and the entire EB-5 funding is expected to be non-dilutive to shareholders. While a new Regional Center remains a long-term goal of North Bay and ACG, the agreement to bring the Ruby Project within the scope of a pre-existing Regional Center is seen by the Company as the most efficient and expeditious way to complete funding for the Ruby Project through the EB-5 Program in the near-term. This is an arms-length agreement, and neither the Company nor any of its officers or directors has any ownership position or pre-existing relationship with NCRC.

Procedurally, once USCIS has approved the Ruby Project, regardless of whether under the auspices of NCRC's Regional Center or a new Regional Center owned by North Bay and ACG, the Regional Center will organize a Limited Partnership ("LP") that will be made up of the foreign investors, as limited partners, each of whom will subscribe to a Regulation S offering and purchase a unit in the LP at the purchase price of \$500,000. Each investor will complete and deliver to the LP a subscription agreement, and will pay a minimum of \$500,000 into an escrow account, which will be held in escrow until the investor's I-526 petition filed with USCIS has been either approved or denied by USCIS. If the investor's I-526 petition is denied by USCIS the Escrow Agent will return the investor's funds to the investor. If the I-526 petition is approved the Escrow Agent will pay the investment to the LP. As each new investor's I-526 petition is approved by USCIS and funds are released from escrow, the LP will then loan the funds to the Ruby Project.

To facilitate receipt by the Ruby Project of EB-5 funding from the investor LP and to comply with USCIS requirements, the Ruby Project must be organized as an original business and a new enterprise under the EB-5 program. Accordingly, North Bay and ACG have therefore jointly organized an appropriate special purpose entity as a Limited Liability Company domiciled in California called Ruby Gold, LLC (the "JV") that will own and operate the Ruby Project. The initial ownership/membership interest in the JV will be held 60% by North Bay and 40% by ACG. Once approved by USCIS, it is expected that the EB-5 funding for the Ruby Project will then come from the investor LP in the form of a loan to the JV.

Governance of the JV shall be through a board of directors (the "Board"). The appointment of the members of the Board shall be allocated between North Bay and ACG on a pro rata basis of their ownership/membership interest in the JV, provided however, that from the date on which the JV is organized and at all times subsequent thereto, at least one member of the Board shall be appointed by ACG. The operating agreement of the JV shall provide that the number of members of the Board shall be adjusted from time to time so as to reflect North Bay's and ACG's respective ownership/membership interest in the JV. Additionally, the operating agreement of the JV shall provide that if the initial capital contributions made by the owner/members of the JV shall not be sufficient to operate the Ruby Project, then any such required or desired capital shall be satisfied by the JV borrowing such capital.

As determined by the agreement with ACG dated July 28, 2010, net income from the Ruby Project is to be distributed as follows: (a) until the first \$3,000,000 of the EB-5 Financing is returned to the EB-5 investors, 80% of the net profits from the Ruby Project will be returned to the EB-5 investors and 20% will be distributed to the owners of the JV; (b) after the first \$3,000,000 of the EB-5 Financing is returned to the EB-5 investors and until the entire amount of the EB-5 Financing has been returned to the EB-5 investors, 70% of the net profits from the Ruby Project will be returned to the EB-5 investors and 30% will be distributed to the owners of the JV; (c) after the entire amount of the EB-5 Financing has been returned to the EB-5 investors, 100% of the net profits from the Ruby Project will be distributed to the owners of the JV. By virtue of the loan covenant dated September 27, 2010 with Tangiers and the MOU dated October 14, 2010 with NCRC, the interests of Tangiers (0.75%) and NCRC (1.5%) are included in the net profit

distributions to the owners of the JV. The loan from Tangiers was satisfied and retired in Q1, 2011, but the profit interest agreed to and described herein remains in effect.

The Company notes that its intention to utilize EB-5 funding is a matter of economics and the success of the Ruby Project itself is not exclusively contingent on the EB-5 financing heretofore disclosed. Unless and until all of the milestones related to USCIS approvals for EB-5 are achieved and funds are received, the Company may elect to accept alternative funding should a suitable funding source be identified and acceptable terms negotiated. As of the date of this report, the EB-5 funding remains pending, and there is no guarantee that it will be completed.

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On November 1, 2011, the Company agreed to option the Taber Mine in Sierra County, California, for a period of up to nine months, during which time the Company will continue to conduct further due diligence. On July 11, 2012, the Company executed an amendment to the Taber Mine Option Agreement to extend the option for one additional year. The consideration to be paid during the term of the option is \$2,000 per month. Should the Company elect to exercise the option, the parties will then enter into a definitive lease agreement, with an optional buyout provision. As of the date of this report, no decision has yet been made regarding the exercise of the Taber option.

Our CEO, Mr. Perry Leopold owns 100 shares of the Company's Series I Preferred Stock. Each outstanding share of the Series I Preferred Stock represents its proportionate share of eighty percent (80%) of all votes entitled to be voted and which is allocated to the outstanding shares of Series I Preferred Stock and therefore Mr. Leopold is able to control the outcome of most corporate matters on which our shareholders are entitled to vote. These shares are not convertible into common stock or any commodities. The Series I Preferred Stock was issued in February 2007. These shares were issued to our Chief Executive Officer, Mr. Perry Leopold, in February 2007 as an anti-takeover measure to insure that Mr. Leopold maintains control of the Company during periods when the Company's stock may be severely undervalued and subject to hostile takeover in the open market. As specified in the Certificate of Designation filed by the Company with the Delaware Secretary of State in February 2007, "the outstanding shares of Series I Preferred Stock shall vote together with the shares of Common Stock of the Corporation as a single class and, regardless of the number of shares of Series I Preferred Stock outstanding and as long as at least one of such shares of Series I Preferred Stock is outstanding, shall represent eighty percent (80%) of all votes entitled to be voted at any annual or special meeting of shareholders of the Corporation or action by written consent of shareholders. Each outstanding share of the Series I Preferred Stock shall represent its proportionate share of the 80% which is allocated to the outstanding shares of Series I Preferred Stock".

Our headquarters are located at 2120 Bethel Road, Lansdale, PA 19446, with a mailing address of PO Box 162, Skippack, PA 19474. Our website is located at [www.northbayresources.com](http://www.northbayresources.com). Our telephone number is (215) 661-1100.

## Going Concern

Our consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated modest revenues since inception and has never paid any dividends and is unlikely to pay dividends. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploration of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. The Company has had very little operating history to date. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern.

We have experienced recurring net losses from operations, which losses have caused an accumulated deficit of \$13,475,848 as of December 31, 2012. In addition, we have a working capital deficit of \$3,842,373 as of December 31, 2012. We had net losses of \$2,119,706 and \$1,045,749 for the years ended December 31, 2012 and 2011, respectively. These factors, among others, raise substantial doubt about our ability to continue as a going concern. If we are unable to generate profits and are unable to continue to obtain financing to meet our working capital requirements, we may have to curtail our business sharply or cease operations altogether. Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis to retain our current financing, to obtain additional financing, and, ultimately, to attain profitability. Should any of these

events not occur, we will be adversely affected and we may have to cease operations.

As of December 31, 2012 the accumulated deficit attributable to CEO stock awards, including previous management, and valued according to GAAP, totals \$2,558,535 since inception in 2004. As of December 31, 2012 the accumulated deficit attributable to CEO compensation is \$884,474 in deferred compensation. This reflects the total amounts unpaid as per the management agreement with The PAN Network dating back to January 2006, less any amounts actually paid or forgiven since 2006. These totals are non-cash expenses which are included in the accumulated deficit since inception. Actual CEO compensation paid in cash over the course of the seven years since 2006 consists of \$10,000 in 2006, \$50,764 in 2007, \$23,139 in 2008, \$29,979 in 2009, \$21,988 in 2010, \$90,000 in 2011, and \$116,000 in 2012. These cash expenditures are also included in the accumulated deficit.

The ongoing execution of our business plan is expected to result in operating losses over the next twelve months. Management believes it will need to raise capital through loans or stock issuances in order to have enough cash to maintain its operations for the next twelve months. There are no assurances that we will be successful in achieving our goals of obtaining cash through loans, stock issuances, or increasing revenues and reaching profitability.

In view of these conditions, our ability to continue as a going concern is dependent upon our ability to meet our financing requirements, and to ultimately achieve profitable operations. Management believes that its current and future plans provide an opportunity to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that may be necessary in the event we cannot continue as a going concern.

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Item 1A. Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

The above statement notwithstanding, shareholders and prospective investors should be aware that certain risks exist with respect to the Company and its business, including those risk factors contained in our two recent Registration Statements on Form S-1, as amended. These risks include, among others: limited assets, lack of significant revenues and only losses since inception of our current operations in January 2006, industry risks, dependence on third party manufacturers/suppliers and the need for additional capital. The Company's management is aware of these risks and has established the minimum controls and procedures to insure adequate risk assessment and execution to reduce loss exposure.

Item 1B. Unresolved Staff Comments

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 2. Properties

The Ruby Property

On September 27, 2010, the Company executed an option-to-purchase agreement with Ruby Development Company ("RDC"), a California partnership, for the acquisition of the Ruby Mine (the "Ruby") in Sierra County, California. The purchase price is \$2,500,000, which was to be paid in stages extending to December 30, 2012, which has since been extended to June 30, 2013. Terms of the Ruby agreement provide for an initial option period of 5 months that expired on January 31, 2011, at which time we elected to extend the option for a second 5 month period, expiring on June 30, 2011. On June 1, 2011, the Company exercised its option to purchase the Ruby Mine and made a final option payment of \$85,000 to open escrow. On July 1, 2011, escrow was closed and the acquisition of the Ruby Mine was completed. During the preceding option period and as of the closing date, the Company has made payments totaling \$510,000 to RDC, consisting of \$360,000 cash and 10,000,000 shares of common stock valued at \$150,000. These payments were credited towards the purchase price, thereby reducing the outstanding principal due to \$1,990,000. In addition, in compliance with the agreement dated September 27, 2010, as amended on January 26, 2011, the Company issued warrants to RDC that gives them the option, until December 31, 2015, of purchasing up to 10 million shares of stock at two cents (\$0.02) per share, and in compliance with a second amendment to the Option Agreement dated April 22, 2011, the Company issued warrants granting RDC the right to purchase 2 million shares of the Company's common stock at the exercise price of ten cents (\$0.10) per share. These later warrants are valid until May 1, 2016.

On the transaction closing date of July 1, 2011, the Company issued a promissory note to RDC for \$1,990,000 plus 3% interest per annum. The note was due on or before December 30, 2012. Pursuant to an amendment executed on December 12, 2012, the note maturity has been extended to June 30, 2013, and monthly mortgage payments in Q1 2013 have been reduced to \$10,000 per month. In consideration of said extension, the Company made a \$50,000 principal payment on December 27, 2012. Monthly payments as of April 1, 2013, were set to increase to \$85,000 per month. Upon receipt of the Company's EB-5 funding, the Company has agreed to pay RDC at least 50% of the funding received until the note is paid off in full. As of December 31, 2012, the outstanding balance due on the note is \$1,774,822. During 2012 the Company issued an additional 2 million 5-year warrants to RDC in consideration for reducing the Company's monthly mortgage payments on the Ruby Mine property. Said warrants give RDC the right to purchase up to 2 million shares of the Company's common stock at the exercise price of nine cents (\$0.09) per share. As of the date of this report, the Company remains current in its obligations, and all monthly payments have

been made on time. The note is collateralized with all of the assets associated with the Ruby Mine.

Upon the close of the transaction and the transfer of title, as previously set forth in the purchase agreement, the Company acquired all of the real and personal property associated with the Ruby Gold Mine, all of the shares of Ruby Gold, Inc., a private California corporation, and \$171,618 in reclamation bonds securing the permits at the Ruby Mine. Subsequent to the close of the transaction, Ruby Gold, Inc. became a wholly-owned subsidiary of North Bay Resources Inc. The Company has also assumed the reclamation liabilities on the Ruby Mine, for which the \$171,618 in reclamation bonds are pledged. In addition, a \$2,500 liability from a pre-existing shareholder loan that was outstanding as of the closing date has been paid and extinguished. As of December 31, 2012, interest accrued to the Reclamation Bond has increased its current value to \$172,499.

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It is expected that the aggregate total of warrants related to this transaction will be dilutive to shareholders by adding up to 14 million shares onto our outstanding share total in the event that all the warrants are exercised. The actual dilution is dependent upon whether or not any of the warrants are exercised prior to their expiration dates.

Operational funding for the project of up to \$7.5 million is expected to be provided through the federal EB-5 program described previously. It is expected that this funding will be non-dilutive, as no shares of Company stock will be issued to EB-5 investors. The EB-5 funding will be debt, which must be repaid from mining operations over five years and at an interest rate of no more than 6%. In the interim, if the Company has not generated enough revenue from claim sales and joint-ventures to meet our commitments, we believe we can rely on loans and our equity credit line established by way of our Securities Purchase Agreement with Tangiers, LP to meet our obligations.

The Ruby purchase agreement includes the subsurface mineral rights to 2 patented claims comprising 435 acres, and 30 unpatented claims comprising approximately 1,320 acres. All of the unpatented claims in the property package are in good standing through August 31, 2013 with both the BLM in Sacramento and Sierra County in Downieville, CA. Annual BLM claim fees are currently \$10,640 per year. Sierra County property taxes are currently \$26,220 per year. As of December 31, 2012 and the date of this report, all BLM fees and Sierra County property taxes have been paid and are current. The Ruby Mine is permitted<sup>(3)</sup> for underground exploration, small scale development and small scale production.

| Claim Name                              | Type       | Acres(1) | Good Until(2)     |
|---|------------|----------|-------------------|
| Guatemala                               | Patented   | 147      | -                 |
| Extension Placer Mining Claim           | Patented   | 288      | -                 |
| Wisconsin Placer Mining Claim           | Unpatented | 180      | September 1, 2013 |
| Wisconsin Extension Placer Mining Claim | Unpatented | 159      | September 1, 2013 |
| Garnet Placer Mining Claim              | Unpatented | 75       | September 1, 2013 |
| Ruby Quartz Mining Claim                | Unpatented | 20       | September 1, 2013 |
| Diamond Quartz Mining Claim             | Unpatented | 20       | September 1, 2013 |
| Sapphire Placer Mining Claim            | Unpatented | 2        | September 1, 2013 |
| Gold Channel Placer                     | Unpatented | 150      | September 1, 2013 |
| Black Channel Placer                    | Unpatented | 60       | September 1, 2013 |
| Topaz Placer Mining Claim               | Unpatented | 160      | September 1, 2013 |
| Irene Placer Mining Claim               | Unpatented | 140      | September 1, 2013 |
| Opal Placer Mining Claim                | Unpatented | 160      | September 1, 2013 |
| Ruby Lode No. 7                         | Unpatented | 20       | September 1, 2013 |
| Ruby Lode No. 8                         | Unpatented | 20       | September 1, 2013 |
| Ruby Lode No. 16                        | Unpatented | 20       | September 1, 2013 |
| Ruby Lode No. 17                        | Unpatented | 20       | September 1, 2013 |
| Ruby Lode No. 18                        | Unpatented | 20       | September 1, 2013 |
| Ruby Lode No. 19                        | Unpatented | 20       | September 1, 2013 |
| Ruby Lode No. 20                        | Unpatented | 20       | September 1, 2013 |
| Ruby Lode No. 27                        | Unpatented | 20       | September 1, 2013 |
| Ruby Lode No. 28                        | Unpatented | 20       | September 1, 2013 |
| Entry Lode Mining Claim                 | Unpatented | 20       | September 1, 2013 |
| Entry Extension Lode Mining Claim       | Unpatented | 20       | September 1, 2013 |



|                                   |            |    |                   |
|-----------------------------------|------------|----|-------------------|
| Golden Bear 1 Placer Mining Claim | Unpatented | 20 | September 1, 2013 |
| Golden Bear 2 Placer Mining Claim | Unpatented | 20 | September 1, 2013 |
| Golden Bear 3 Placer Mining Claim | Unpatented | 20 | September 1, 2013 |
| Golden Bear 4 Placer Mining Claim | Unpatented | 20 | September 1, 2013 |
| Golden Bear 5 Placer Mining Claim | Unpatented | 20 | September 1, 2013 |
| Golden Bear 6 Placer Mining Claim | Unpatented | 20 | September 1, 2013 |
| Golden Bear 7 Placer Mining Claim | Unpatented | 20 | September 1, 2013 |
| Golden Bear 8 Placer Mining Claim | Unpatented | 20 | September 1, 2013 |

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(1) The sum total of the acreage of the unpatented claims is 1,506 acres. However, as some placer claims overlap lode claims, the true acreage of the unpatented claim area is known to be approximately 1,320 acres, for a total property extent of approximately 1,755 acres including the subsurface patented claim area.

(2) September 1, 2013 represents the “Good Until” date of the Ruby unpatented claims. In order to maintain a mining claim in California in good standing, the claim holder must perform annual work having a minimum cost of \$100 or, alternatively, pay to the U.S. Bureau of Land Management (“BLM”) an annual maintenance fee of \$140. Patented claims have no “Good Until” date, and instead are only subject to local and state taxes. As of September 1, 2012, \$10,640 was paid to maintain the unpatented claims, and \$26,220 was paid in property taxes to maintain the unpatented and patented claims in good standing.

(3) The current Plan of Operations, effective as of 2001, was formally renewed by United States Forest Service in February 2011. The Plan of Operations is now effective through December 31, 2018. The Waste Discharge Order must be reviewed and approved by the Water Quality Control Board prior to the commencement of mining operations, along with the Annual Fee for Waste Discharge Requirements for 2012, which was paid to the State Water Resources Control Board in December 2012. The Reclamation Permit has been renewed through April 2018. In September 2011 the Company filed an updated Reclamation Plan with Sierra County and the California Department of Conservation Office of Mine Reclamation (“OMR”). This updated Reclamation Plan was formally approved in December, 2011, and is effective through April, 2018. A Reclamation Bond of \$172,499 is also in place.

### The Ruby Mine

The Ruby Mine is an underground placer and lode mine located between Downieville and Forest City, in Sierra County, California. It is in the Alleghany-Downieville mining district, situated in the Sierra Nevada foothills south of the Yuba River.

In June 2010, the Company retained Mr. C. Gary Clifton, P. Geo., to visit the Ruby Mine in the Sierra County area of California to inspect its infrastructure and general conditions, assess its mineralization, and determine its potential to resume economic mining operations. Mr. Clifton holds degrees in Geology and Geochemistry from Macquarie University in Sydney, Australia, with post-graduate studies in Geochemistry at UC Berkeley and Oregon State University. As a Registered Professional Geologist, Mr. Clifton has almost 40 years of experience with several major mining and petroleum companies, and as an independent consultant in mining exploration and exploration management, mineral property evaluation, and mining geology. He has conducted and managed exploration and evaluation programs for a wide variety of mineral commodities in the United States, Australia, and the Middle East. Mr. Clifton is currently President of Western Resource Group LLC, and is a Qualified Person as defined by National Instrument 43-101.

Mr. Clifton has no family or other relationship with any past or present Company officer, director, or affiliate, and he has no family or other relationship with any past or present principal or affiliate of Ruby Development Company. The Company has not issued nor is it obligated to issue any of its stock in connection with Mr. Clifton’s engagement, and to the best of our knowledge Mr. Clifton does not own any shares of the Company.

The following information has been reviewed for technical accuracy by Mr. C. Gary Clifton, P. Geo, and who is the Qualified Person as defined by National Instrument 43-101 for the Ruby Project.

### Location, Access, Physiography, and Climate

The Ruby Mine is located in southwestern Sierra County, in the northern part of the Sierra Nevada Foothills, Northern California. It lies approximately 25 air miles northeast of Grass Valley/Nevada City and is serviced by paved roads.

Highway 49 passes through Downieville in the northern part of the area. The Pliocene Ridge road crosses the central part of the area and eventually merges with the Henness Pass road. There are paved spur roads to the town of Alleghany and the village of Forest City. The remaining few miles to the various mine sites are accessed by high quality, well maintained gravel roads.

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The property is situated in the Sierra Nevada physiographic province and lies along the western slope of the Sierra Nevada Mountain range, at elevations varying from 2,500 feet in the canyons to more than 6,000 feet on the ridge crests. Regional physiographic conditions generally consist of gently to moderately rolling terrain, and steep sided plateaus with deeply incised streams and rivers.

The annual temperature varies between 10 and 100 degrees Fahrenheit. The annual precipitation varies between 50 and 70 inches, which falls principally as snow during the months of January, February and March.

Regional native vegetation typically includes pine, cedar and fir trees, manzanita, black oak, brush and native grasses. Commercial stands of second growth pine and Douglas Fir are sufficient to satisfy mine timber requirements, and there is ample water available. Rock Creek is the nearest year-round stream and water source to the site, which crosses the northern portion of the property generally east to west. The north fork of Oregon Creek (a seasonal drainage) also crosses the southern portion of the property from northeast to southwest.

## Property Description

The Ruby Property covers approximately 1,755 acres, consisting of the subsurface mineral rights of two patented claims totaling approximately 435 acres and 30 unpatented claims containing approximately 1,320 acres. The mine encompasses at least four distinct underground river channels and three known lode gold veins.

The Ruby property comprises two contiguous claim groups; the Ruby and the Golden Bear (aka Carson Camp), both of which include lode and placer claims. The Ruby claims combine three past-producing gold mines, which are the Ruby, the Bald Mountain Extension, and the Wisconsin. The Golden Bear claims comprise several former producing mines as well, which are the Golden Bear, the Ireland, and the Cincinnati. Collectively, the Ruby and Golden Bear claims have produced in excess of 250,000 ounces of gold in a mining history dating from the 1850's.

The property covers one and one-half miles of strike length along the Eastern Melones Fault, the major structure along which many of the gold deposits of the Mother Lode are localized. The property also encompasses an estimated 4 miles of partially mined and unmined auriferous Tertiary channels. The Ruby is located on the northern extension of the historic Mother Lode system, as evidenced in the map below that shows the location of the Alleghany-Downieville mining district in relation to the overall Mother Lode.

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The most recently active mining areas include the Ruby Portal and Lawry Shaft locations. Ruby Development Company maintains a Plan of Operations (dated February 1, 2001) for its mining operations on public lands in the Tahoe National Forest, administered by the United States Forest Service (USFS). As of the date of this report, the Plan of Operations has been approved for renewal through December 31, 2018. Current access roads to the site include Henness Pass Road, Sierra County Road 401, Forest Service Road 401-2, and Forest Service Road 30, along with a variety of small unimproved dirt connector roads. The site is primarily surrounded by public national forest lands administered by the USFS, with privately owned parcels adjacent to the northwest and northeast property boundaries. The privately owned parcels are designated for use as rural land, timberland, or mineral land.

## History of Exploration, Development, and Production

Gold was originally discovered in the Alleghany-Downieville district in 1849, during the early days of the California Gold Rush. Since that time the district has produced at least 2.35 million ounces of lode gold from the vein deposits and at least 440,000 ounces of placer gold from the Tertiary channel deposits (not including an unknown amount of production from placer workings around Alleghany). Much of this production occurred intermittently, during relatively short periods of intense mining activity, separated by longer periods of minimal production when political and/or economic factors were unfavorable.

The history of the Ruby claim area dates from the 1850's, when placer gold occurrences were followed upstream from the North Yuba River to the headwaters of Slug Canyon where rich deposits of gold were discovered in a Tertiary gravel deposit. By the 1860's several mines were developing the gravels of a buried river system within the boundaries of the present Ruby property at the headwaters of nearby Rock Creek. These mines included the the Golden Bear and the Guatemala. The Ruby portal was collared in December, 1880 to access the central portion of this rich river system. Between 1880 and 1889 the Ruby Mine produced 86,500 ounces of gold from three buried river channels.

In the early 1930's, C.L. Best, the co-founder of Caterpillar Tractor, acquired the Ruby Mine, and developed the Black channel. Best Mines produced an estimated 58,000 ounces of gold from the gravels before the government forced closure under War Production Board Order L-208. C.L. Best saved 123 nuggets of \$100 value or greater for a personal collection. That collection is presently on display at the Los Angeles County Museum of Natural History.

After the Second World War, the cost of labor and supplies rose rapidly, while the price of gold remained frozen at \$35 an ounce. The mine was not re-opened by Best and it was sold after Best's death in 1951. The Ruby Development Company acquired a lease on the Ruby Mine in 1959 and bought the property outright in 1966. Lessees intermittently worked the gravels of the Black channel from the Lawry shaft until the mid-1970's.

In the late 1970's the Ruby Mine was leased to Alhambra Mines of Sparks, Nevada. During that same period, the Golden Lion Mining Corp. attempted to drive a decline to access the Cincinnati channel, which had previously been discovered in the quartz workings of the Cincinnati vein.

The Brush Creek Mining and Development Company, Inc. ("Brush Creek") acquired the Ruby in 1990. From 1990 through 1995, Brush Creek rehabilitated and re-timbered approximately one and one-quarter miles of horizontal haulage tunnel supports and a 210 foot vertical shaft for access and mine safety, constructed a new wash plant and quartz mill, built underground roads for use by diesel loaders, installed a hoist and constructed a new sixty-foot steel head frame over the Lawry Shaft at the Ruby Mine, installed a complete underground ventilation system and electrical system at the Lawry Shaft, constructed a new waste water treatment system for use at the mill site, and modified and enlarged the structures at the mill site. According to their SEC filings, Brush Creek's total investment in the Ruby was \$4,554,575 as of June 30, 1997, including \$2,251,714 of development costs, and \$1,975,525 of mining equipment. Production during this period was limited. From December 1992 until July 1993 an estimated 7,300 tons of mineralized material was mined, resulting in the recovery of approximately 200 ounces of gold. Brush Creek stated

that these preliminary results were too small to be a reliable representative sample of the expected placer grades. In 1994, approximately 400 tons were mined from the Lawry channel, at an average grade of 0.2 ounces per ton. By 1995, mining operations were suspended, and except for limited periods of sporadic activity over the next few years, the mine was put on care and maintenance. Brush Creek briefly resumed operations in 1998, driving a development tunnel in the south Lawry Shaft workings. Due to low metal prices, the property was eventually forfeited and returned to the Ruby Development Company, who has maintained the property and permits since 1998.

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## Plant, Equipment, Permits, and Site Infrastructure

Site inspections conducted during June and July, 2010 by C. Gary Clifton, a certified professional geologist (P.Geo.) retained by the Company as an independent consulting geologist to inspect and assess the Ruby Mine, and by management in September, 2010, confirmed that the Ruby is in excellent condition, and has been well maintained despite having not been operation since 1998. The equipment currently on-site at the Ruby was mostly purchased in the period between 1990 and 1995 when the mine was last in production, and is therefore between 15 and 20 years old. The equipment, including the wash plant and mill facilities, has been confirmed to be in good working order, though some minor upgrades are expected to be needed once operations resume.

The equipment, fixed assets, and infrastructure in place include a 1,000 yard per day placer wash plant, 50-ton per day quartz mill, 6,000 feet of tracked haulage, and related support equipment needed for underground mining operations. A second exit, the Lawry Shaft, almost 2 miles from the main portal, can provide natural ventilation for much of the underground workings. Surface buildings and facilities include a lumber mill, machine shops, offices, and accommodations. The property also features an excellent system of roads, is accessible via paved highway from Reno or Sacramento, has abundant water and timber available for mining purposes, and has PG&E power available on-site.

Permits in place include a Plan of Operations, a Phase I Environmental Site Assessment, a Water Order, and a Reclamation Plan secured by over \$172,499 in Reclamation Bonds. The current Plan of Operations, effective as of 2001, was formally renewed by United States Forest Service in February 2011. The Plan of Operations is now effective through December 31, 2018. The Waste Discharge Order must be reviewed and approved by the Water Quality Control Board prior to the commencement of mining operations, along with the Annual Fee for Waste Discharge Requirements for 2013, which was paid to the State Water Resources Control Board in December 2012. The Reclamation Permit has been renewed through April 2018. In September 2011 the Company filed an updated Reclamation Plan with Sierra County and the California Department of Conservation Office of Mine Reclamation (“OMR”). This updated Reclamation Plan was formally approved in December, 2011, and is effective through April, 2018. A Reclamation Bond of \$172,499 is also in place.

Skilled underground hard-rock and placer miners with considerable experience in the local ground conditions reside in the area and will provide a valuable resource in the present and future development of the Ruby.

## Recent Geological Assessment Work

The Ruby Mine is an underground mine that is known to have produced over 250,000 ounces of gold since the 1850’s, but which currently has no known estimates of proven reserves.

Geological assessment work carried out by Mr. Gary Clifton P.Geo., during the summer of 2010, including extensive research to evaluate the resource maps and data from Brush Creek Mining’s operations in the 1990’s and Alhambra Mines in the early 1980’s, has identified 3.03 miles of unmined channel and 0.95 miles of partially mined channel available for mining using the existing infrastructure. The following table provides the estimates of each channel surveyed by Mr. Clifton in July, 2010. In compiling the data, the Pilot Channel is considered the northern extension of the Black Channel and the Mt. Vernon Channel is a tributary. In addition, the stretch of Black Channel between the Big Bend and the Lawry Shaft is designated as partially mined, as is one-half of the stretch of the same channel between the Lawry Shaft and the mined portion of the Pilot Channel at the northern property boundary. All measurements are in feet.

| Channel  | Mined | Partially Mined | Unmined | Total |
|----------|-------|-----------------|---------|-------|
| Bald Mtn | 7,500 | --              | --      | 7,500 |



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|                 |       |       |       |       |
|-----------------|-------|-------|-------|-------|
| Deep Rock       |       |       |       |       |
| Creek           | 5,500 | --    | 2,000 | 7,500 |
| Cincinnati      | --    | 1,500 | 4,500 | 6,000 |
| Black and Pilot | 2,000 | 3,500 | 3,250 | 8,750 |
| Mt. Vernon      | --    | --    | 3,000 | 3,000 |
| Bald Mtn        |       |       |       |       |
| Extension       | 2,750 | --    | 3,250 | 6,000 |
| Totals (miles)  | 3.36  | 0.95  | 3.03  | 7.34  |

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Additional channels as well as lode deposits in quartz veins are known to exist on the property. These will require additional development and no attempt has been made as of yet to estimate the amount of gold they may contain.

During the 2010 summer program, 35 samples were collected by Mr. Clifton from the Lawry Shaft workings and sent to American Assay Laboratories Inc. in Sparks, NV for fire assay analysis. The samples, each weighing approximately 1 kilogram, were collected at 10-foot intervals at the gravel-bedrock interface at 5 locations (A through E) within tunnels and crosscuts. At location C, samples C9 through C12 returned several high values, including 45.5 grams (1.45 ounces) and 15.05 grams (0.48 ounces) per metric ton (tonne) gold, as per the table below. This represents a 30-foot wide zone of placer gold-enriched sediments in which 3 of the 4 samples are highly anomalous. This zone is considered mining width. Having delineated a 30-foot wide zone with a limited 35-sample set, we believe this indicates that gold-rich gravels are relatively abundant, easily identified, and present in existing workings ready to be exploited.

| SAMPLES | Dry<br>Weight<br>lbs | Au<br>Fire<br>ppb |
|---------|----------------------|-------------------|
| A1      | 1                    | 4                 |
| A2      | 2                    | 4                 |
| A3      | 1                    | 3                 |
| A4      | 2                    | 11                |
| B1      | 2                    | 12                |
| B2      | 2                    | 8                 |
| B3      | 2                    | 14                |
| B4      | 1                    | 72                |
| B5      | 2                    | 61                |
| B6      | 2                    | 9                 |
| B7      | 2                    | 4                 |
| C1      | 3                    | 5                 |
| C2      | 2                    | 3                 |
| C3      | 2                    | 3                 |
| C4      | 2                    | 4                 |
| C5      | 3                    | 7                 |
| C6      | 2                    | 20                |
| C7      | 2                    | 7                 |
| C8      | 2                    | 14                |
| C9      | 2                    | 15050             |
| C10     | 2                    | 18                |
| C11     | 2                    | 45500             |
| C12     | 2                    | 785               |
| D1      | 2                    | 453               |
| D2      | 3                    | 6                 |
| D3      | 3                    | 49                |
| D4      | 3                    | 12                |
| D5      | 3                    | 12                |
| E1      | 3                    | 23                |
| E2      | 2                    | 12                |
| E3      | 3                    | 8                 |
| E4      | 2                    | 8                 |

|    |   |    |
|----|---|----|
| E5 | 3 | 15 |
| E6 | 3 | 10 |
| E7 | 3 | 25 |

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Regional Geology

The geology of the region consists of Mesozoic and Paleozoic metavolcanic rock, Paleozoic Calaveras Formation rocks (phyllite, schist, with thin beds of metachert), and Silurian slate with subordinate chert, conglomerate and sandstone. The Mesozoic era occurred between approximately 65 and 248 million years before present (MYBP). The Paleozoic era occurred between approximately 248 and 543 MYBP. The Silurian period was part of the Paleozoic era, and occurred between 417 and 443 MYBP.

Local Geology

The Alleghany-Downieville gold mining district is situated in the northern pan of the Sierra Foothills Metamorphic Belt, to the west of the Sierra Nevada Batholith. The district forms the northern continuation of the Mother Lode System, a major, north-northwesterly trending metallogenic province that extends for a distance of 160 miles and has produced over 125 million ounces of gold.

Most of the gold mines within the Mother Lode System are localized along the Melones Fault, a steep, easterly dipping crustal-scale suture that extends from Mariposa County in the south to Plumas County in the north. This structure marks the boundary between several tectonic terrains. In the northern part of the foothills belt, the structure defines the contact of continentally derived sediments of the Paleozoic Shoo Fly Complex to the east, with generally younger oceanic and volcanic island arc rocks of the Western Assemblage to the west. In the south, the structure marks the boundary between the Calaveras Complex, an Upper Paleozoic sedimentary sequence of deep water, oceanic affinity to the east with rocks of the Western Assemblage to the west.

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Geology of the Ruby Property

The Ruby Property covers one and one-half miles of strike length along the Eastern Melones Fault, the major structure along which many of the gold deposits of the Mother Lode are localized. The property also encompasses an estimated 4 miles of unmined auriferous Tertiary channels. The Ruby is considered part of the northern extension of the historic Mother Lode system.

The locus of the Melones Fault coincides with a discontinuous zone of intensely sheared and variably altered serpentinite, commonly associated with more massive gabbroic rocks. These rocks are believed to represent part of an ophiolite suite. At the latitude of the Alleghany-Downieville district, the Melones Fault zone is up to 4 miles wide. At this location, the fault zone is occupied by a serpentinite-hosted melange of ophiolitic rocks, blueschist to greenschist-grade oceanic sediments and mafic volcanics, as well as complexly deformed, amphibolite-grade Paleozoic rocks

Mineralization and Deposit Type

The primary mineralization at the Ruby is gold. The primary deposit type consists of gold-bearing Tertiary-age channels, as exemplified by the Bald Mountain and Bald Mountain Extension channels, both of which have been among the most prolific gold producers in the Alleghany-Downieville district. Younger intervolcanic channels also formed rich placer gold deposits where the younger river system eroded and redeposited the auriferous gravels of the older channels. Examples of this type of younger channel include the Black channel in the vicinity of the Big Bend in the Ruby Mine and the Deep Rock Creek channel, which reworked extensive stretches of the Bald Mountain channel.

Distinct concentrations of placer gold have also been associated with the existence of quartz gold deposits. Some of the most productive quartz gold deposits in this area were discovered in the bedrocks while mining the placer channels. The quartz veins in this region typically extend to thousands of feet in depth, and are noted for rich shoots often containing spectacular pockets of Gold-in-Quartz. The Ruby is known to contain quartz vein deposits, as exemplified by the Wolf Vein near the Bald Mountain Channel.

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### Ruby Mine Mining Plan

The Ruby mining plan anticipates that much of the first season will be engaged in determining the exact locations of the targeted channels with exploration drifting (tunneling) and establishing Development Headings in these channels.

The Deep Rock Creek Project will lag behind the Lawry Shaft Project since the new tunnel and winze will not be completed until late in Year 1.

The initial work will concentrate on rehabilitating the Ruby Tunnel, renovating the Ruby Mill, improving the infrastructure, and getting the Ruby Mine facilities and equipment into good working order. The Company began rehabilitation of the Ruby Tunnel in October, 2011. This work is expected to be completed in Q2, 2013. As of December 31, 2012, construction and renovation costs directly related to the Ruby Tunnel rehab and excluding permitting and regulatory expenses totaled \$446,646.

The Pilot and Mount Vernon Channel targets are projected to lie in the near vicinity of the existing Lawry Shaft workings, so active exploration tunneling ("drifting") with air-powered slushers and trackless loaders ("LHD's") is expected to be underway shortly after mining operations begin.

Construction of the 1,500 foot Deep Rock Creek Project access tunnel can also begin once mining operations commence. This tunnel will be a tracked haulageway. The rate of progress will be determined by the amount of time required to complete the maintenance program in the Ruby Tunnel beyond the "Daylight Turn" where the Deep Rock Creek Access Tunnel begins. This maintenance will also be required prior to constructing the Big Bend Raise to the Black Channel workings. This maintenance work is expected to be completed in Q2, 2013.

The mining plan anticipates a "herring bone" drift pattern for development of the channels. A central tunnel (known as a "drift") will be driven following the gut (deepest part) of the channel. This drift will be continued until the end of the channel is reached and the length of the resource has been defined. Regularly spaced crosscuts (known as "crosscut drifts") will be driven out on each side of the central drift to determine the width of the channel.

The material mined from these development drifts will be washed in the placer plant. Careful records of the gold recovery will also provide a grade for the material "blocked out" in this process, thereby developing a proven resource to be mined in the production phase of the mining plan.

The Ruby Mine typically experiences considerable snow fall, and a decrease in activity is planned for during the winter months of Year 1. It is expected that the Ruby will operate year-round once the operation is well established.

### Operational Considerations

The southern working area, the Deep Rock Creek Project, is accessible by the Ruby Tunnel, which is equipped with 30 lb. rail and 4" Victaulic steel compressed air pipe. The northern area, the Lawry Shaft Project, will be mined by LHD's from the existing tunnel system.

On the north end, entry to the mine is through the Lawry Shaft which has a steel headframe and a complete hoist house and hoisting facilities for men and materials. There are two LHD's with 1 yd. buckets underground. There is a 40 hp. fan and a secondary ventilation fan with fan line as well as water and compressed air lines and electrical service underground. Electricity in this area is provided by PG&E and a 150 kw diesel generator providing backup power. A 250 cfm electric compressor located on the surface provides compressed air.

The south end of the mine is accessible by a portal. Electricity is provided by 250 kw and 55 kw diesel generators and compressed air by a 750 cfm diesel compressor. There is a 40 hp. ventilation fan located underground, electric and diesel trammers, ore cars and flat cars. The site has a shop with an electric overhead hoist on a track and various tools, mill buildings, a 4,500 gallon diesel tank with containment basin under cover, a 1,000 yard-per-day placer gravel recovery plant and a 50 ton hard rock quartz recovery plant.

The north and south ends of the mine are connected underground, which facilitates natural ventilation and provides an exit at both ends.

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The north end has a 2 story bunkhouse which can provide accommodations, a trailer which can also be used for accommodations, and an office. The adjacent cook shack will accommodate several more people. There is a 40' by 70' steel shop building on a concrete slab, a 10,000 gallon double-walled diesel tank, and other buildings. Electricity in this area is provided by PG&E.

The property contains Douglas fir trees which can be used for mine timber. The Forest Service has marked trees for cutting, and there is a bandsaw lumber mill on the property. Several thousand board feet of milled mine timbers are currently onsite.

The property is serviced throughout by a system of good dirt roads and oiled roads, with paved roads to the property from Highway 49. The property has a great deal of flat and useable areas available, and there is ample working room around the shops and other buildings.

The mine has rock drills, slushers and tuggers, additional fans and pumps, both air and electric powered, and much miscellaneous equipment, tools, and supplies. The mine also has a Peterbilt water truck, International flatbed truck, Oshkosh 4x4 dump truck, and Hyster equipment trailer. There is a large dump facility as well as ponds for water storage and ample process water that exits from the Ruby Tunnel.

## Description of the Mining Process

Although the grades encountered in the ancient river channels of the Alleghany District are extremely high relative to most placer deposits elsewhere in the world, underground mining costs are also much higher than the cost of open pit or dredge methods employed in most present-day placer operations. This cost reality, together with the erratic distribution of the gold, requires that selective mining methods based on strict grade control be utilized in order to achieve a profitable operation.

A cost effective underground mining operation is accomplished by a two-phase process:

(a) Development occurs on the advance by drifting upstream or downstream along the axis of the channel, with crosscuts driven every fifty to one hundred feet. The muck from these workings is slushed to passes that lead to the main haulage level within the bedrock below the channels. This production is accompanied by face and rib sampling and by bulk testing of the muck from the development headings. Each round is quantitatively analyzed to map out the grade distribution of the gold. This work is followed by;

(b) Selective mining ("breasting") during the retreat, using the drift as the main haulage-way and leaving pillars of lower grade material. This is facilitated by careful mine planning based on the geometry of the channel and the grade distribution ascertained from the development phase.

## Description of the Recovery Process

The mined gravel ("muck") is transported from the mine along the tracked haulageway to the mill and dumped into the ore bin directly above the gravity separation washing plant. The wash plant is a closed-circuit system which recycles the wash water. The gravel is scraped onto a feed belt which elevates and dumps the material into the scrubber (trommel -- a large, inclined metal cylinder). Water is added and the scrubber is rotated in a clockwise direction at twelve revolutions per minute to thoroughly wash the gravel. Retaining rings inside the scrubber catch the larger gold nuggets. The washed gravel is discharged through slots in the final section of the scrubber that serve as a sizing screen. All plus 3/4 inch material is rejected to the coarse material belt which moves the reject gravel to the stacker belt for transport.



The remaining minus 3/4 inch material and excess water falls onto the walking bottom sluice box. This sluice box is a gravity separation device which utilizes Hungarian riffles mounted on a moving rubber belt to trap all high specific gravity material. The riffle bed rotates up the grade through the sized material and water, cycling completely every twenty minutes while continually dumping the heavy concentrate into the live bottom sluice box.

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All lighter material not trapped in the Hungarian riffles is washed off the discharge end of the walking bottom sluice box and over a 1/8 inch vibrating dewatering screen. The dry plus 1/8 inch, minus 3/4 inch material is vibrated onto a skid plate that loads directly onto the stacker belt for transport to the waste dump. The minus 1/8 inch material and water is discharged into the dewatering sand screw.

The live bottom sluice box utilizes a cam-operated jiggling action within its bed to further concentrate, grade and separate all gold and other high specific gravity material. The trapped gold and heavy concentrate is cleaned from the box once a day and transported to the gold room for final cleanup.

The lighter material not concentrated within the bed is washed out of the live bottom sluice box with the excess water and discharged into the dewatering sand screw. The coarser material is dried by the dewatering sand screw and dumped onto the stacker belt. The finer waste material is discharged with the wash water to the primary settling pond. The wash water continues to the second settling pond from which it is pumped back to the scrubber at the head of the system. Water discharging from the tunnel is piped to the head of the system by gravity as needed for make up water.

A backhoe is used as required to bail the fine settled material from the primary settling pond to dry before transport to the waste dump.

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### QA/QC Protocols

The Company has not determined its QA/QC protocols as a matter of policy, and relies on its joint venture partners and outside consultants to provide these protocols on a project-specific basis.

### Canadian Properties

Below is a description of the properties (or mining/mineral/placer claims) currently owned by the Company which are currently under contract for exploration and development with joint-venture partners, previously under contract with joint-venture partners, or else prospective for future joint-ventures. Our mining claims convey the mineral or placer rights for mining-related purposes only, and while our rights allow us to use the surface of a claim for mining and exploration activities, our claims do not convey any other surface, residential or recreational rights to the Company. Additionally, our right to extraction is not absolute, as any mechanized extraction work on claims in BC requires additional permits and possibly conversion of our claims to mining leases, the approval of which is not guaranteed.

For the year ended December 31, 2012, the Company paid the Province of British Columbia an aggregate of \$68,536 USD in registration and claim maintenance fees to maintain our properties in good standing. For the year ended December 31, 2011, these fees totaled \$72,495 USD.

The Company actively manages its claims on a daily basis through the British Columbia MTO system, and at times elects to reduce costs by paying annual fees incrementally as permitted by BC regulations, allowing non-strategic claims to lapse, and occasionally reducing the aggregate size of a particular claim area or letting it lapse altogether to further reduce carrying costs. Therefore, the costs stated below to maintain a property in good standing is the maximum required on an annualized basis, and in many instances the actual realized expense may be less than indicated below.

Unless otherwise noted, all dollar amounts related to claim fees paid to the Province of British Columbia are in Canadian dollars (CDN).

### Principal Canadian Properties

The following table shows the Company's principal target properties in British Columbia, Canada, which in aggregate comprise 110 claims that cover 36,996 acres (14,978 hectares). The Company owns additional claims throughout British Columbia, but most of these others have not as yet been aggregated into identifiable properties, are currently not considered material, or are expected to expire on their termination dates and no longer held. As of December 31, 2012, our total holdings are 234 claims encompassing 76,404 acres (30,933 hectares). This is a snapshot in time, and the number may be quite different six months or one year from now. The Company has an active exploration program in place, which on a daily basis will add new claims, drop or reduce the size of others, and maintain the rest. The Company is comfortable with maintaining a stated minimum of 150 mineral and placer claims covering an aggregate of 60,000 acres on an annualized basis. All of our claims are under constant review, and may be decreased or further increased at any time, depending on the re-evaluation of our present holdings, and the availability of new opportunities in the future as other claims of merit become available for acquisition.

Properties are labeled as such when individual claims that are either contiguous with each other or in close proximity can be aggregated and identified with a known mineral or placer resource. As of December 31, 2012, the total cash cost to acquire the properties listed below is \$16,311, consisting of \$6,436 in staking fees paid to the Province of British Columbia, and \$9,875 paid in 2006 to an individual to acquire the Monte Cristo. If every claim is maintained for the next year, the projected expense would be a minimum of \$81,265. In keeping with Company practices, some

non-strategic claims may be allowed to lapse, and possibly re-staked afterwards, resulting in a considerable saving from the maximum projected annualized cost. As well, any of these properties that become the subject of options or joint-ventures with other companies will see their projected maintenance costs transferred to the prospective partner company for the duration of the contract. The table below shows the cash acquisition cost of each property and the annualized projected cost (or carrying cost) of maintaining the properties in good standing. All dollar amounts in this table are expressed in Canadian dollars, and the actual expense to the Company in terms of US dollars, when actually paid, can be as much as 10% lower or higher, depending on the foreign currency exchange rate on the day any payment is recorded.

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| Property Name             | Area<br>(hectares) | Acquisition<br>Cost | Minimum<br>Work<br>Requirement<br>(Annualized)** | Exploration<br>Expenditures<br>To Date |
|---------------------------|--------------------|---------------------|--|--|
| ARGO GOLD                 | 463                | \$ 185              | \$ 2,315   | \$ -                                   |
| BOULEAU CREEK<br>GOLD     | 1,900              | 760                 | 9,500  | 12,926                                 |
| CHERRY GOLD<br>MT.        | 1,138              | 480                 | 5,690  | -                                      |
| WASHINGTON/CONNIE<br>HILL | 2,629              | 1,052               | 13,145   | -                                      |
| CORONATION GOLD           | 604                | 242                 | 3,020  | 10,732                                 |
| FAWN                      | 407                | 163                 | 2,035  | -                                      |
| GOLD HILL PROJECT         | 1,920              | 1,173               | 9,600  | -                                      |
| LOUGHBOROUGH<br>GOLD      | 288                | 115                 | 1,440  | -                                      |
| LYNX GOLD                 | 622                | 249                 | 3,110  | -                                      |
| MONTE CRISTO*             | 333                | 9,875               | 6,660  | 18,082                                 |
| NEW ESKAY CREEK           | 2,400              | 832                 | 12,000   | -                                      |
| PINE RIVER<br>VANADIUM    | 330                | 132                 | 1,650  | -                                      |
| RACHEL GOLD               | 337                | 135                 | 1,685  | -                                      |
| TULAMEEN PLATINUM         | 231                | 92                  | 1,155  | -                                      |
| FRASER RIVER<br>PROJECT   | 413                | 826                 | 8,260  | 59,268                                 |
| Total                     | 14,015             | \$ 16,311           | \$ 81,265  | \$ 101,008                             |

\*With the exception of the Monte Cristo which was acquired from another party, as described below, all of the Company's properties in British Columbia were acquired as a result of the direct staking of located claims by Company personnel and payment of the statutory registration fees to the Province of British Columbia.

\*\* If no work is performed by the anniversary date due, a claim may be maintained in good standing by paying a Cash In Lieu of Work Fee ("CIL") to the Ministry of Mines equal to twice the annual minimum work requirement.

Prior to July 1, 2012, the registration fee for staking new claims in British Columbia was \$0.40 per hectare for a mineral claim, and \$2.00 per hectare for a placer claim. On July 1, 2012, registration fees for newly-staked claims were raised to \$1.75 per hectare for a mineral claim, and \$5.00 per hectare for a placer claim. The initial term of any claim staked in British Columbia is one year. As of July 1, 2012, this term may be extended for up to 10 years at a time by filing a statement of work showing minimum expenditures on a mineral claim of \$5 per hectare per year for the first 2 years, \$10 per hectare per year for years 3 and 4, \$15 per hectare per year for years 5 and 6, and \$20 per hectare per year for each year thereafter. For a placer claim, the minimum expenditure is \$20 per hectare. If work is not performed on the subject claims, the registrant can pay a cash-in-lieu fee ("CIL") to British Columbia equal to twice the minimum work expenditure due to maintain the claim in good standing.

The Company owns a 100% undivided interest in the mineral rights underlying these properties, the surface of which is owned, in most instances, by the Province of British Columbia, also known as Crown Land. Our registered claims convey to us the mineral rights for mining-related purposes only, and while our rights allow us to use the surface of a

mineral claim for mining and exploration activities, our claims do not convey any residential or recreational rights to the Company.

All of the properties described below are without known proven or probable reserves, and are exploratory in nature.

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Canadian Property Descriptions

The Fawn Property is situated on the Nechako Plateau of central British Columbia, approximately 120 kilometres southwest of Vanderhoof and 180 kilometres west of Quesnel. The property covers 407 hectares (1,005 acres). It includes the Buck claims 6 kilometres to the east, and the Malaput E-W claims 3 kilometres to the southeast.

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As documented in British Columbia government records (MINFILE), previous exploration by prior claim holders on the Fawn Property has consisted of soil geochemistry, magnetometric surveys, trenching and limited drilling. A total of 2,469 metres of drilling in 13 holes has been completed on the property with the best assays reported of 1.08 grams per tonne gold and 23.3 grams per tonne silver over 10.2 metres (Source: MINFILE 093F 043).

On the Buck claims, previous exploration consisting primarily of soil geochem and geophysics has outlined a 3,500 metre long silver-lead-zinc anomaly. A primary area of interest is known as the Christmas Cake showing, where a 45 centimetre chip sample has assayed 542 grams per tonne silver, 7.38% zinc, and 2.25% lead (Source: MINFILE 093F 050).

The Fawn Property was the subject of a joint-venture with Silver Quest Resources Ltd (TSX-V: SQI) (“Silver Quest”) from October 15, 2009, until December 17, 2011, when it was terminated.

Coronation Gold is located near Memphis Creek, 6 kilometres northeast of Slocan in southeastern British Columbia. The property covers 604 hectares (1,493 acres and includes five other past-producing mines; the Colorado, the Homestake, the V&M, the Sapphire, and the Senator mines.



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British Columbia government records show that the primary mineralization on the Coronation claims consists of gold, silver, zinc, and lead. Past-production records on file in British Columbia for the Colorado, Homestake, V&M, and Senator mines are as follows:

Colorado: Intermittent mining for the periods 1904 to 1915 and 1967 to 1969 produced a total of 67 tonnes, yielding 2188 grams per tonne silver, 2.5 per cent lead, and 5.6 per cent zinc (Source: BC MINFILE 082FNW161).

Homestake: At the Homestake (formerly known as the Hamilton), intermittent production from 1903 to 1915 totaled 33 tonnes of ore, yielding 115,299 grams of silver, 93 grams of gold and 1921 kilograms of lead. Production as the Homestake from 1968 to 1971 totaled 330 tonnes, yielding 861,491 grams of silver, 7370 grams of gold, 440 kilograms of lead and 503 kilograms of zinc (Source: BC MINFILE 082FNW213).

V&M: At the V&M mine, which includes the Get There Eli vein, 11 tonnes ore shipped in 1901 is documented as yielding 124 grams of gold and 21,554 grams of silver. Production of about 9 tonnes of ore in 1938 from the Get There Eli yielded 124 grams of gold and 15,925 grams of silver. 3 tonnes of ore mined in 1955 from the V&M yielded 93 grams of gold, 12,338 grams of silver, 23 kilograms of lead and 8 kilograms of zinc. In 1988, Yukon Minerals Corporation conducted soil and rock sampling, and geological mapping in the area. A sample from the Get-There-Eli adit assayed 16.8 grams per tonne gold and 549 grams per tonne silver over 0.5 metre on a quartz-pyrite vein (Source: BC MINFILE 082FNW191)

Senator: The Senator mine, which includes the Midnight vein, produced 20 tonnes of ore in 1906 and 1907, yielding 43,420 grams of silver and 436 grams of gold. In 1939 and 1940, production totaled 13 tonnes of ore, yielding 187 grams of gold and 17,947 grams of silver. In 1988, Yukon Minerals Corporation conducted soil and rock sampling, and geological mapping in the area. A sample from the Senator adit assayed 6.1 grams per tonne gold and 1080 grams per tonne silver over 0.3 metre on a quartz-pyrite vein (Source: BC MINFILE 082FNW164).

The Coronation was the subject of a joint-venture with Lincoln Resources Inc. ("Lincoln"), a private Nevada corporation from August 6, 2009, until October 6, 2011, when it was terminated..

In July 2012 the Company conducted an exploration program at Coronation Gold under the supervision of Mr. Dan Oancea, P.Geo. Prospecting, sampling and a short geophysical survey were undertaken over two prospective parts of the property. Samples were collected from mineralized host rocks and vein materials. Seven of these samples were sent to ALS Chemex Labs in Vancouver for analysis, and the most significant assays have been reported as follows:

- C05 (0.36 kg sample): 1.53 g/t gold, and 265 g/t silver;
- C07 (0.10 kg sample): 25.9 grams g/t gold, and 2,590 g/t per tonne silver;
- C08 (0.26 kg sample): 17.45 g/t gold, and 479 g/t per tonne silver.

The Company considers these results to be entirely consistent with previous assessments as well as the historical ore grades from the 6 past-producing mines on the property, all of which are in close proximity. Accordingly, we believe Coronation Gold to be a property of merit that justifies further follow up work. We intend to engage a new joint-venture partner to fund continued exploration. There is no guarantee the Company will be successful in this effort.

Fraser River Project is located along the Fraser River, 3 kilometres northwest of the village of Lytton in south-central British Columbia. The property covers 413 hectares (1,020 acres) on both sides of an area known as the Van Winkle Bar. As documented in British Columbia Open File 1986-7 and BC MINFILE 092ISW078, platinum and iridium are known to occur in the black sands of Van Winkle Bar.



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In February 2009, the Company through our then-prospective JV partner, Mr. Bill Morgan, discovered visible gold during the first phase of test excavations 400 metres northwest of the Van Winkle Bar along an old river channel. Prior to this there were no substantive indications of gold mineralization in the Fraser River deposit.

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One cubic yard of material (the approximate equivalent of 2 metric tons) was excavated, processed, reduced to 750 grams of concentrate, and divided into three 250 gram (0.25 kg) samples. These samples were sent to Acme Analytical Laboratories Ltd. in Vancouver, BC for analysis. Acme Analytical Laboratories Ltd., an ISO 9001:2000 company, follows a strict regime of internal Quality Assurance/Quality Control (QA/QC) protocols, including blanks, duplicates, and standard reference materials inserted in the sequences of client samples to provide a measure of background noise, accuracy and precision. The assay results showed the concentrate samples averaged 564 grams per tonne gold and 4.45 grams per tonne platinum, as per the following table:

ACME ANALYTICAL  
LABORATORIES LTD.  
Date 8-April-09  
Job  
Number: VAN09000829  
Number of  
Samples: 3  
Project: Van Winkle  
Received: 16-Mar-09

|         | Method  | G6     | G6   | G6   |
|---------|---------|--------|------|------|
|         | Analyte | Au     | Pt   | Pd   |
|         | Unit    | GM/T   | GM/T | GM/T |
|         | MDL     | 0.17   | 0.01 | 0.01 |
| Sample  | Type    |        |      |      |
| VW-1    | Sand    | 620.21 | 3.59 | 0.03 |
| VW-2    | Sand    | 541.74 | 4.37 | 0.04 |
| VW-3    | Sand    | 530.42 | 5.38 | 0.03 |
| Average |         | 564.12 | 4.45 | 0.03 |

Subsequent to the completion of the initial test phase, an outreach to the local Lytton First Nations council was rebuffed. Mr. Morgan subsequently withdrew from the project, and further work was suspended. Any further work is contingent on the approval of the Lytton First Nations by way of treaty agreements with the Province of British Columbia.

In October 2011, the Company signed a Memorandum of Understanding (“MOU”) with Devlin's Bench Mining Ltd and P. Wright Contracting Ltd (“PWC”) to engage in a joint-venture on the Company’s Fraser River Platinum project. Under the terms of the MOU, a definitive agreement will be signed within 60 days of formal permit approval by the British Columbia Ministry of Mines and the local First Nations governments. On June 24, 2012, a mining permit was issued by the Ministry of Mines, and operations have commenced. As of the date of this report, a definitive agreement has not yet been signed with PWC, and the Company continues to control 100% of the property.

During the first week of March, 2012, an exploration and soil sampling program on the Fraser River property was conducted under the supervision of Ms. Agathe Bernard, B.Sc. to further block out and assess the deposit area. The sampling occurred at the margins along a boulder area that runs north to south, with each sample consisting of 0.3 cubic yards of material. The samples were collected and shipped to ALS Labs in Vancouver for analysis, and the assay results received from the first 7 samples analyzed were as follows:

| SAMPLE<br>DESCRIPTION | Au<br>(g/t) | Pt<br>(g/t) |
|-----------------------|-------------|-------------|
| PS12-VW1-120312       | 2.36        | 0.008       |

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|                 |       |       |
|-----------------|-------|-------|
| PS12-VW2-120312 | 0.11  | 0.025 |
| PS12-VW3-120312 | 0.493 | nil   |
| PS12-VW4-120312 | 1.625 | 0.005 |
| PS12-VW5-120312 | 3.26  | nil   |
| PS12-VW6-120312 | 5.68  | 0.206 |
| PS12-VW7-120312 | 2.59  | 0.427 |
| AVERAGE         | 2.303 | 0.096 |

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The Company notes that these samples were all unconcentrated, consisting only of raw in-place bank material. As such, these raw samples represent what would be expected from one bank cubic yard of gravel.

Pursuant to the issuance of a mining permit on June 24, 2012, the Company began operations at the Fraser River Project on October 23, 2012, to begin the excavation of test pits. Operations were suspended for the winter in December, 2012, and are expected to resume in Q2 2013.

The Gold Hill Project is located due west of the village of Salmo in southeastern British Columbia, and presently covers 1,920 hectares.

With the exception of patented claims known as Crown Grants shown on the map below, the Company owns a 100% undivided interest in the mineral rights underlying the property, the surface of which is owned by the Province of British Columbia, also known as Crown Land. The green areas on the claims map are the patented claims (Crown Grants) that are owned by other parties and not part of the property.

The property is known to contain gold and silver mineralization as evidenced from the production records from the past-producing Gold Hill mine. Production records at the Gold Hill mine show a total of 19 tonnes of ore were mined in 1932, 1934, and 1942 from which 560 grams of gold and 1,027 grams of silver were recovered (Source: MINFILE 082FSW204).

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In 2008, the Company entered into a joint-venture agreement with Hidalgo Mining International Inc. ("Hidalgo") to explore and develop the Gold Hill Project. This joint venture was terminated in October 2009.

The Company has no plans at the present time to explore the property independently, and intends to engage a new joint-venture partner to fund the project. There is no guarantee the Company will be successful in this effort.

Bouleau Creek Gold is a road-accessible property covering 1,900 hectares and is located 26 kilometres west of Vernon in southeastern British Columbia.

With the exception of tenures 578838 and 579151, the Bouleau Creek Property was acquired by the direct staking of claims by the Company and payment of the required registration fees to the Province of British Columbia. Tenures 578838 and 579151 were gifted to the Company by Speebo, Inc., a private company controlled by our Chief Executive Officer, Perry Leopold.

As documented in British Columbia MINFILE 082LSW069, Bouleau Creek features gold and silver mineralization over an area of approximately 1,000 by 600 metres. The northern portion of the property above Bouleau Creek includes the Siwash prospect, which is documented in BC MINFILE 082LSW046 as an area of gold and silver mineralization that extends over an area measuring 3,000 by 750 metres.

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In October 2011, a Pilot HMC (“Heavy Mineral Concentrates”) Geochemical program of the Bouleau Creek Gold property was conducted on behalf of the Company by Billiken Gold Ltd of Enderby, BC. Over 2300 pounds of sample material were collected, and subsequently processed and cataloged into 36 samples. The samples were sent to ALS Chemex in Vancouver for analysis, who reported the following assay results:

| SAMPLE DESCRIPTION | Weight kg | Au g/t |
|--------------------|-----------|--------|
| NB-35              | 0.12      | 0.475  |
| NB-36              | 0.12      | 0.558  |
| NB-37              | 0.12      | 0.177  |
| NB-38              | 0.10      | 0.377  |
| NB-39              | 0.12      | 0.301  |
| NB-40              | 0.10      | 1.82   |
| NB-41              | 0.10      | 0.223  |
| NB-42              | 0.12      | <0.005 |
| NB-43              | 0.12      | 0.048  |
| NB-44              | 0.12      | 0.131  |
| NB-45              | 0.12      | 0.032  |
| NB-46              | 0.10      | 0.007  |
| NB-47              | 0.12      | 0.145  |
| NB-48              | 0.12      | 0.123  |
| NB-49              | 0.12      | 0.507  |
| NB-50              | 0.12      | 0.369  |
| NB-51              | 0.12      | 0.322  |
| NB-52              | 0.10      | 0.03   |
| NB-53              | 0.12      | 0.864  |
| NB-54              | 0.12      | 0.256  |
| NB-55              | 0.12      | 0.407  |
| NB-56              | 0.12      | 0.529  |
| NB-57              | 0.10      | 0.826  |
| NB-58              | 0.12      | 2.09   |
| NB-60*             | 0.56      | 95.6   |
| NB-61              | 0.10      | 0.097  |
| NB-62              | 0.10      | 0.455  |
| NB-63              | 0.12      | 0.212  |
| NB-64              | 0.50      | <0.005 |
| NB-65              | 0.54      | <0.005 |
| NB-66              | 0.10      | 0.192  |
| NB-67              | 0.12      | 0.035  |
| NB-68              | 0.12      | 0.335  |
| NB-69              | 0.12      | 0.333  |
| NB-70              | 0.12      | 0.346  |
| NB-71              | 0.12      | 0.312  |

\*All of the samples were analyzed by conventional fire assay (Au-AA23), with the exception of sample NB-60. Due to the presence of visible gold, a metallic screen assay (Au-SCR21) was performed on sample NB-60, where the final prepared pulp is passed through a 100 micron (Tyler 150 mesh) stainless steel screen to separate the oversize fractions. Any +100 micron material remaining on the screen is retained and analyzed in its entirety by fire assay with gravimetric finish and reported as the Au(+)fraction result, which for sample NB-60 was reported as 95.6 grams per



tonne gold. The Au(-)fraction (minus the oversize fractions) assayed 0.24 g/t gold, for a total of 0.77 g/t gold when all fractions were combined and averaged. Excluding the nugget effect from sample NB-60, the average fire assay of all 36 samples came in at 0.37 g/t gold.

The Company intends to do a follow up exploration program during the 2013 season. The Company also intends to engage a joint-venture partner to fund further development of the project. There is no guarantee the Company will be successful in this effort.

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The Tulameen Platinum Project covers 231 hectares (571 acres) and is located along the Tulameen River in the Cascade Mountains of southwestern British Columbia, approximately 150 kilometres northeast of Vancouver.

As documented in BC MINFILE 092HNE128, this occurrence is hosted in the dunite-rich core of the Early Jurassic Tulameen Ultramafic Complex, a zoned Alaskan-type intrusive complex. Mineralization occurs in a serpentine breccia zone containing fragments of dunite/peridotite cemented by a matrix of serpentine. The zone is 180 metres long, up to 155 metres wide and lies mostly north of the river, on either side of the creek. Platinum occurs in elevated values in the breccia and in the surrounding dunite/peridotite.

The Company has no plans at the present time to explore the property independently, and intends to engage a joint-venture partner to fund the project. There is no guarantee the Company will be successful in this effort.

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The Rachel Property is located approximately 17 kilometres northwest of the village Salmo in southeastern British Columbia, and covers 337 hectares (832 acres).

As documented in British Columbia government records, the Rachel is known to contain gold, silver and lead mineralization. In 1980, Kimberley Gold Mines removed 14 tonnes of ore from the adit, yielding an average assay of 66.64 grams per tonne gold, 271.5 grams per tonne silver, and 9.42 per cent lead (Source: MINFILE 082FSW299).

The Company has no plans at the present time to explore the property independently, and intends to engage a joint-venture partner to fund the project. There is no guarantee the Company will be successful in this effort.

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The Monte Cristo Property is located in a wide section of the Lillooet River Valley, approximately 31 kilometers northwest of the north end of Harrison Lake in south-central British Columbia. It covers 333 hectares (820 acres).

The Company owns a 100% undivided interest in the placer rights underlying the property, the surface of which is owned by the Province of British Columbia, also known as Crown Land. Subsequent to the acquisition, British Columbia created a reserve that does not allow any further staking of placer claims. However, as our claims were pre-existing, our placer rights have been grandfathered and remain valid for as long as we continue to maintain the property in good standing. The property is also adjacent to an Indian reservation, and any exploration or development work will require the approval of the local First Nations council.

The Monte Cristo Property was acquired in August 2006 by way of purchase from a private individual. Consideration paid was \$9,750 USD cash and 130,000 shares of common stock, plus a 2% NSR.

As documented in BC MINFILEs 092GNE019 and 092GNE013, the mineralization of the property consists of precious metal bearing sands that cover a 400 to 800 meter wide section of the Lillooet River valley. These post-Pleistocene sands contain gold and platinum in submicron sized particles. In 1970, a 1.4 kilogram sample of sand, taken at least a meter below surface, assayed 2.47 grams per tonne gold, 4.80 grams per tonne silver, 2.77 grams per tonne platinum, and 2.71 grams per tonne palladium.

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On February 14, 2012, an exploration and sampling program on the Monte Cristo property was conducted under the supervision of Ms. Agathe Bernard, B.Sc.. The initial goal of the work program was to verify the presence of submicron size metals in the sand material along the Lillooet River, which was previously indicated by work conducted in 1970 by G.L. Kirwin, B.Sc., and J.M. Ashton, P.Eng., as documented in BC Assessment Report 2589. Instead, the crew unexpectedly found an abundance of visible gold, with some particles as large as one millimeter.

The first 17 samples of black sand were concentrated on site using a Keen concentrator and reduced in volume by approximately 20 to 1000 times to concentrate the fine part of the sample. The concentration was supervised by Ms. Bernard, and the samples were sent to ALS Labs in Vancouver for analysis. The assay results are reported as follows:

| SAMPLE      | Weight | Au    | Au                 | Ag   | Ag                 | Pt    | Pd    |
|-------------|--------|-------|--------------------|------|--------------------|-------|-------|
| DESCRIPTION | kg     | g/t   | g/t<br>(diluted)** | g/t  | g/t<br>(diluted)** | g/t   | g/t   |
| PS17-120216 | 0.12   | 75.3  | 3.77               | 20.2 | 1.01               | nil   | 0.003 |
| PS01-120215 | 0.04   | NSS*  | NSS                | NSS  | NSS                | NSS   | NSS   |
| PS02-120215 | 0.06   | 79.8  | 3.99               | 0.06 | 0                  | nil   | 0.002 |
| PS03-120215 | 0.04   | 71.7  | 3.59               | nil  | nil                | nil   | 0.001 |
| PS04-120215 | 0.08   | 5.66  | 0.28               | 23   | 1.15               | 0.012 | 0.005 |
| PS05-120215 | 0.16   | 3.32  | 0.17               | 1.84 | 0.09               | nil   | 0.003 |
| PS06-120215 | 0.12   | 27.4  | 1.37               | nil  | nil                | nil   | 0.003 |
| PS07-120215 | 0.02   | 65.3  | 3.27               | 2.18 | 0.11               | nil   | 0.006 |
| PS08-120215 | 0.02   | 71.3  | 3.57               | nil  | nil                | nil   | 0.004 |
| PS09-120215 | 0.08   | 9.47  | 0.47               | 4.13 | 0.21               | nil   | 0.002 |
| PS10-120215 | 0.06   | 0.76  | 0.04               | 0.09 | 0                  | nil   | 0.003 |
| PS11-120215 | 0.08   | 1.76  | 0.09               | 0.24 | 0.01               | 0.005 | 0.004 |
| PS12-120216 | 0.14   | 112.5 | 5.63               | nil  | nil                | nil   | nil   |
| PS13-120516 | 0.04   | 60.8  | 3.04               | nil  | nil                | nil   | 0.003 |
| PS14-120216 | 0.06   | 8.94  | 0.45               | nil  | nil                | 0.067 | 0.004 |
| PS15-120516 | 0.1    | 114   | 5.7                | nil  | nil                | nil   | nil   |
| PS16-120216 | 0.08   | 74.8  | 3.74               | 65.1 | 3.26               | nil   | nil   |

\* NSS is non-sufficient sample size

\*\* As the samples were concentrated, only the very fine and heavy particulate were analyzed. This magnifies the values from real concentration 20 to 1000 times. The estimated diluted values indicate what would be expected from a raw bank cubic yard of material prior to concentration processing.

In January 2012, prior to the above described work program, the Company amended its aforementioned Memorandum of Understanding (“MOU”) with Devlin's Bench Mining Ltd and P. Wright Contracting Ltd (“PWC”) to include a joint-venture on the Monte Cristo property. As of the date of this report, a definitive agreement has not yet been executed. Under the terms of the MOU, a definitive agreement will be signed within 60 days of formal permit approval by the British Columbia Ministry of Mines and the local First Nations governments. The Monte Cristo permits have been applied for, but as of the date of this report these milestones have not yet been achieved, and there is no guarantee that such approvals will be forthcoming, or that the joint-venture will be successful.

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The Mt. Washington/Connie Hill Property is located on Vancouver Island, approximately 15 kilometres northwest of Courtenay in southwestern British Columbia, and presently covers 2,629 contiguous hectares (6,493 acres). The property extends from Constitution Hill and Wolf Lake southwest towards Mount Washington, and includes several zones of mineralization for 10 kilometres along Murex Creek to Mt. Washington, including the Lupus, Ideal, Murex, Oyster, and the southern portion of the Domineer deposits at Mount Washington.

As documented in British Columbia government records, the property is known to contain gold, silver zinc, copper, and lead mineralization. A sample of the zone material taken from the Lupus showing across 0.90 metres assayed 4.42 grams per tonne gold, 20.57 grams per tonne silver, 0.60% zinc, 0.15% copper, 1.59% lead and 0.01% arsenic (Source: MINFILE 092F 308).

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The Murex zone is on the northeast slope of Mt. Washington, and represents an area of mineralization covering approximately 700 by 700 metres, with an estimated depth of 175 metres. It has been previously tested by a number of diamond-drill holes by several previous operators, with a 4 metre section of core assaying 4.08 per cent copper, 32.91 grams per tonne silver and 6.31 grams per tonne gold. A total of five zones have been identified within the Murex deposit, labeled Zones A, B, C, D, and E. Drilling on the Murex by Noranda in 1988 yielded significant intercepts, as follows (Sources: MINFILE 092F 206, BC Assessment Report 30010):

- NMX-88-17 yielded 0.25m. @ 3.7 g/t gold, 46 g/t silver and 9.7% copper from 196.5 to 197.21 m. from a massive sulphide vein in Zone A
- NMX-89-25 yielded 4.0 m. @ 6.5 g/t gold, 30 g/t silver and 4.1% copper from 29 to 33m., including: 1.0 m. @ 21 g/t gold, 71 g/t silver and 9.3% copper from 29 to 30 m. in a massive sulphide vein in basalt with pyrrhotite, chalcopyrite and pyrite
- NMX-89-26 yielded 6.5 m. @ 0.23 g/t gold, 7.3 g/t silver and 1.1% copper from 16.2 to 22.7 m. in a siliceous basaltic breccia with pyrrhotite and chalcopyrite

The Oyster zone is situated approximately 3 km north of Mt. Washington. Drilling and sampling documented in a 2008 NI 43-101 Technical Report by the previous operator, Bluerock Resources, documents a 43 centimetre section of core that assayed 2.78 grams per tonne gold, 6.86 grams per tonne silver, and 0.07% copper (Sources: MINFILE 092F 365, BC Assessment Report 30010).

The Company has no plans at the present time to explore the property independently, and intends to engage a joint-venture partner to fund the project. There is no guarantee the Company will be successful in this effort.

The Argo Gold Property is located 10 kilometres west of the south end of Tatlayako Lake, approximately 168 miles northwest of Vancouver, British Columbia. It covers 463 hectares (1,144 acres) and includes ten reverted crown grants.

The mineralized area of economic interest covers several square kilometres immediately south of Ottarasko Creek. The strike length is estimated as being at least 3 kilometres long, and is up to 300 metres in width. The target prospects are known as the Langara, the Standard, and the Argo.

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As documented in British Columbia government records, the Argo property is known to contain gold and silver mineralization. On the Standard occurrence, mineralization is traceable for 75 metres over a width of 1 to 2 metres, with assays at 15 grams per tonne gold and 20.6 grams per tonne silver over 2 metres (Source: BC MINFILE 092N 037).

The Company has no plans at the present time to explore the property independently, and intends to engage a joint-venture partner to fund the project. There is no guarantee the Company will be successful in this effort.

The Loughborough Gold Property is located on the east side of Loughborough Inlet, approximately 140 miles northwest of Vancouver, British Columbia, and covers 288 hectares (711 acres).

The property is known to contain gold, silver, and copper mineralization. Production records at the past-producing Loughborough Gold mine from 1935 to 1939 show that 114 ounces of gold, 457 ounces of silver, and 185 pounds of copper were produced from 122 tons mined and milled (Source: MINFILE 092K 048).

The Company has no plans at the present time to explore the property independently, and intends to engage a joint-venture partner to fund the project. There is no guarantee the Company will be successful in this effort.



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The Lynx Gold Property covers 622 hectares (1,536 acres) and is located approximately 75 miles southeast of Vernon in southeastern British Columbia.

The property is known to contain gold and silver mineralization. One drill intersection of the vein assayed 3.77 grams per tonne gold over 0.6 metres. Another intersection assayed 28.52 grams per tonne gold, 13.4 grams per tonne silver and 0.01 per cent copper across 1.07 metres (Source: MINFILE 082LSE055).

The Company has no plans at the present time to explore the property independently, and intends to engage a joint-venture partner to fund the project. There is no guarantee the Company will be successful in this effort.

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Cherry Gold is a road-accessible property that covers 1,138 hectares (2,811 acres) located 9 kilometres east of Cherryville in southeastern British Columbia.

The property is known to contain gold, silver, and lead mineralization, as documented in BC MINFILE 082LSE063.

The Company has no plans at the present time to explore the property independently, and intends to engage a joint-venture partner to fund the project. There is no guarantee the Company will be successful in this effort.

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Pine River Vanadium covers 330 hectares (815 acres) and is located in the Pine River Valley of north-central British Columbia, approximately 700 kilometres northeast of Vancouver and about 600 kilometres northwest of Edmonton, Alberta. While its location is remote, the property has excellent infrastructure with regard to both transportation and energy. A paved highway passes through and alongside the claims, which also runs parallel with the Pine River. The B.C. Railway crosses on the opposite side of the valley as does the Peace River Power transmission line. Natural gas and oil pipelines also follow the highway through the valley.

With the exception of tenures 623083, the Pine River Property was acquired by the direct staking of claims by the Company and payment of the required registration fees to the Province of British Columbia. Tenure 623083 was gifted to the Company by Speebo, Inc., a private company controlled by our Chief Executive Officer, Perry Leopold.

Sampling documented in BC MINFILE 0930 009 has defined a vanadium-bearing zone with a length of 200 metres and an estimated true width of 100 metres.

The Company has no plans at the present time to explore the property independently, and intends to engage a joint-venture partner to fund the project. There is no guarantee the Company will be successful in this effort.

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New Eskay Creek is located in northwestern British Columbia, approximately 70 kilometres north of Stewart, and consists of 2,400 hectares (5,927 acres). Road access is provided by the Eskay Creek Mine Road, which extends from the Stewart-Cassiar Highway at Bob Quinn Lake and traverses through the western portion of the Company's claims before it reaches the Eskay Creek Mine.

According to British Columbia government records documented in BC MINFILE 104B 008, the major geological structure at Eskay Creek is known to trend to the north-northeast. This trend runs through the New Eskay Creek property, which to date remains unexplored.

The Company has no plans at the present time to explore the property independently, and intends to engage a joint-venture partner to fund the project. There is no guarantee the Company will be successful in this effort.

Item 3. Legal Proceedings

The Company is not a party to any litigation.

Item 4. Mine Safety Disclosures

The information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95.1 and is incorporated by reference into this Annual Report

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## PART II

## Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Since January 4, 2011, our Common Stock has been traded on the Over the Counter Bulletin Board ("OTCBB") and OTCQB, under the symbol NBRI.OB. Prior to that, our Common Stock was traded on the Pink Sheets under the symbol NBRI.PK. The Pink Sheets are not recognized as an established public trading market

The following table sets forth, for the periods indicated, the high and low bid prices of the Company's Common Stock traded on the OTCBB and OTCQB for the fiscal years ended December 31, 2012 and December 31, 2011, and on the Pink Sheets for the fiscal years ended December 31, 2010. The quotations are split-adjusted and reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

|                  | Common Stock |           |
|------------------|--------------|-----------|
| Fiscal Year 2012 | High         | Low       |
| First Quarter    | \$ 0.14      | \$ 0.075  |
| Second Quarter   | \$ 0.10      | \$ 0.052  |
| Third Quarter    | \$ 0.11      | \$ 0.055  |
| Fourth Quarter   | \$ 0.074     | \$ 0.041  |
| Fiscal Year 2011 | High         | Low       |
| First Quarter    | \$ 0.09      | \$ 0.026  |
| Second Quarter   | \$ 0.22      | \$ 0.073  |
| Third Quarter    | \$ 0.21      | \$ 0.12   |
| Fourth Quarter   | \$ 0.19      | \$ 0.07   |
| Fiscal Year 2010 | High         | Low       |
| First Quarter    | \$ 0.04      | \$ 0.015  |
| Second Quarter   | \$ 0.029     | \$ 0.0044 |
| Third Quarter    | \$ 0.025     | \$ 0.015  |
| Fourth Quarter   | \$ 0.0475    | \$ 0.015  |

**Holders.** As of December 31, 2012, our common stock was held by approximately 1,587 shareholders of record. Our transfer agent is Colonial Stock Transfer Co., Inc., 66 Exchange Place, Salt Lake City, UT 84111, phone number (801) 355-5740. The transfer agent is responsible for all record-keeping and administrative functions in connection with the common shares of stock.

**Dividends.** We have never declared or paid a cash dividend. There are no restrictions on the common stock or otherwise that limit our ability to pay cash dividends if declared by the Board of Directors. We do not anticipate declaring or paying any cash dividends in the foreseeable future.

## The Securities Enforcement and Penny Stock Reform Act of 1990

The Securities and Exchange Commission has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than \$5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ system, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system). Our shares are currently subject to the penny stock rules.

A purchaser is purchasing penny stock which limits the ability to sell the stock. The classification of penny stock makes it more difficult for a broker-dealer to sell the stock into a secondary market, which makes it more difficult for a purchaser to liquidate his/her investment. Any broker-dealer engaged by the purchaser for the purpose of selling his or her shares in us will be subject to Rules 15g-1 through 15g-10 of the Securities and Exchange Act. Rather than creating a need to comply with those rules, some broker-dealers will refuse to attempt to sell penny stock.

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The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document prepared by the Commission, which:

- contains a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
  - contains a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to a violation to such duties or other requirements of the Securities Act of 1934, as amended;
  - contains a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the bid and ask price;
  - contains a toll-free telephone number for inquiries on disciplinary actions;
  - defines significant terms in the disclosure document or in the conduct of trading penny stocks; and
  - contains such other information and is in such form (including language, type, size and format) as the Securities and Exchange Commission shall require by rule or regulation.
- The broker-dealer also must provide, prior to effecting any transaction in a penny stock, to the customer:
- the bid and offer quotations for the penny stock;
  - the compensation of the broker-dealer and its salesperson in the transaction;
  - the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and
  - monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules; the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements have the effect of reducing the trading activity in the secondary market for our stock. Thus, stockholders may have difficulty selling their securities.

Recent Sales (Issuances) of Unregistered Securities

During 2012, the Company issued 26,650 shares of common stock for geological services rendered. The shares were valued at \$4,000, based on the closing market price on the date of invoice.

During 2012, 150,000 5-year warrants were issued to Tangiers Investors, LP as part of a loan agreement for \$50,000 dated May 16, 2012.

During 2012, 150,000 5-year warrants were issued to Tangiers Investors, LP as part of a loan agreement for \$25,000 dated May 30, 2012.

During 2012, 750,000 5-year warrants exercisable at \$0.07 and 750,000 5-year warrants exercisable at \$0.14 were issued to Tangiers Investors, LP as part of a loan agreement for \$100,000 dated June 19, 2012.



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During 2012, the Company issued 90,000 restricted shares of common stock for services rendered.

During 2012, the Company issued 85,000 restricted shares of common stock as a commission paid to Carter Terry & Company, a registered broker-dealer, pursuant to a loan transaction with Tonaquint, Inc. The shares were valued at \$5,610 based on the closing market price on the date of grant.

During 2012, the Company issued 500,000 shares that had been previously recorded as stock payable pursuant to a notice of exercise received in 2011 on 500,000 warrants issued to Tangiers Investors, LP on December 30, 2010.

Recent Stock Option Grants

None.

Securities Authorized for Issuance Under Equity Compensation Plans

None.

Transfer Agent

Our transfer agent is Colonial Stock Transfer Co., Inc., 66 Exchange Place, Salt Lake City, UT 84111, phone number (801) 355-5740.

Issuer purchase of equity securities

There were no issuer purchases of securities during the period covered by this report.

Item 6. Selected Financial Data

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain matters discussed herein are forward-looking statements. Such forward-looking statements contained herein involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy;
- our possible financings; and
- the adequacy of our cash resources and working capital.

These forward-looking statements can generally be identified as such because the context of the statement will include words such as we “believe,” “anticipate,” “expect,” “estimate” or words of similar meaning. Similarly, statements that describe our future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which are described in close proximity to such statements and which could cause actual results to differ materially from those anticipated as of the date of this report. Shareholders, potential investors and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of this report, and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto, included elsewhere in this report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to those differences include those discussed below and elsewhere in this report, particularly in the "Risk Factors" section.

Overview

We seek to acquire, develop, and exploit natural resource properties with extensive reserves of precious metals, including gold, silver, platinum, and palladium, as well as base metals, including copper, zinc, lead and molybdenum. The Company's business plan is based on the Generative Business Model, which is designed to leverage our mining properties and mineral claims into near-term revenue streams even during the earliest stages of exploration and development. This is accomplished by entering into sales, joint-venture, and/or option contracts with other mining companies, for which the Company generates revenue through payments in cash, stock, and other consideration.

On July 1, 2011 we acquired the Ruby Mine. The Ruby Mine is an underground placer and lode mine located between Downieville and Forest City, in Sierra County, California. With the exception of the Ruby Mine, we currently do not control any properties with active or imminent mining operations in the United States. Operations commenced at the Ruby Mine during Q4 2011 to rehabilitate the Ruby Tunnel and renovate the infrastructure. This work is still ongoing, but there is no guarantee that mining operations will begin, or that our mining operations will be successful.

With the exception of the Fraser River Project, we currently do not control any properties with active or imminent mining operations in Canada. Operations commenced at the Fraser River Project on October 23, 2012, to begin the excavation of test pits, but there is no guarantee that commercial production will begin, or that our mining operations will be successful.

On November 1, 2011, the Company agreed to an exclusive option on the Taber Mine in Sierra County, California, for a period of up to nine months, during which time the Company will continue to conduct further due diligence. The consideration to be paid during the term of the option is \$2,000 per month. Should the Company elect to exercise the option, the parties will then enter into a definitive lease agreement, with an optional buyout provision. Said due diligence is still ongoing as of the date of this report, and there is no guarantee that the option will be exercised, that mining operations will begin, or that our mining operations will be successful.

As of December 31, 2010, the Company had two joint-ventures under contract, one with Silver Quest Resources Ltd on the Company's Fawn Property, and another with Lincoln Resources Inc on the Company's Coronation Gold Property. As of December 31, 2011, both of these joint-ventures have been terminated.

As of Nov 19, 2012, the Company announced TSX approval of a previously announced option agreement with Caribou King Resources Ltd. on the Company's Willa Claims in southeastern British Columbia. Under the agreement, Caribou may earn up to a 100% interest in the Willa Claims by making aggregate payments to North Bay of \$232,500 USD in cash and issuing 1,000,000 shares of Caribou common stock. Of the aggregate payments, \$7,500 in cash and 500,000 shares are due upon receipt of regulatory acceptance of the Agreement by the TSX Venture Exchange, which is now effective, \$50,000 cash and 500,000 shares are due upon the first anniversary of the Agreement, and a \$175,000 cash payment is due upon the second anniversary of the Agreement. In addition to the consideration received, North Bay shall be granted a royalty equal to 2% of net smelter returns ("NSR"). At any time up to the commencement of commercial production, Caribou may purchase one-half of the royalty (i.e., 1%) in consideration of

\$1,000,000 USD payable to North Bay, such that North Bay will then retain a 1% royalty.

As of December 31, 2012 and December 31, 2011, gains from joint-venture agreements totaled \$32,500 and \$0, respectively. Of the \$32,500 recognized from joint-ventures in 2012, \$7,500 in cash and \$25,000 in stock was received from Caribou King Resources Ltd. As of December 31, 2012 and December 31, 2011, cash gains from claim sales totaled \$4,500 and \$103,000, respectively. As per GAAP, these revenues have been classified as "Other Income". Top-line revenue is reserved for when we begin actual mining operations and begin generating revenue from mine production.

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As of December 31, 2011, the Company has a Memorandum of Understanding (“MOU”) with Devlin's Bench Mining Ltd and P. Wright Contracting Ltd (“PWC”) to engage in a joint-venture on the Company’s Fraser River Platinum project. Subsequent to December 31, 2011, the MOU was amended to include a second joint-venture on the Company’s Monte Cristo property. As of the date of this report, a definitive agreement has not yet been executed. Under the terms of the MOU, a definitive agreement will be signed within 60 days of formal permit approval by the British Columbia Ministry of Mines and the local First Nations governments. A mining permit for the Fraser River Project was issued on June 25, 2012, but as of the date of this report a definitive agreement with PWC has not yet been signed. As of the date of this report, the Company continues to own and control 100% of the project. In the interim, the Company has engaged PWC as an independent contractor to initiate mining operations, and the Company does not presently expect that a definitive JV agreement with PWC will be forthcoming.

With the exception of the Ruby Mine and the Fraser River Project, we currently do not control any properties with active mining operations. The Ruby Mine has begun pre-production operations to rehabilitate the Ruby tunnel and the Fraser River Project has begun initial test pit excavations, but there is no guarantee yet that commercial production of gold can commence.

As of December 31, 2012, we own the mineral rights to 234 mining claims in British Columbia encompassing an aggregate of 76,404 acres (30,933 hectares). This is a snapshot in time, and the number may be quite different six months or one year from now. The Company has a very active exploration program in place, which on a daily basis will add new claims, drop or reduce the size of others, and maintain the rest. The Company is comfortable with maintaining a stated minimum of 150 mineral and placer claims covering an aggregate of 60,000 acres on an annualized basis. All of our claims are under constant review, and may be decreased or further increased at any time, depending on the constant re-evaluation of our present holdings, and the availability of new opportunities in the future as other claims of merit become available for acquisition. Our mineral property acquisition costs are capitalized, and our mineral property exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property are capitalized. To date the Company has not established any reserves on its claims. Our acquisition of any mining claim in British Columbia conveys the mineral or placer rights for mining-related purposes only, and while our rights allow us to use the surface of a claim for mining and exploration activities, our claims do not convey any other surface, residential or recreational rights to the Company. Additionally, our right to extraction is not absolute, as any mechanized extraction work on claims in BC requires additional permits and possibly conversion of our claims to mining leases, the approval of which is not guaranteed. Based on the limitations of our claims and unproven reserves, all capitalized costs on our claims in British Columbia were expensed as of December 31, 2012.

We currently generate revenue from claim sales and joint-venture agreements. When we sell a claim, we capture near-term revenue, but forego any possibility of a future revenue stream. When we enter into a joint-venture, we receive near-term revenue as well as a commitment for future revenue, but since the joint-venture partner has the option to withdraw at any time, we cannot project revenue from a joint-venture into the future. However, should a joint-venture partner withdraw, we still retain control of the asset, and can therefore enter into another joint-venture with another partner, develop the property ourselves, or else elect to sell the claims.

We expect to generate near-term revenue growth through claim sales and joint-venture activities. However, there is no assurance that the Company can successfully secure new joint-venture partnerships on terms that are satisfactory to the Company.

We expect to generate long-term revenue from our acquisition of the Ruby Mine, through the acquisition of additional mines, and by the development of our properties, either independently or through joint-venture partners, into operating mines. There is no assurance that these efforts will be successful, or that the projects will be economically viable.

## Going Concern

Our consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated modest revenues since inception and has never paid any dividends and is unlikely to pay dividends. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploration of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. The Company has had very little operating history to date. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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We have experienced recurring net losses from operations, which losses have caused an accumulated deficit of \$13,475,848 as of December 31, 2012. In addition, we have a working capital deficit of \$3,842,373 as of December 31, 2012. We had net losses of \$2,119,706 and \$1,045,749 for the years ended December 31, 2012 and 2011, respectively. These factors, among others, raise substantial doubt about our ability to continue as a going concern. If we are unable to generate profits and are unable to continue to obtain financing to meet our working capital requirements, we may have to curtail our business sharply or cease operations altogether. Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis to retain our current financing, to obtain additional financing, and, ultimately, to attain profitability. Should any of these events not occur, we will be adversely affected and we may have to cease operations.

As of December 31, 2012 the accumulated deficit attributable to CEO stock awards, including previous management and valued according to GAAP, totals \$2,558,535 since inception in 2004. As of December 31, 2012 the accumulated deficit attributable to CEO compensation is \$884,474 in deferred compensation. This reflects the total amounts unpaid as per the management agreement with The PAN Network dating back to January 2006, less any amounts actually paid or forgiven since 2006. These totals are non-cash expenses which are included in the accumulated deficit since inception. Actual CEO compensation paid in cash over the course of the seven years since 2006 has consisted of \$10,000 in 2006, \$50,764 in 2007, \$23,139 in 2008, \$29,979 in 2009, \$21,988 in 2010, \$90,000 in 2011, and \$116,000 in 2012. These cash expenditures are also included in the accumulated deficit.

The ongoing execution of our business plan is expected to result in operating losses over the next twelve months. Management believes it will need to raise capital through loans or stock issuances in order to have enough cash to maintain its operations for the next twelve months. There are no assurances that we will be successful in achieving our goals of obtaining cash through loans, stock issuances, or increasing revenues and reaching profitability.

In view of these conditions, our ability to continue as a going concern is dependent upon our ability to meet our financing requirements, and to ultimately achieve profitable operations. Management believes that its current and future plans provide an opportunity to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that may be necessary in the event we cannot continue as a going concern.

## Summary of Significant Accounting Policies

### Revenue Recognition

The company has recognized no mining revenue to date. In the future mining revenue will be recognized according to the policy described below.

Revenue is recognized when the following conditions are met:

- (a) persuasive evidence of an arrangement to purchase exists;
- (b) the price is fixed or determinable;
- (c) the product has been delivered; and
- (d) collection of the sales price is reasonably assured.

Under the terms of concentrate sales contracts with third-party smelters, final prices for the gold, silver, zinc, copper and lead in the concentrate are set based on the prevailing spot market metal prices on a specified future date based on the date that the concentrate is delivered to the smelter. The Company records revenues under these contracts based on forward prices at the time of delivery, which is when transfer of legal title to concentrate passes to the third-party smelters. The terms of the contracts result in differences between the recorded estimated price at delivery and the final

settlement price. These differences are adjusted through revenue at each subsequent financial statement date.



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### Mineral Property Costs

Mineral property acquisition costs are capitalized upon acquisition. Mineral property exploration and development costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven, proved, probable, inferred, or possible reserves, the costs incurred to develop such property are capitalized. To date the Company has not established any proven or probable reserves on its mineral properties.

The Company reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the review indicates that the carrying amount of the asset may not be recoverable, the potential impairment is measured based on a projected discounted cash flow method using a discount rate that is considered to be commensurate with the risk inherent in the Company's current business model. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets.

### Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on the differences between the financial reporting basis and the tax basis of the assets and liabilities, and are measured using enacted tax rates that will be in effect when the differences are expected to reverse.

The Company adopted the provisions of the FASB interpretation related to accounting for uncertainty in income taxes, which seeks to reduce the diversity in practice associated with the accounting and reporting for uncertainty in income tax positions. The Company believes it does not have any uncertain tax positions taken or expected to be taken in its income tax returns.

### Fair Value of Financial Instruments

The Company adopted the FASB standard related to fair value measurement at inception. The standard defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. The standard clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows.

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company values its derivative instruments related to embedded conversion features and warrants from the issuance of convertible debentures in accordance with the Level 3 guidelines. For the year ended December 31, 2012,

the following table reconciles the beginning and ending balances for financial instruments that are recognized at fair value in these consolidated financial statements. The fair value of embedded conversion features that have floating conversion features and tainted common stock equivalents (warrants and convertible debt) are estimated using a Binomial Lattice model. The key inputs to this valuation model as of December 31, 2012, were: Volatility of 94% - 104%, inherent term of instruments equal to the remaining contractual term, quoted closing stock prices on valuation dates, and various settlement scenarios and probability percentages summing to 100%.

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|  | Balance at<br>December 31,<br>2011 | New<br>Issuances | Changes in<br>Fair Values | Balance at<br>December 31,<br>2012 |
|--|------------------------------------|------------------|---------------------------|------------------------------------|
| Level 3 –<br>Derivative<br>liabilities from: |                                    |                  |                           |                                    |
| Conversion<br>features                       | \$ -                               | \$ 98,366        | \$ (16,129)               | \$ 82,237                          |
| Conversion<br>features – tainted<br>equity   | -                                  | 37,841           | 171,130                   | 208,971                            |
| Warrants                                     | -                                  | -                | 205,619                   | 205,619                            |
|  | \$ -                               | \$ 136,207       | \$ 360,620                | \$ 496,827                         |

Changes in the unobservable input values would likely cause material changes in the fair value of the Company's Level 3 financial instruments. The significant unobservable input used in the fair value measurement is the estimation for probability percentages assigned to future expected settlement possibilities. A significant increase (decrease) in this distribution of percentages would result in a higher (lower) fair value measurement.

The following table presents assets that were measured and recognized at fair value as of December 31, 2012 and the year then ended on a recurring basis:

| Description                      | Level 1   | Level 2 | Level 3 | Total<br>Unrealized<br>Loss |
|----------------------------------|-----------|---------|---------|-----------------------------|
| Available For<br>Sale Securities | \$ 12,500 | \$ -    | \$ -    | \$ 12,500                   |
| Totals                           | \$ 12,500 | \$ -    | \$ -    | \$ 12,500                   |

The Company had no other assets or liabilities valued at fair value on a recurring or non-recurring basis as of December 31, 2012 or 2011.

### Stock Based Compensation

Beginning January 1, 2006, the Company adopted the FASB standard related to stock based compensation. The standard requires all share-based payments to employees (which includes non-employee Directors), including employee stock options, warrants and restricted stock, be measured at the fair value of the award and expensed over the requisite service period (generally the vesting period). The fair value of common stock options or warrants granted to employees is estimated at the date of grant using the Black-Scholes option pricing model by using the historical volatility of comparable public companies. The calculation also takes into account the common stock fair market value at the grant date, the exercise price, the expected life of the common stock option or warrant, the dividend yield and the risk-free interest rate.

The Company from time to time may issue stock options, warrants and restricted stock to acquire goods or services from third parties. Restricted stock, options or warrants issued to other than employees or directors are recorded on the basis of their fair value, which is measured as of the date required by the Emerging Issues Task Force guidance related to accounting for equity instruments issued to non-employees. In accordance with this guidance, the options or warrants are valued using the Black-Scholes option pricing model on the basis of the market price of the underlying equity instrument on the "valuation date," which for options and warrants related to contracts that have substantial

disincentives to non-performance, is the date of the contract, and for all other contracts is the vesting date. Expense related to the options and warrants is recognized on a straight-line basis over the shorter of the period over which services are to be received or the vesting period. As of December 31, 2012, no options or warrants have been issued for compensation and none are outstanding. As of December 31, 2012, 16.5 million warrants have been issued and are outstanding in connection with the Ruby Mine Purchase Option Agreement executed on September 27, 2010.

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### Beneficial Conversion Feature

From time to time, the Company may issue convertible notes that may have conversion prices that create an embedded beneficial conversion feature pursuant to the Emerging Issues Task Force guidance on beneficial conversion features. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of any attached equity instruments, if any related equity instruments were granted with the debt. In accordance with the guidance, the intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

### Deferred Financing Costs

Deferred financing costs include debt issuance costs primarily incurred by the Company as part of Convertible Note transactions. Deferred financing costs as of December 31, 2012 was \$30,110 net of amortization of \$15,639. This includes a commission paid to Carter Terry & Company, a registered broker-dealer, consisting of \$10,000 in cash and 85,000 restricted Rule 144 shares of common stock valued at \$5,620 on the date of issuance. This amount was capitalized to Deferred Financing Costs and amortized over the term of the note. Amortization is provided on a straight-line basis over the terms of the respective debt instruments to which the costs relate and is included in interest expense. The difference between the straight line and effective interest methods is immaterial due to the short term nature of the convertible notes.

### Accounting for Derivative Instruments

All derivatives have been recorded on the balance sheet at fair value based on the lattice model calculation. These derivatives, including embedded derivatives in the Company's convertible notes which have floating conversion prices based on changes to the quoted price of the Company's common stock and common stock equivalents tainted as a result of the derivative, are separately valued and accounted for on the Company's balance sheet. Fair values for exchange traded securities and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market based pricing models incorporating readily observable market data and requiring judgment and estimates.

### Lattice Valuation Model

The Company valued the conversion features in their convertible notes and tainted warrants using a lattice valuation model, with the assistance of a valuation consultant. The lattice model values these instruments based on a probability weighted discounted cash flow model. The Company uses the model to develop a set of potential scenarios. Probabilities of each scenario occurring during the remaining term of the instruments are determined based on conversion prices relative to current stock prices, historic volatility, and estimates on investor behavior. These probabilities are used to create a cash flow projection over the term of the instruments and determine the probability that the projected cash flow will be achieved. A discounted weighted average cash flow for each scenario is then calculated and compared to the discounted cash flow of the instruments without the compound embedded derivative in order to determine a value for the compound embedded derivative.

### Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. The Company accounts for goodwill and intangibles under ASC Topic 350, Intangibles – Goodwill and Other, which does not permit amortization, but requires the Company to test goodwill and other indefinite-lived assets

for impairment annually or whenever events or circumstances indicate impairment may exist.

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### Income/Loss Per Share of Common Stock

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share includes additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for the periods presented. As of December 31, 2012 and 2011, there were 47,532,822 and 37,562,500 common stock equivalents outstanding, respectively.

### Results of Operations for the Year Ended December 31, 2012 Compared to Results of Operations for the Year Ended December 31, 2011

**Gains from Other Income.** For the twelve months ended December 31, 2012 and December 31, 2011, the Company's other income related to mineral claim sales and other income from joint-ventures in British Columbia was \$37,000 and \$103,500, respectively. The Company has spent \$68,536 and \$72,495 in mineral property acquisition and maintenance costs during each respective period in order to generate cash flows, consisting primarily of British Columbia claim registration and maintenance fees.

**Operating Expenses.** For the year ended December 31, 2012, the Company had operating expenses of \$1,124,691, which included general and administrative expenses of \$339,524 and mining property costs of \$591,926. Operating expenses for the year ended December 31, 2011 were \$891,920, which included general and administrative expenses of \$345,451 and mining property costs of \$265,137. Our increase in operating expenses was mainly from development and construction costs at the Ruby Mine, and exploration expenditures incurred in British Columbia.

**Net Loss.** For the year ended December 31, 2012, we had a net loss of \$2,119,706. Our net loss for the year ended December 31, 2011 was \$1,045,749. The increase in our net loss was attributed primarily to development and construction costs at the Ruby Mine, and increased charges for interest expense and derivative liabilities.

### Liquidity and Capital Resources

The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. Since its inception, the Company has been funded primarily by its founders, board members, employees and persons related to or acquainted with these, the sale of securities, and the issuance of debt. To remedy the current deficiency in our liquidity position, we will raise funds through our equity credit line established with Tangiers Investors, LP (see Exhibit 10.0 under Item 15 herein), additional equity offerings, strategic agreements with partner companies, and debt. We currently have no external sources of liquidity and internal sources (revenue from sales) are very limited. Excluding management fees, which are often deferred as-needed, the Company has required approximately \$7,000 per month to maintain its mineral claims in British Columbia in good standing and pay general administrative expenses. We believe these expenses can be maintained at present levels for the foreseeable future. Going forward, as a fully-reporting company, we estimate it will cost an additional \$2,500 to \$5,000 per month in SEC compliance fees, consisting primarily of accounting, legal, and edgarization fees. The Company believes it can generate enough revenue from claim sales and joint-ventures to cover these costs, and we believe we can rely on our equity credit line established with Tangiers to make up for any revenue shortfall. If we cannot generate sufficient revenue or raise additional funds through equity, we may not be able to maintain our mineral claims or make timely filings with the SEC.

In the first quarter of 2013, our mortgage on the Ruby Mine property requires us to make payments of \$10,000 per month during the 3 month period from January 1, 2013 through March 31, 2013. As of the date of this report, all required payments have been made, and we are current in our obligations. As of December 31, 2012, the balance due

on the mortgage is \$1,774,822. The Company expects to satisfy the mortgage and retire the note upon receipt of funding from overseas investors through the federal EB-5 program. The Ruby project was formally approved as an EB-5 project by USCIS in July, 2011, and as of the date of this report the final phase of the funding overseas is pending. The Company expects to complete the funding in the near-term, but until that time the Company believes it can rely on loans and our equity credit line established with Tangiers to make up for any revenue shortfall. If we cannot generate sufficient revenue or raise additional funds through equity, loans, or EB-5, we may not be able to maintain our mortgage on the Ruby Mine.

As of December 31, 2012, total current assets were \$42,008, which consisted entirely of cash. As of December 31, 2011, total current assets were \$130,870, which consisted of \$129,888 of cash and \$982 in accounts receivable.



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As of December 31, 2012 and 2011, our total current liabilities were \$3,884,381 and \$2,709,033, respectively. The net increase in current liabilities is primarily due to debt incurred to maintain operations at the Ruby Mine, and related derivative liability exposure.

We had a working capital deficit of \$3,842,373 as of December 31, 2012, and a working capital deficit of \$2,578,163 as of December 31, 2011.

During the year ended December 31, 2012, operating activities used cash of \$892,816 as compared to the twelve months ended December 31, 2011, where we used cash of \$575,832 in operating activities. The increase in cash used by operating activities for the twelve months ended December 31, 2012 was due primarily to operational and developmental expenses at the Ruby Mine,

We had a net decrease in cash of \$87,880 for the year ended December 31, 2012. Cash flows from claim sales, joint-ventures, and financing activities represented the Company's principal source of cash for the twelve month period ended December 31, 2012. Cash flows from financing activities during the year ended December 31, 2012 were \$790,601, consisting primarily of proceeds from the issuance of stock and convertible debt. During the fiscal year ended December 31, 2011, we received \$878,685 from financing activities, consisting primarily of proceeds from the issuance of stock.

On February 2, 2012, the Company entered into two Convertible Promissory Note Agreements ("the Notes", or individually, the "Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received an aggregate of \$100,000 (\$50,000 per Note) as a loan from Tangiers. Each Note, as amended, has a term of twenty four (24) months. Each Note accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.08 per share. As further consideration, Tangiers shall be entitled to 500,000 5-year warrants exercisable at \$0.13. The Notes further specify that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$78,296 on the note, and \$21,704 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was \$90,324 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on the Note is \$109,032, which includes \$9,032 in accrued interest.

On March 15, 2012, the Company entered into two Convertible Promissory Note Agreements ("the Notes", or individually, the "Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received an aggregate of \$75,000 (\$37,500 per Note) as a loan from Tangiers. Each Note, as amended, has a term of twenty four (24) months. Each Note accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.09 per share. As further consideration, Tangiers shall be entitled to 500,000 5-year warrants exercisable at \$0.09. The Notes further specify that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$34,896 on the note, and \$40,104 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was \$63,771 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on these Notes is \$80,920, which includes \$5,920 in accrued interest.

On May 16, 2012, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received \$50,000 as a loan from Tangiers. The Note, as amended, has a term of twenty four (24) months, accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at

a fixed price of \$0.06 per share. As further consideration, Tangiers shall be entitled to 150,000 5-year warrants exercisable at \$0.07. The Note further specifies that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$16,241 on the note, and \$9,393 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was \$25,634 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on these Notes is \$53,106, which includes \$3,106 in accrued interest.

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On May 30, 2012, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received \$25,000 as a loan from Tangiers. The Note, as amended, has a term of twenty four (24) months, accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.06 per share. As further consideration, Tangiers shall be entitled to 150,000 5-year warrants exercisable at \$0.06. The Note further specifies that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$10,988 on the note, and \$9,380 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was \$20,368 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on this Note is \$26,458, which includes \$1,458 in accrued interest.

On June 19, 2012, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received \$100,000 as a loan from Tangiers. The Note, as amended, has a term of twenty four (24) months, accrues interest at a rate equal to 7% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the lesser of 7 cents or the undiscounted VWAP price on the day prior to conversion, with a floor price of 2 cents. As further consideration, Tangiers shall be entitled to 750,000 5-year warrants exercisable at \$0.07, and 750,000 5-year warrants exercisable at \$0.14. The Note further specifies that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$58,048 on the note, and \$41,952 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was \$45,349 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on this Note is \$103,740, which includes \$3,740 in accrued interest.

On July 11, 2012, the Company issued a \$550,000 Promissory Note ("the Note") to JMJ Financial, ("JMJ", or "the Lender"). The Principal Sum due to the Lender shall be prorated based on the consideration actually paid by the Lender, plus an approximate 10% Original Issue Discount ("OID") that is prorated based on the consideration actually paid by the Lender as well as any other interest or fees, such that the Company is only required to repay the amount funded and the Company is not required to repay any unfunded portion of the Note. The Note has a maturity date of twelve (12) months from the Effective Date. If the Note is repaid within ninety (90) days of the Effective Date, the interest rate shall be zero percent (0%). Should the Note still be outstanding after 90 days, a one-time 5% interest rate will be applied. In addition, the Lender has the right, at any time 90 days after the Effective Date, at its election, to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company. The Conversion Price is the lesser of \$0.10 or 70% of the average of the two lowest closing prices in the 25 trading days previous to the conversion. The consideration received as of December 31, 2012 is \$115,000. Due to the floating conversion price this note had an embedded derivative. The debt discount resulting from the derivative was valued on the date of grant to be \$111,517 on the note. This value was recorded as a discount on debt and offset to derivative liability. In addition there was a \$11,500 discount as a result of the principal owed (\$126,500) exceeding the cash received (\$115,000). This resulted in a total discount of \$123,017. Amortization of the discount was \$58,307 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on this Note is \$132,825, which includes \$6,325 accrued in interest.

On August 2, 2012, the Company issued a \$100,000 Convertible Promissory Note ("the Note") to Tonaquint, Inc, ("Tonaquint", or "the Lender"). The Note carries a \$10,000 original issue discount (the "OID"), as well as \$3,000 in transaction fees, such that the initial Principal Sum due is \$113,000. The interest rate on the Note is 8% per annum. The Note has a maturity date of nine (9) months from the Effective Date, and has a fixed conversion price of \$0.06. The Note is self-amortizing, such that it may be repaid in cash in three monthly installments of \$37,666.67

plus accrued interest beginning 180 days from the Effective Date. In lieu of cash payments, the Company may elect to convert the note to shares at 70% of the arithmetic average of the three (3) lowest VWAPs of the shares of Common Stock during the ten (10) consecutive Trading Day period immediately preceding the date of such conversion. No conversion can occur prior to 180 days from the Effective Date. In addition, the Company retains the option of pre-paying the Note at any time at an amount equal to 125% of the outstanding principal and the accrued and unpaid interest. In connection with this transaction, a commission has been paid to Carter Terry & Company, a registered broker-dealer, consisting of \$10,000 in cash and 85,000 restricted Rule 144 shares of common stock valued at \$5,620 on the date of issuance. This amount was capitalized to Deferred Financing Costs and amortized over the term of the note. The tainted equity valuation and "OID" totaled \$48,272, and \$32,231 was amortized during the period ended December 31, 2012. \$58,272 of the value was recorded as a discount on debt and \$48,272 was added to the derivative liability. As of December 31, 2012, the outstanding balance due on this Note is \$116,792 which includes \$3,792 in accrued interest.

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On October 2, 2012, the Company issued a \$750,000 Promissory Note ("the Note") to Tangiers Investors, LP ("Tangiers", or "the Lender"). The consideration will be received by the Company in tranches of \$50,000 no less than bi-weekly, by mutual consent. The Principal Sum due to the Lender shall be prorated based on the consideration actually paid by the Lender plus any accrued interest, such that the Company is only required to repay the amount funded and the Company is not required to repay any unfunded portion of the Note. The Note has a maturity date of twenty four (24) months from the Effective Date of each tranche. The Note shall accrue interest at a rate of 7% per annum on each \$50,000 tranche independently from other tranches. Unless repaid in cash, the Lender shall have the right to convert all or part of the outstanding and unpaid Principal Sum and accrued interest into shares of fully paid and non-assessable shares of common stock of the Registrant. The Conversion Price shall be the undiscounted volume weighted average price (VWAP) on the day of conversion, subject to a floor price of \$0.0129 per share, and a ceiling price of the undiscounted VWAP on the date prior to each tranche received by the Registrant. In addition, upon conversion, 125,000 5-year warrants for each \$50,000 in Consideration received shall be issued, at an exercise price of 125% of the Conversion Price of each tranche, as applicable. There is no penalty for prepayment, with prepayment subject to the consent of the Lender. As of December 31, 2012, the Company has drawn \$160,000 from this facility. As of December 31, 2012, the outstanding balance due on this Note is \$161,059 which includes \$1,059 in accrued interest.

### Recent Developments During FY 2012

On January 23, 2012, the Company announced that it had amended its Memorandum of Understanding ("MOU") with Devlin's Bench Mining Ltd and P. Wright Contracting Ltd ("PWC") to include the Company's Monte Cristo property as an additional project to be operated by the joint-venture with PWC. Accordingly, an exploration program was undertaken in early February, and on February 22, 2012, the Company announced that visible gold had been discovered in the soil samples taken from the Monte Cristo. On March 14, 2012, the Company released the lab results which showed assays from concentrate to be as high as 114 g/t gold and 65 g/t silver at the Monte Cristo JV Project.

On January 31, 2012, the Company announced that a recently-completed HMC ("Heavy Mineral Concentrates") geochemical survey of its 100% owned Bouleau Creek Gold Property in southeastern British Columbia has returned assays as high as 2.09 grams per tonne gold from conventional fire assays, and as high as 95.6 grams per tonne gold from a metallic screen assay Au(+)fraction.

On April 18, 2012, the Company announced that it has acquired via direct staking additional claims that significantly expanded its 100%-owned Connie Hill Property near Mt. Washington on Vancouver Island, British Columbia. The new claims cover several large gold-silver-copper deposits, including the Oyster and the Murex deposits. The Oyster breccia deposit is located approximately 3 km north of Mt. Washington, measures approximately 400 metres in diameter, and is known to be at least 184 metres deep. A recent report from 2008 (Assessment Report 30010) discusses the Oyster at length, and documents that it has been delineated by outcrop and trench mapping and sampling, and 9 drill holes. The Murex deposit is approximately 3 km due east of Mt. Washington. As summarized in BC MINFILE 092F 206, "The Murex zone represents an area of roughly 700 by 700 metres. The mineralization is thought to be the result of replacement but also has characteristics in common with porphyry-type deposits. The zone has been tested by a number of diamond-drill holes. One hole drilled in 1989 cut strong breccias with pyrrhotite-chalcopyrite mineralization about 30 metres below the surface. A 4 metre section of core assayed 4.08 per cent copper, 32.91 grams per tonne silver and 6.31 grams per tonne gold".

On May 24, 2012, the Company announced the results of a recent sampling program at our Fraser River JV project, with assays up to 5.68 grams per tonne gold and 0.427 grams per tonne platinum.

On July 9, 2012, the Company announced that formal notification of approval of its Plan of Operations has been received from the Ministry of Energy and Mines in British Columbia, and a mining permit under Section 10 of the

Mines Act has been issued to allow mechanized excavation and reclamation work to begin at the Fraser River JV project. As required by BC regulations, a reclamation bond has also been posted.

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On July 16, 2012, the Company announced that it has signed an amendment to the Taber Mine Option Agreement (the "Option"), dated November 1, 2011, whereby the term of the Option giving the Company the exclusive right to lease or acquire the Taber Mine has been extended for one additional year.

On July 22, 2012, the Company announced that as a result of safety inspections at the Ruby Mine on July 17, 2012 conducted by the federal Mine Safety and Health Administration (MSHA), the Company was found to be in non-compliance of several regulations that caused MSHA to issue a stop work order. These orders relate to the requirement to have an MSHA-approved mine rescue team on standby within a reasonable distance from the mine, insufficient documentation of MSHA-approved safety training of some of the miners, and the lack of an MSHA-approved personnel transportation rail car designated specifically for that purpose. As a result, work at the Ruby Tunnel project has been temporarily halted to allow time for the Company to comply with these issues and bring the Ruby project into full compliance with current MSHA regulations. On August 9, 2012, MSHA formally approved the Ruby Mine safety training plan, and on August 29, 2012, MSHA approved the Ruby Mine Alternative Mine Rescue Plan. On September 18, 2012, MSHA lifted all previously issued stop work orders, and operations at the Ruby Mine resumed.

On September 4, 2012, the Company reported that it had successfully completed a work program on our 100% owned Coronation Gold Property in the Slocan Silver Camp of British Columbia. Samples collected during the work program returned assay values as high as 25.9 grams (0.83 ounces) and 17.45 grams (0.56 ounces) per tonne gold, and 2,590 grams (83.27 ounces) and 479 grams (15.4 ounces) per tonne silver.

On October 23, 2012, the Company reported that mining operations had commenced at our Fraser River Project in British Columbia to excavate a series of test pits to depth. On November 30, 2012, the Company announced that it has staked an additional 408 acres of ground to expand the Fraser River Project claim area. The Company also announced that an agreement had been reached with local private landowners to secure the water rights at the Project area.

On Nov 19, 2012, the Company announced TSX approval of a previously announced option agreement with Caribou King Resources Ltd. on the Company's Willa Claims in southeastern British Columbia. Under the agreement, Caribou may earn up to a 100% interest in the Willa Claims by making aggregate payments to North Bay of \$232,500 USD in cash and issuing 1,000,000 shares of Caribou common stock. Of the aggregate payments, \$7,500 in cash and 500,000 shares are due upon receipt of regulatory acceptance of the Agreement by the TSX Venture Exchange, which is now effective, \$50,000 cash and 500,000 shares are due upon the first anniversary of the Agreement, and a \$175,000 cash payment is due upon the second anniversary of the Agreement. In addition to the consideration received, North Bay shall be granted a royalty equal to 2% of net smelter returns ("NSR"). At any time up to the commencement of commercial production, Caribou may purchase one-half of the royalty (i.e., 1%) in consideration of \$1,000,000 USD payable to North Bay, such that North Bay will then retain a 1% royalty.

During 2012, the Company issued several progress reports on operations at the Ruby Mine. As of December 31, 2012, almost one mile of underground tunnel has been completely refurbished with new timber supports, new ventilation duct, and a redesigned transport system. Infrastructure improvements include a new fire suppression system at the Ruby portal, electrical system upgrades at the Ruby Portal and Mill Site in compliance with Cal-OSHA specifications, reinforcement of berms and access roads, and the expansion of the designated tailings area to accommodate at least five to seven years of continuous mining. Our reclamation plan was updated to comply with California SMARA regulations and approved by the Sierra County Planning Commission and the California Department of Conservation Office of Mine Reclamation ("OMR"). In addition, our Alternative Mine Rescue Plan and Miner Safety Training Plans were approved by the federal Mine Safety and Health Administration ("MSHA"). Including the cost of regulatory compliance, the Company has spent over \$500,000 since work began in Q4 2011 to renovate and improve the Ruby Tunnel, the Ruby Mill, and the surface infrastructure.





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### Recent Material Developments

### Commitments and Contingencies

During the second quarter of fiscal 2013, the Company discovered it had offered and sold certain shares of common stock without registration under the Securities Act of 1933 (the "Securities Act"), as amended, during the period from October 24, 2011 through April 25, 2013. Pursuant to Section 10(a)(3) of the Securities Act, by the time our prospectus had been in use for 9 months from the effective date of January 24, 2011, the balance sheet date of the audited financial statement contained in our prospectus was more than 16 months old, and had not been refreshed to present our current financial statements within said prospectus. This inadvertent technical failure to update our prospectus according to Section 10(a)(3) of the Securities Act may have caused our prospectus to no longer be effective as of October 24, 2011. As a result, purchasers of these securities may have the right to rescind their purchases for an amount equal to the purchase price paid for the securities, plus interest from the date of purchase, limited to the unregistered shares purchased from the original seller and still held by the original purchaser. The federal Securities Act requires that any claim for rescission be brought within one year of the violation. The time periods within which claims for rescission must be brought under state securities laws vary and may be two years or more from the transaction date. As of the date of this report, approximately 10 million shares of our outstanding common stock are subject to possible rescission. The maximum potential liability as of December 31, 2012 and December 31, 2011 was \$367,490 and \$88,273, respectively. These amounts include interest at 10% per annum from the date of the respective purchases. Due to the shares being redeemable by the holder since their inception, the shares are required to be classified outside of permanent equity on the balance sheet. Since redemption is uncertain and outside of the Company's control the shares are classified within the mezzanine section of the balance sheet at their respective redemption values. Any differences between the cash received and the redemption value was recorded to additional paid in capital. Interest of 10% is being accrued on the values and is recorded through additional paid in capital consistent with the appropriate accounting guidance covering the accounting treatment of mezzanine instruments.

### Restatements

On February 6, 2013, pursuant to a comment letter issued by the Staff of the Securities and Exchange Commission (the "SEC") relating to the Form 10-Q for Fiscal Quarter Ended September 30, 2012 ("Form 10-Q") filed by the Company on November 9, 2012, management of the Company, after discussions with the board of directors, the Company's independent registered public accounting firm, and the Staff of the SEC, concluded that the previously-issued consolidated financial statements for the Fiscal Quarter Ended September 30, 2012 contained in the Company's Form 10-Q (the "Financial Statements") should no longer be relied upon. The discussions with the Staff of the SEC concerned the capitalization of certain costs to improve the Ruby Mine, including tunnel/infrastructure and access road improvements. These costs had been capitalized on the Company's balance sheet. The Commission has clearly stated in a comment letter received on February 5, 2013, that "It is our position that once you acquired the Ruby property with the intent to explore it and, if determined to be feasible, ultimately extract minerals, these types of improvement activities are considered exploration stage activities, and their costs should be expensed unless the improvements have alternative future use." After extensive consultation with our auditors and the SEC, we concluded that it necessary to make revisions to comply with the Commission's position, and to file our Form 10-K for the year ended December 31, 2012 with restated audited December 31, 2011 financial statements and unaudited restatements of the quarters ended March 31, 2012, June 30, 2012, and September 30, 2012 to remove the aforementioned capitalized development costs from our Consolidated Balance Sheets and expense them in full on our Consolidated Statements of Operations. Please see Note 19 to our financial statements herein for further information.

These restatements also reclassify as temporary equity certain issuances of unregistered common stock issued during the time period from October 24, 2011 through December 31, 2012 and which may be deemed to be redeemable.

These shares have been moved to the mezzanine portion of our balance sheet at their redemption values.

#### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

#### Recent Accounting Pronouncements

#### New Accounting Pronouncements

#### Disclosures about Reclassification Adjustments out of Accumulated Other Comprehensive Income

In February 2013, the Financial Accounting Standards Board (“FASB”) issued an accounting standards update which adds new disclosure requirements for items reclassified out of accumulated other comprehensive income. The update requires entities to disclose additional information about reclassification adjustments, including changes in accumulated other comprehensive income balances by component and significant items reclassified out of accumulated other comprehensive income. The update will be effective for us in the first quarter of 2013, but early adoption is permitted. The update will primarily impact our disclosures, but otherwise is not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

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Testing Indefinite-Lived Intangible Assets for Impairment

In July 2012, the FASB issued an accounting standards update which provides, subject to certain conditions, the option to perform a qualitative, rather than quantitative, assessment to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. The update will be effective for us in the first quarter of 2013, but early adoption is permitted. The update may, under certain circumstances, reduce the complexity and costs of testing indefinite-lived intangible assets for impairment, but otherwise is not expected to have a material impact on the Company's condensed consolidated financial position, results of operations or cash flows.

Testing Goodwill for Impairment

In September 2011, the FASB issued an accounting standards update which provides, subject to certain conditions, the option to perform a qualitative, rather than quantitative, assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. This update was effective and adopted by the Company in the first quarter of 2012 and did not have a material impact on the Company's condensed consolidated financial position, results of operations or cash flows.

Presentation of Comprehensive Income

In June 2011, the FASB issued an accounting standards update which revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options in existing guidance and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. Under the two-statement approach, the first statement would include components of net income, which is consistent with the income statement format previously used by us, and the second statement would include components of other comprehensive income ("OCI"). The update does not change the items that must be reported in OCI and must be applied retrospectively for all periods presented in the financial statements. This update was effective and adopted by the Company in the first quarter of 2012 and impacted the Company's financial statement presentation, but otherwise did not impact the Company's condensed consolidated financial position, results of operations or cash flows.

Disclosures about Fair Value Measurements

In May 2011, the FASB issued an accounting standards update which amends the definition of fair value measurement principles and disclosure requirements to eliminate differences between U.S. GAAP and International Financial Reporting Standards. The update requires new quantitative and qualitative disclosures about the sensitivity of recurring Level 3 measurement disclosures, as well as disclosures of transfers between Level 1 and Level 2 of the fair value hierarchy. This update was effective and adopted by the Company in the first quarter of 2012 and impacted the Company's disclosures, but otherwise did not have a material impact on the Company's condensed consolidated financial position, results of operations or cash flows.

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Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
North Bay Resources Inc.  
(An Exploration Stage Company)

We have audited the accompanying consolidated balance sheets of North Bay Resources Inc. (an exploration stage company) as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for the years then ended, and for the period from June 18, 2004 (inception) through December 31, 2012. 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 audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of North Bay Resources, Inc. as of December 31, 2012 and 2011, and the results of its operations, changes in stockholders' equity (deficit) and cash flows for the periods described above in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has accumulated losses to date, which raises substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 19 to the financial statements, the 2011 financial statements have been restated to correct errors in the financial statements.

/s/ M&K CPAS, PLLC  
Houston, Texas  
March 26, 2013 , except for Notes 3, 10, 16 and 19 which are as of July 31, 2013



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NORTH BAY RESOURCES INC.  
(AN EXPLORATION STAGE COMPANY)  
CONSOLIDATED BALANCE SHEETS  
AS OF DECEMBER 31, 2012 (RESTATED) AND DECEMBER 31, 2011 (RESTATED)

|  | Dec 31, 2012<br>(restated) | Dec 31, 2011<br>(restated) |
|--|----------------------------|----------------------------|
| <b>ASSETS</b>  |                            |                            |
| Current Assets   |                            |                            |
| Cash   | \$ 42,008                  | \$ 129,888                 |
| Accounts Receivable  | -                          | 982                        |
| Total Current Assets   | 42,008                     | 130,870                    |
| Other Assets   |                            |                            |
| Certificates of Deposit  | 172,499                    | 171,875                    |
| Deferred Financing Costs, net  | 14,471                     | -                          |
| Goodwill   | -                          | 5,341                      |
| Mining Claims – Unproved   | 1,797,488                  | 1,797,564                  |
| Property, Plant & Equipment, net of accumulated depreciation   | 635,212                    | 733,885                    |
| Other Assets   | -                          | 4,000                      |
| Available For Sale Securities  | 12,550                     | -                          |
| Reclamation Bond – Fraser River  | 2,000                      | -                          |
| Total Other Assets   | 2,634,220                  | 2,712,665                  |
| <b>TOTAL ASSETS</b>  | <b>\$ 2,676,228</b>        | <b>\$ 2,843,535</b>        |
| <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>  |                            |                            |
| Liabilities  |                            |                            |
| Current Liabilities  |                            |                            |
| Accounts Payable   | \$ 56,617                  | \$ 5,942                   |
| Accrued Expenses - Related Party   | 884,474                    | 784,474                    |
| Accrued Expenses – Ruby Mine   | 12,250                     | -                          |
| Accrued Interest   | 41,363                     | -                          |
| Convertible notes payable (net of discounts of \$166,307 and \$0, respectively)  | 608,193                    | 25,000                     |
| Deferred Gain  | 9,835                      | -                          |
| Derivative Liability   | 496,827                    | -                          |
| Note Payable – Ruby Mine Mortgage  | 1,774,822                  | 1,889,185                  |
| Note Payable (net of discounts of \$0 and \$20,568, respectively)  | -                          | 4,432                      |
| Total Current Liabilities  | 3,884,381                  | 2,709,033                  |
| Long-Term Liabilities  |                            |                            |
| Asset Retirement Obligation  | 5,584                      | 5,147                      |
| Total Long-Term Liabilities  | 5,584                      | 5,147                      |
| Total Liabilities  | \$ 3,889,965               | \$ 2,714,180               |
| Commitment & Contingencies   |                            |                            |
| Common shares subject to redemption, stated at estimated redemption value,<br>4,517,601 and 880,982 shares outstanding at December 31, 2012 and December<br>31, 2011, respectively | 367,490                    | 88,273                     |

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|  |                     |                     |
|--|---------------------|---------------------|
| Total Commitment & Contingencies   | \$ 367,490          | \$ 88,273           |
| Stockholders' Equity (Deficit)   |                     |                     |
| Preferred stock, Series I, \$0.001 par value, 100 shares authorized, 100 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively  | -                   | -                   |
| Convertible Preferred stock, Series A, \$0.001 par value, 8,000,000 shares authorized, 4,000,000 and 4,000,000 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively  | 4,000               | 4,000               |
| Convertible Preferred stock, Series G, \$0.001 par value, 0 and 1,500,000 shares authorized at December 31, 2012 and December 31, 2011, respectively, 0 and 100,000 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively | -                   | 100                 |
| Common stock, \$0.001 par value, 250,000,000 shares authorized, 97,485,130 and 96,783,480 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively   | 97,485              | 96,783              |
| Additional Paid-In Capital   | 11,805,636          | 11,271,341          |
| Stock Payable  | -                   | 25,000              |
| Accumulated Other Comprehensive Income   | (12,500 )           | -                   |
| Deficit Accumulated During Exploration Stage   | (13,475,848 )       | (11,356,142 )       |
| Total Stockholders' Equity (Deficit)   | (1,581,227 )        | 41,082              |
| <b>TOTAL LIABILITIES, COMMITMENTS &amp; CONTINGENCIES, &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>  | <b>\$ 2,676,228</b> | <b>\$ 2,843,535</b> |

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

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 FOR THE YEARS ENDING  
 DECEMBER 31, 2012 AND 2011 (RESTATED)  
 AND THE PERIOD FROM  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2012 (RESTATED)

|  | 12 months<br>ended<br>December 31,<br>2012<br>(restated) | 12 months<br>ended<br>December 31,<br>2011<br>(restated) | Since inception<br>(June 18, 2004<br>-<br>December 31,<br>2012)<br>(restated) |
|--|--|--|---|
| Revenues   |  |  |   |
| Revenue  | \$ -   | \$ -   | \$ -  |
| Cost of Revenue  | -  | -  | -   |
| Gross Profit   | -  | -  | -   |
| Operating Expenses   |  |  |   |
| Commissions & Consulting Fees                                  | 9,000  | 43,216   | 312,000   |
| General & Administrative Costs                                 | 339,524  | 345,451  | 9,160,947   |
| Mining Property Costs  | 591,926  | 265,137  | 1,672,351   |
| Depreciation Expense   | 98,673   | 60,560   | 159,233   |
| Impairment Expense   | 5,341  | 124,343  | 145,995   |
| Accretion Expense  | 513  | 243  | 756   |
| Professional Services  | 79,714   | 52,970   | 250,432   |
| Total Operating Expenses                                       | 1,124,691  | 891,920  | 11,701,714  |
| Net Operating Loss   | (1,124,691)  | (891,920)  | (11,701,714)  |
| Other Income (Expenses)  |  |  |   |
| Gain on Mineral Claim Sales                                    | 4,500  | 103,500  | 227,744   |
| Other Income from Mineral Claims                               | 32,500   | -  | 309,649   |
| Interest Income  | 831  | 532  | 1,472   |
| Interest Expense   | (644,773)  | (166,748)  | (906,959)   |
| Gain/Loss on Derivative Liability                              | (386,833)  | -  | (386,833)   |
| Loss on Conversion of Debt                                     | -  | -  | (137,000)   |
| Bad Debt (Expense) / Recovery                                  | 982  | (29,018)   | (47,185)  |
| Loss on Settlement   | -  | (62,095)   | (62,095)  |
| Other Expense  | (2,222)  | -  | (2,222)   |
| Realized Gain (Loss) on Investment                             | -  | -  | (97,109)  |
| Net Other Income (Expenses)                                    | (995,015)  | (153,829)  | (1,100,538)   |
| Loss From Continuing Operations                                | (2,119,706)  | (1,045,749)  | (12,802,252)  |
| Loss From Discontinued Operations                              | -  | -  | (673,596)   |
| Net Loss   | (2,119,706)  | (1,045,749)  | (13,475,848)  |
| Accretion of Discount on Redeemable Common Stock               | (29,516)   | -  | (29,516)  |
| Excess Cash Received Compared to Redeemable Amount<br>of Stock | -  | 974  | 974   |
| Interest on Redeemable Common Stock                            | (22,701)   | (247)  | (22,948)  |
| Net Loss Attributable to Common Shareholders                   | (2,171,923)  | (1,045,022)  | (13,527,338)  |



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|  |             |             |              |
|--|-------------|-------------|--------------|
| Unrealized Loss on Available For Sale Securities | (12,500)    | -           | (12,500)     |
| Total Comprehensive Loss                         | (2,184,423) | (1,045,022) | (13,539,838) |
| <b>WEIGHTED AVG NUMBER OF SHARES</b>             |             |             |              |
| OUTSTANDING (Basic)                              | 99,799,411  | 91,479,959  |              |
| Basic Net Gain (Loss) per Share                  | \$ (0.02)   | \$ (0.01)   |              |
| <b>WEIGHTED AVG NUMBER OF SHARES</b>             |             |             |              |
| OUTSTANDING (Diluted)                            | 99,799,411  | 91,479,959  |              |
| Diluted Net Gain (Loss) per Share                | \$ (0.02)   | \$ (0.01)   |              |

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

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2012 (RESTATED)

|   | Preferred Stock    |                    |                    |                    |                    |                    | Common Stock |         | Additional<br>Paid-In<br>Capital | Stock<br>Payable | Accumulated<br>Deficit | Accumulated<br>OCI | Total<br>Stockholders'<br>Deficit |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------|---------|----------------------------------|------------------|------------------------|--------------------|-----------------------------------|
|   | Series A<br>Shares | Series G<br>Shares | Series I<br>Shares | Series A<br>Amount | Series G<br>Amount | Series I<br>Amount | Shares       | Amount  |                                  |                  |                        |                    |                                   |
| Inception<br>6/18/2004                          | -                  | -                  | -                  | \$-                | \$-                | \$-                | -            | \$-     | \$-                              | \$-              | \$-                    | \$-                | \$-                               |
| Founder's<br>Shares<br>issued                   | 1,200,000          | -                  | -                  | 1,200              | -                  | -                  | 320,000      | 320     | (1,520)                          | -                | -                      | -                  | -                                 |
| Shares<br>issued for<br>merger                  | 1,200,000          | -                  | -                  | 1,200              | -                  | -                  | 320,000      | 320     | (1,520)                          | -                | -                      | -                  | -                                 |
| Common<br>Stock<br>issued for<br>cash           | -                  | -                  | -                  | -                  | -                  | -                  | 200,000      | 200     | 4,800                            | -                | -                      | -                  | 5,000                             |
| Net loss for<br>year                            | -                  | -                  | -                  | -                  | -                  | -                  | -            | -       | -                                | -                | (95,587)               | -                  | (95,587)                          |
| Balance at<br>12/31/2004                        | 2,400,000          | -                  | -                  | \$2,400            | \$-                | \$-                | 840,000      | \$840   | \$1,760                          | \$-              | \$(95,587)             | \$-                | \$(90,587)                        |
| Common<br>Stock<br>issued to<br>convert<br>debt | -                  | -                  | -                  | -                  | -                  | -                  | 12,127       | 12      | 180,213                          | -                | -                      | -                  | 180,225                           |
| Common<br>Stock<br>issued for<br>services       | -                  | -                  | -                  | -                  | -                  | -                  | 121,491      | 121     | 2,586,046                        | -                | -                      | -                  | 2,586,167                         |
| Common<br>Stock<br>issued for<br>cash           | -                  | -                  | -                  | -                  | -                  | -                  | 102,643      | 103     | 517,597                          | -                | -                      | -                  | 517,700                           |
| Net loss for<br>year                            | -                  | -                  | -                  | -                  | -                  | -                  | -            | -       | -                                | -                | (1,816,896)            | -                  | (1,816,896)                       |
| Balance at<br>12/31/2005                        | 2,400,000          | -                  | -                  | \$2,400            | \$-                | \$-                | 1,076,261    | \$1,076 | \$3,285,616                      | \$-              | \$(1,912,483)          | \$-                | \$1,376,609                       |

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2012 (RESTATED)  
 (Continued)

|  | Preferred Stock    |                    |                    |                    |                    |                    | Common Stock |         |                                  |                  |                             |                         | Total<br>Stockholders'<br>Equity |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------|---------|----------------------------------|------------------|-----------------------------|-------------------------|----------------------------------|
|  | Series A<br>Shares | Series G<br>Shares | Series I<br>Shares | Series A<br>Amount | Series G<br>Amount | Series I<br>Amount | Shares       | Amount  | Additional<br>Paid-In<br>Capital | Stock<br>Payable | Accumula-<br>ted<br>Deficit | Accumula-<br>ted<br>OCI |                                  |
| Common<br>Stock<br>issued to<br>convert debt | -                  | -                  | -                  | -                  | -                  | -                  | 1,202,000    | 1,202   | 2,206,398                        | -                | -                           | -                       | 2,207,600                        |
| Common<br>Stock<br>issued for<br>services    | -                  | -                  | -                  | -                  | -                  | -                  | 1,309,000    | 1,309   | 1,543,191                        | -                | -                           | -                       | 1,544,500                        |
| Expenses<br>paid by<br>shareholder           | -                  | -                  | -                  | -                  | -                  | -                  | -            | -       | 164,371                          | -                | -                           | -                       | 164,371                          |
| Net loss for<br>year                         | -                  | -                  | -                  | -                  | -                  | -                  | -            | -       | -                                | -                | (5,504,237)                 | -                       | (5,504,237)                      |
| Balance at<br>12/31/2006                     | 2,400,000          | -                  | -                  | \$2,400            | \$-                | \$-                | 3,587,261    | \$3,587 | \$7,199,576                      | \$-              | \$(7,416,720)               | \$-                     | \$(211,157)                      |

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2012 (RESTATED)  
 (Continued)

|  | Preferred Stock    |                    |                    | Common Stock       |                    |                    |            |          |             | Additional<br>Paid-In<br>Capital | Stock<br>Payable | Accumula-<br>Deficit | Accumula-<br>OCI | Total<br>Stockhold-<br>Deficit |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------------|----------|-------------|----------------------------------|------------------|----------------------|------------------|--------------------------------|
|  | Series A<br>Shares | Series G<br>Shares | Series I<br>Shares | Series A<br>Amount | Series G<br>Amount | Series I<br>Amount | Shares     | Amount   |             |                                  |                  |                      |                  |                                |
| Beneficial Conversion Features on notes payable        | -                  | -                  | -                  | -                  | -                  | -                  | -          | -        | 62,000      | -                                | -                | -                    | -                | 62,000                         |
| Common Stock issued to convert debt                    | -                  | -                  | -                  | -                  | -                  | -                  | 1,350,000  | 1,350    | 120,150     | -                                | -                | -                    | -                | 121,500                        |
| Common Stock issued for services                       | -                  | -                  | -                  | -                  | -                  | -                  | 10,575,000 | 10,575   | 959,425     | -                                | -                | -                    | -                | 970,000                        |
| Common Stock issued as interest on loan                | -                  | -                  | -                  | -                  | -                  | -                  | 10,000     | 10       | 1,490       | -                                | -                | -                    | -                | 1,500                          |
| Preferred Shares issued for services                   | -                  | -                  | 100                | -                  | -                  | -                  | -          | -        | 101,000     | -                                | -                | -                    | -                | 101,000                        |
| Common Stock issued for conversion of preferred shares | (2,400,000)        | -                  | -                  | (2,400)            | -                  | -                  | 1,200,000  | 1,200    | 1,200       | -                                | -                | -                    | -                | -                              |
| Shares bought back and retired                         | -                  | -                  | -                  | -                  | -                  | -                  | (200,000 ) | (200 )   | (1,800 )    | -                                | -                | -                    | -                | (2,000                         |
| Expenses paid by shareholder                           | -                  | -                  | -                  | -                  | -                  | -                  | -          | -        | 70,623      | -                                | -                | -                    | -                | 70,623                         |
| Net loss for year                                      | -                  | -                  | -                  | -                  | -                  | -                  | -          | -        | -           | -                                | (1,490,871)      | -                    | (1,490,871)      | -                              |
|  | -                  | -                  | 100                | \$2,400            | \$-                | \$-                | 16,522,261 | \$16,522 | \$8,513,664 | \$-                              | \$(8,907,591)    | \$-                  | \$(377,405)      |                                |

Balance at  
12/31/2007

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2012 (RESTATED)  
 (Continued)

|   | Preferred Stock       |                       |                       | Common Stock          |                       |                       | Additional<br>Paid-In<br>Capital | Stock<br>Payable | Accumulated<br>Deficit | Accumulated<br>OCI | Total<br>Stockholders'<br>Deficit |           |             |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|------------------|------------------------|--------------------|-----------------------------------|-----------|-------------|
|   | Series<br>A<br>Shares | Series<br>G<br>Shares | Series<br>I<br>Amount | Series<br>A<br>Amount | Series<br>G<br>Amount | Series<br>I<br>Amount |                                  |                  |                        |                    |                                   | Shares    | Amount      |
| Rounding of<br>shares due<br>to stock split | -                     | -                     | -                     | -                     | -                     | -                     | 26                               | -                | -                      | -                  | -                                 |           |             |
| Common<br>Stock issued<br>for services      | -                     | -                     | -                     | -                     | -                     | -                     | 5,500,000                        | 5,500            | 224,500                | -                  | -                                 | 230,000   |             |
| Common<br>Stock issued<br>for cash          | -                     | -                     | -                     | -                     | -                     | -                     | 2,275,000                        | 2,275            | 7,725                  | -                  | -                                 | 10,000    |             |
| Contribution<br>from<br>investor            | -                     | -                     | -                     | -                     | -                     | -                     | -                                | 10,000           | -                      | -                  | -                                 | 10,000    |             |
| Mark to<br>market AFS<br>securities         | -                     | -                     | -                     | -                     | -                     | -                     | -                                | -                | -                      | -                  | 22,780                            | 22,780    |             |
| Net loss for<br>year                        | -                     | -                     | -                     | -                     | -                     | -                     | -                                | -                | -                      | (328,478 )         | -                                 | (328,478) |             |
| Balance at<br>12/31/2008                    | -                     | -                     | 100                   | \$-                   | \$-                   | \$-                   | 24,297,287                       | \$24,297         | \$8,755,889            | \$-                | \$(9,236,069)                     | \$22,780  | \$(433,103) |

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2012 (RESTATED)  
 (Continued)

|   | Preferred Stock    |                    |                       | Common Stock          |                       |                       |            | Additional<br>Paid-In<br>Capital | Stock<br>Payable | Accumulat<br>Deficit |             |
|---|--------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------|----------------------------------|------------------|----------------------|-------------|
|   | Series A<br>Shares | Series G<br>Shares | Series<br>I<br>Shares | Series<br>A<br>Amount | Series<br>G<br>Amount | Series<br>I<br>Amount | Shares     |                                  |                  |                      | Amount      |
| Common<br>Stock issued<br>for services                          | -                  | -                  | -                     | -                     | -                     | -                     | 2,500,000  | 2,500                            | 27,250           | -                    | -           |
| Preferred<br>Stock issued<br>for services                       | 4,000,000          | 100,000            | -                     | 4,000                 | 100                   | -                     | -          | -                                | 249,685          | -                    | -           |
| Common<br>Stock issued<br>for cash                              | -                  | -                  | -                     | -                     | -                     | -                     | 21,800,000 | 21,800                           | 151,200          | -                    | -           |
| Common<br>Stock issued<br>for deferred<br>compensation          | -                  | -                  | -                     | -                     | -                     | -                     | 10,000,000 | 10,000                           | 177,500          | -                    | -           |
| Loss realized<br>on AFS<br>securities                           | -                  | -                  | -                     | -                     | -                     | -                     | -          | -                                | -                | -                    | -           |
| Stock payable<br>for<br>commitment<br>fee on equity<br>offering | -                  | -                  | -                     | -                     | -                     | -                     | -          | -                                | (115,310 )       | 115,310              | -           |
| Net loss for<br>year  | -                  | -                  | -                     | -                     | -                     | -                     | -          | -                                | -                | -                    | (786,979)   |
| Balance at<br>12/31/2009  | 4,000,000          | 100,000            | 100                   | \$4,000               | \$100                 | \$-                   | 58,597,287 | \$58,597                         | \$9,246,214      | \$115,310            | \$(10,023,0 |

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2012 (RESTATED)  
 (Continued)

|  | Preferred Stock    |                    |                       | Common Stock          |                       |                       | Additional<br>Paid-In<br>Capital | Stock<br>Payable | Accumula<br>Deficit |           |               |
|--|--------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|------------------|---------------------|-----------|---------------|
|  | Series A<br>Shares | Series G<br>Shares | Series<br>I<br>Shares | Series<br>A<br>Amount | Series<br>G<br>Amount | Series<br>I<br>Amount |                                  |                  |                     |           |               |
| Common<br>Stock issued<br>for<br>commitment<br>fee on equity<br>offering                                     | -                  | -                  | -                     | -                     | -                     | -                     | 6,589,147                        | 6,589            | 108,721             | (115,310) | -             |
| Common<br>Stock issued<br>for cash   | -                  | -                  | -                     | -                     | -                     | -                     | 5,000,000                        | 5,000            | 45,000              | -         | -             |
| Discount on<br>convertible<br>notes from<br>beneficial<br>conversion<br>features and<br>attached<br>warrants | -                  | -                  | -                     | -                     | -                     | -                     | -                                | -                | 107,406             | -         | -             |
| Common<br>Stock issued<br>for Ruby<br>Mine<br>Purchase<br>Option   | -                  | -                  | -                     | -                     | -                     | -                     | 10,000,000                       | 10,000           | 140,000             | -         | -             |
| Warrants<br>issued for<br>Purchase<br>Option –<br>Ruby Mine  | -                  | -                  | -                     | -                     | -                     | -                     | -                                | -                | 149,896             | -         | -             |
| Net loss for<br>year   | -                  | -                  | -                     | -                     | -                     | -                     | -                                | -                | -                   | -         | (287,345)     |
| Balance at<br>12/31/2010   | 4,000,000          | 100,000            | 100                   | \$4,000               | \$100                 | \$-                   | 80,186,434                       | \$80,186         | \$9,797,237         | \$-       | \$(10,310,39) |



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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2012 (RESTATED)  
 (Continued)

|   | Preferred Stock    |                    | Common Stock          |                       |                       |                       | Additional<br>Paid-In<br>Capital |       |         |
|---|--------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|-------|---------|
|   | Series A<br>Shares | Series G<br>Shares | Series<br>I<br>Shares | Series<br>A<br>Amount | Series<br>G<br>Amount | Series<br>I<br>Amount |                                  |       |         |
| Common<br>Stock issued<br>for cash  | -                  | -                  | -                     | -                     | -                     | -                     | 9,433,985                        | 9,434 | 758,566 |
| Common<br>Stock issued<br>for<br>convertible<br>debt<br>conversion              | -                  | -                  | -                     | -                     | -                     | -                     | 4,459,092                        | 4,459 | 169,393 |
| Common<br>Stock issued<br>for services  | -                  | -                  | -                     | -                     | -                     | -                     | 42,857                           | 43    | 2,957   |
| Common<br>Stock issued<br>for settlement<br>of services                         | -                  | -                  | -                     | -                     | -                     | -                     | 550,000                          | 550   | 61,545  |
| Common<br>Stock issued<br>for deferred<br>compensation                          | -                  | -                  | -                     | -                     | -                     | -                     | 2,000,000                        | 2,000 | 178,000 |
| Common<br>Stock issued<br>for directors<br>compensation                         | -                  | -                  | -                     | -                     | -                     | -                     | 111,112                          | 111   | 9,889   |
| Discount on<br>convertible<br>notes from<br>beneficial<br>conversion<br>feature | -                  | -                  | -                     | -                     | -                     | -                     | -                                | -     | 70,568  |
| Term<br>Extension of<br>Ruby warrants   | -                  | -                  | -                     | -                     | -                     | -                     | -                                | -     | 2,519   |
| Warrants<br>issued for<br>Purchase<br>Option – Ruby<br>Mine                     | -                  | -                  | -                     | -                     | -                     | -                     | -                                | -     | 219,940 |

|  |           |         |     |          |        |      |            |           |               |
|--|-----------|---------|-----|----------|--------|------|------------|-----------|---------------|
| Stock payable for warrant exercise                           | -         | -       | -   | -        | -      | -    | -          | -         | -             |
| Excess cash received compared to redeemable amount for stock | -         | -       | -   | -        | -      | -    | -          | -         | 974           |
| Interest on redeemable stock                                 | -         | -       | -   | -        | -      | -    | -          | -         | (247)         |
| Net loss for year (restated)                                 | -         | -       | -   | -        | -      | -    | -          | -         | -             |
| Balance at 12/31/2011 (restated)                             | 4,000,000 | 100,000 | 100 | \$ 4,000 | \$ 100 | \$ - | 96,783,480 | \$ 96,783 | \$ 11,271,341 |

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2012 (RESTATED)  
 (Continued)

|   | Preferred Stock    |                    |                       | Common Stock          |                       |                       | Additional<br>Paid-In<br>Capital |        |          |
|---|--------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|--------|----------|
|   | Series A<br>Shares | Series G<br>Shares | Series<br>I<br>Shares | Series<br>A<br>Amount | Series<br>G<br>Amount | Series<br>I<br>Amount |                                  | Shares | Amount   |
| Cancellation<br>of Series G<br>Preferred  | -                  | (100,000)          | (100)                 | -                     | -                     | -                     | -                                | -      | 100      |
| Common<br>Stock issued<br>for services  | -                  | -                  | -                     | -                     | -                     | -                     | 116,650                          | 117    | 10,543   |
| Common<br>Stock issued<br>for deferred<br>financing<br>costs  | -                  | -                  | -                     | -                     | -                     | -                     | 85,000                           | 85     | 5,525    |
| Common<br>Stock issued<br>for stock<br>payable  | -                  | -                  | -                     | -                     | -                     | -                     | 500,000                          | 500    | 24,500   |
| Mark to<br>market AFS<br>securities   | -                  | -                  | -                     | -                     | -                     | -                     | -                                | -      | -        |
| Settlement of<br>Derivative<br>Liability  | -                  | -                  | -                     | -                     | -                     | -                     | -                                | -      | 49,795   |
| Discount on<br>convertible<br>notes from<br>beneficial<br>conversion<br>feature and<br>attached<br>warrants | -                  | -                  | -                     | -                     | -                     | -                     | -                                | -      | 321,002  |
| Warrants<br>issued for<br>modification<br>of payment<br>terms on<br>mortgage<br>payable                     | -                  | -                  | -                     | -                     | -                     | -                     | -                                | -      | 175,047  |
| Accretion of<br>discount on   | -                  | -                  | -                     | -                     | -                     | -                     | -                                | -      | (29,516) |

|  |           |   |   |          |      |      |            |           |               |
|--|-----------|---|---|----------|------|------|------------|-----------|---------------|
| redeemable<br>common<br>stock                |           |   |   |          |      |      |            |           |               |
| Interest on<br>redeemable<br>common<br>stock | -         | - | - | -        | -    | -    | -          | -         | (22,701 )     |
| Net loss for<br>period                       | -         | - | - | -        | -    | -    | -          | -         | -             |
| Balance at<br>12/31/2012<br>(restated)       | 4,000,000 | - | - | \$ 4,000 | \$ - | \$ - | 97,485,130 | \$ 97,485 | \$ 11,805,636 |

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

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDING  
 DECEMBER 31, 2012 AND 2011 (RESTATED)  
 AND THE PERIOD FROM  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2012 (RESTATED)

|   | 12 months<br>Ended<br>December 31,<br>2012<br>(restated) | 12 months<br>Ended<br>December 31,<br>2011<br>(restated) | Since<br>inception<br>(June 18, 2004<br>to<br>December 31,<br>2012) |
|---|--|--|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |  |  |   |
| Net Loss  | \$ (2,119,706 )  | \$ (1,045,749 )  | \$ (13,475,848 )  |
| Adjustments to reconcile Net Loss to net cash used in operations: |  |  |   |
| Gain on option payments received – non-cash                       | (25,050 )  | -  | (135,985 )  |
| Gain on sale of claims  | (4,500 )   | (73,500 )  | (182,834 )  |
| Common Stock issued for services                                  | 10,660   | 3,000  | 5,123,677   |
| Common Stock issued to director for services                      | -  | 10,000   | 10,000  |
| Common Stock issued for mining exploration stage property         | -  | -  | 351,400   |
| Warrants issued to modify payment terms of note                   | 175,047  | -  | 175,047   |
| Preferred Stock issued for bonus                                  | -  | -  | 253,785   |
| Loss on conversion of debt and deferred compensation              | -  | -  | 2,150,513   |
| Loss on AFS securities “other than temporary”                     | -  | -  | 106,985   |
| Loss on settlement - Common Shares issued                         | -  | 62,095   | 62,095  |
| Bad debt expense  | -  | 29,018   | 48,167  |
| Gain realized on transfer of AFS – securities                     | -  | -  | (9,875 )  |
| Amortization of discount on debt                                  | 356,552  | 138,475  | 575,958   |
| Amortization of deferred financing cost                           | 15,639   | -  | 15,639  |
| Change in derivative liability                                    | 386,833  | -  | 386,833   |
| Common Stock issued as interest on loan                           | -  | -  | 1,500   |
| Depreciation Expense  | 98,673   | 60,560   | 159,233   |
| Accretion Expense   | 513  | 243  | 756   |
| Impairment Expense  | 5,341  | 124,343  | 145,995   |
| Changes in operating assets and liabilities:                      |  |  |   |
| Accounts receivable   | 982  | (30,000 )  | (29,018 )   |
| Prepaid Expenses  | -  | 9,910  | 9,910   |
| Other assets  | 1,376  | -  | 1,376   |
| Accrued expenses – related party                                  | 100,000  | 136,030  | 1,200,593   |
| Accrued expenses  | 54,149   | -  | 54,149  |
| Accounts Payable  | 50,675   | -  | 50,675  |
| Other current assets  | -  | (257 )   | (29,316 )   |
| Net Cash Used in Operating Activities                             | (892,816 )   | (575,832 )   | (2,978,590 )  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |  |  |   |
| Cash paid for purchase of fixed assets                            | -  | (12,459 )  | (12,459 )   |
| Cash received from sales of claims                                | 14,335   | 73,500   | 192,669   |

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|   |            |              |              |
|---|------------|--------------|--------------|
| Cash paid for claims acquired   | -          | -            | (16,311 )    |
| Cash paid for Ruby Purchase   | -          | (277,006 )   | (361,093 )   |
| Cash paid for purchase of Taber Mine Option   | -          | (4,000 )     | (4,000 )     |
| Net Cash Provided by/Used in Investing Activities   | 14,335     | (219,965 )   | (201,194 )   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |            |              |              |
| Proceeds from sale of redeemable common stock   | 201,464    | 90,000       | 291,464      |
| Proceeds from sale of common stock  | -          | 767,000      | 1,522,700    |
| Deferred Financing Costs  | (24,500 )  | -            | (24,500 )    |
| Contributions from related party  | -          | -            | 244,994      |
| Warrants exercised, shares not yet issued   | -          | 25,000       | 25,000       |
| Debt Repayments   | (114,363 ) | (103,315 )   | (217,678 )   |
| Shares re-purchased and retired   | -          | -            | (2,000 )     |
| Borrowings on convertible debt  | 728,000    | 100,000      | 1,381,812    |
| Net Cash Provided by Financing Activities   | 790,601    | 878,685      | 3,221,792    |
| Net cash increase (decrease) for period   | (87,880 )  | 82,888       | 42,008       |
| Cash at beginning of period   | 129,888    | 47,000       | -            |
| Cash at end of period   | 42,008     | 129,888      | 42,008       |
| <b>Supplementary Cash Flow Information:</b>   |            |              |              |
| Cash Paid for Interest  | -          | -            | -            |
| Cash Paid for Taxes   | -          | -            | -            |
| <b>Non-Cash Investing &amp; Financing Activities:</b>   |            |              |              |
| Common Stock issued For conversion of preferred shares  | \$ -       | \$ -         | \$ 2,400     |
| Common Stock issued For conversion of debt and accrued salary   | \$ -       | \$ -         | \$ 253,912   |
| Warrants issued for purchase option - Ruby Mine   | \$ -       | \$ 219,941   | \$ 369,837   |
| Term extension of Ruby Mine warrants  | \$ -       | \$ 2,519     | \$ 2,519     |
| Stock Issued for purchase option - Ruby Mine  | \$ -       | \$ -         | \$ 150,000   |
| Discount from beneficial conversion feature and warrants attached to convertible notes payable                  | \$ 321,002 | \$ 70,568    | \$ 177,974   |
| Transfer of available for sale securities to relieve accrued salary   | \$ -       | \$ -         | \$ 12,838    |
| Accrued salary relieved for shares issued   | \$ -       | \$ 179,999   | \$ 279,999   |
| Common and preferred shares issued as founders shares   | \$ -       | \$ -         | \$ 3,040     |
| Capitalized costs for Ruby Mine purchase option transferred to fixed assets and mineral assets upon acquisition | \$ -       | \$ 801,442   | \$ 801,442   |
| Note payable for Ruby Mine acquisition  | \$ -       | \$ 1,990,000 | \$ 1,990,000 |
| Liabilities assumed with Ruby Mine acquisition  | \$ -       | \$ 174,118   | \$ 174,118   |
| Revision to Asset Retirement Obligation   | \$ 76      | \$ 166,714   | \$ 166,790   |
| Common stock issued for conversion of convertible debt  | \$ -       | \$ 173,852   | \$ 173,852   |
| Common stock issued for stock payable   | \$ 25,000  | \$ -         | \$ 25,000    |
| Equity draw on redeemable common stock applied towards note principal owed                                      | \$ 25,536  | \$ -         | \$ 25,536    |
| Common Stock issued for deferred financing costs  | \$ 5,610   | \$ -         | \$ 5,610     |
| Debt discount due to derivative liability   | \$ 159,789 | \$ -         | \$ 136,207   |
| Cancellation of preferred shares  | \$ 100     | \$ -         | \$ 100       |
| Settlement of Derivative liability  | \$ 49,795  | \$ -         | \$ 49,795    |
| Accretion of Discount on Redeemable Common Stock  | \$ 29,516  | \$ -         | \$ 29,516    |
| Excess Cash Received Compared to Redeemable Amount of Stock   | \$ -       | \$ 974       | \$ 974       |
| Interest on Redeemable Common Stock   | \$ 22,701  | \$ 247       | \$ 22,948    |
| Unrealized loss on AFS  | \$ 12,500  | \$ -         | \$ 12,500    |

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

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NORTH BAY RESOURCES INC.  
(AN EXPLORATION STAGE COMPANY)  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 GENERAL ORGANIZATION AND BUSINESS

The Company was incorporated in the State of Delaware on June 18, 2004 under the name Ultimate Jukebox, Inc. On September 4, 2004, Ultimate Jukebox, Inc. merged with NetMusic Corporation, and subsequently changed the Company name to NetMusic Entertainment Corporation. On March 10, 2006, the Company ceased digital media distribution operations, began operations as a natural resources company, and changed the Company name to Enterayon, Inc. On January 15, 2008, the Company merged with and assumed the name of its wholly-owned subsidiary, North Bay Resources Inc. As a result of the merger, Enterayon, Inc. was effectively dissolved, leaving North Bay Resources Inc. as the remaining company.

The Company's business plan is based on the Generative Business Model, which is designed to leverage our mining properties and mineral claims into near-term revenue streams even during the earliest stages of exploration and development. This is accomplished by entering into sales, joint-venture, and/or option contracts with other mining companies, for which the Company generates revenue through payments in cash, stock, and other consideration.

The Generative Business Model is our short term plan to leverage properties until funding is adequate to implement our long term plan. The Company's long term plan is to locate and extract gold and silver from current exploration stage properties. This will be done through utilizing joint-ventures and other funding that is available to develop properties until they reach the production stage. Once in the production stage, the Company plans on extracting gold, silver, and other profitable by-products, and selling them to smelters. The Company has not currently begun this stage of the business plan.

NOTE 2 GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated modest revenues since inception and has never paid any dividends and is unlikely to pay dividends. The Company has accumulated losses since inception equal to \$13,475,848 as of December 31, 2012. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploration of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. The Company has had very little operating history to date. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Restatements

On February 6, 2013, pursuant to a comment letter issued by the Staff of the Securities and Exchange Commission (the "SEC") relating to the Form 10-Q for Fiscal Quarter Ended September 30, 2012 ("Form 10-Q") filed by the Company on November 9, 2012, management of the Company, after discussions with the board of directors, the Company's independent registered public accounting firm, and the Staff of the SEC, concluded that the



previously-issued consolidated financial statements for the Fiscal Quarter Ended September 30, 2012 contained in the Company's Form 10-Q (the "Financial Statements") should no longer be relied upon. The discussions with the Staff of the SEC concerned the capitalization of certain costs to improve the Ruby Mine, including tunnel/infrastructure and access road improvements. These costs had been capitalized on the Company's balance sheet. The Commission has clearly stated in a comment letter received on February 5, 2013, that "It is our position that once you acquired the Ruby property with the intent to explore it and, if determined to be feasible, ultimately extract minerals, these types of improvement activities are considered exploration stage activities, and their costs should be expensed unless the improvements have alternative future use." After extensive consultation with our auditors and the SEC, we concluded that it necessary to make revisions to comply with the Commission's position, and to to file our Form 10-K for the year ended December 31, 2012 with restated audited December 31, 2011 financial statements and unaudited restatements of the quarters ended March 31, 2012, June 30, 2012, and September 30, 2012 to remove the aforementioned capitalized development costs from our Consolidated Balance Sheets and expense them in full on our Consolidated Statements of Operations.

These restatements also reclassify as temporary equity certain issuances of unregistered common stock issued during the time period from October 24, 2011 through December 31, 2012 and which may be deemed to be redeemable. These shares have been moved to the mezzanine portion of our balance sheet at their redemption values.

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The resulting cumulative effect of the restatement since the Ruby Mine acquisition date on July 1, 2011 and as of September 30, 2012 is: (1) a decrease in the capitalization of mineral claims by \$389,718, (2) an increase of \$389,718 in Mineral Property expenses, (3) an increase of \$389,718 in net loss (increase of \$0.00 loss per share since the acquisition date on July 1, 2011 as of September 30, 2012), and (4) an increase in total stockholders' deficit of \$389,718. The increase in net loss resulted in no net change to cash used in operating activities. Please see Note 19 for additional information.

### Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. There was no material effect to the consolidated financial statements as result of these reclassifications.

### Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Ruby Gold, Inc. All significant inter-company accounts and transactions have been eliminated in consolidation

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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.

### Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with a maturity of three months or less, when purchased, to be cash equivalents. There were no cash equivalents at December 31, 2012 and December 31, 2011. The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation up to \$250,000.

### Reclamation Bonds

The Company holds its reclamation bonds on the Ruby Mine in the form of one-year Certificates of Deposit that automatically rollover annually on their anniversary dates. These funds are held in reserve to guarantee the Company's Asset Retirement Obligation.

### Marketable Securities

The Company accounts for its marketable securities, which are available for sale, in accordance with Financial Accounting Standards Board ("FASB") guidance regarding accounting for certain investments in debt and equity securities, which requires that available-for-sale and trading securities be carried at fair value. Unrealized gains and losses deemed to be temporary on available-for-sale securities are reported as other comprehensive income ("OCI") within shareholders' deficit. Realized gains and losses and declines in value deemed to be other than temporary on available-for-sale securities are included in "(Gain) loss on short- and long-term investments" and "Other income" on our statements of operations. Trading gains and losses also are included in "(Gain) loss on short-term and long-term investments." Fair value of the securities is based upon quoted market prices in active markets or estimated fair value when quoted market prices are not available. The cost basis for realized gains and losses on available-for-sale securities is determined on a specific identification basis. We classify our available-for-sale securities as short- or

long-term based upon management's intent and ability to hold these investments. In addition, throughout 2009, the FASB issued various authoritative guidance and enhanced disclosures regarding fair value measurements and impairments of securities which helps in determining fair value when the volume and level of activity for the asset or liability have significantly decreased and in identifying transactions that are not orderly.

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### Revenue Recognition

The company has recognized no mining revenue to date. In the future mining revenue will be recognized according to the policy described below.

Revenue is recognized when the following conditions are met:

- (a) persuasive evidence of an arrangement to purchase exists;
- (b) the price is fixed or determinable;
- (c) the product has been delivered; and
- (d) collection of the sales price is reasonably assured.

Under the terms of concentrate sales contracts with third-party smelters, final prices for the gold, silver, zinc, copper and lead in the concentrate are set based on the prevailing spot market metal prices on a specified future date based on the date that the concentrate is delivered to the smelter. The Company records revenues under these contracts based on forward prices at the time of delivery, which is when transfer of legal title to concentrate passes to the third-party smelters. The terms of the contracts result in differences between the recorded estimated price at delivery and the final settlement price. These differences are adjusted through revenue at each subsequent financial statement date.

### Mineral Property Costs

Mineral property acquisition costs are capitalized upon acquisition. Mineral property exploration and improvement costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven, proved, probable, inferred, or possible reserves, the costs incurred to develop and improve such property are capitalized. To date the Company has not established any proven or probable reserves on its mineral properties.

The Company reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the review indicates that the carrying amount of the asset may not be recoverable, the potential impairment is measured based on a projected discounted cash flow method using a discount rate that is considered to be commensurate with the risk inherent in the Company's current business model. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets.

### Purchase Options for Mining Property

Costs associated with acquisitions related to purchase options for mining properties are capitalized when the costs are incurred in accordance with ASC 340.10. The costs are carried at the amount paid and transferred to the appropriate asset account if the option is exercised. If it is determined that the Company will not exercise the option, the option is expensed.

### Deferred Gains

Deposits on pending sales of mineral claims are classified as deferred gains until the transaction has been completed. As of December 31, 2012, a deposit received of \$9,835 on the pending sale of a mineral claim was recognized as a deferred gain. The Company will recognize this amount to other income when the transaction is completed.

### Asset Retirement Obligation

The FASB standard on accounting for asset retirement obligation requires that the fair value of the liability for asset retirement costs be recognized in an entity's balance sheet, as both a liability and an increase in the carrying values of such assets, in the periods in which such liabilities can be reasonably estimated. The present value of the estimated future asset retirement obligation ("ARO"), as of the date of acquisition or the date at which mining commences is capitalized as part of the costs of mineral assets and recorded with an offsetting liability. The asset retirement costs are depleted over the production life of the mineral assets on a unit-of-production basis.

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The ARO is recorded at fair value and accretion expense is recognized as the discounted liability is accreted to its expected settlement value. The fair value of the ARO liability is measured by using expected future cash outflows discounted at the Company's credit adjusted risk free interest rate.

Amounts incurred to settle plugging and abandonment obligations that are either less than or greater than amounts accrued are recorded as a gain or loss in current operations. Revisions to previous estimates, such as the estimated cost to remediate and abandon a mine may require adjustments to the ARO and are capitalized as part of the costs of mineral assets.

## Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on the differences between the financial reporting basis and the tax basis of the assets and liabilities, and are measured using enacted tax rates that will be in effect when the differences are expected to reverse.

The Company adopted the provisions of the FASB interpretation related to accounting for uncertainty in income taxes, which seeks to reduce the diversity in practice associated with the accounting and reporting for uncertainty in income tax positions. The Company believes it does not have any uncertain tax positions taken or expected to be taken in its income tax returns.

## Fair Value of Financial Instruments

The Company adopted the FASB standard related to fair value measurement at inception. The standard defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. The standard clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows.

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company values its derivative instruments related to embedded conversion features and warrants from the issuance of convertible debentures in accordance with the Level 3 guidelines. For the twelve month period ended December 31, 2012, the following table reconciles the beginning and ending balances for financial instruments that are recognized at fair value in these consolidated financial statements. The fair value of embedded conversion features that have floating conversion features and tainted common stock equivalents (warrants and convertible debt) are estimated using a Binomial Lattice model. The key inputs to this valuation model as of December 31, 2012, were: Volatility of 94% - 104%, inherent term of instruments equal to the remaining contractual term, quoted closing stock prices on valuation dates, and various settlement scenarios and probability percentages summing to 100%.

|  | Balance at<br>December 31,<br>2011 | New<br>Issuances | Changes in<br>Fair Values | Balance at<br>December 31,<br>2012 |
|--|------------------------------------|------------------|---------------------------|------------------------------------|
| Level 3 –<br>Derivative<br>liabilities from:       |                                    |                  |                           |                                    |
| Conversion<br>features –<br>embedded<br>derivative | \$ -                               | \$ 98,366        | \$ (16,129)               | \$ 82,237                          |
| Conversion<br>features – tainted<br>equity         | -                                  | 37,841           | 171,130                   | 208,971                            |
| Warrants –<br>tainted equity                       | -                                  | -                | 205,619                   | 205,619                            |
|  | \$ -                               | \$ 136,207       | \$ 360,620                | \$ 496,827                         |

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Changes in the unobservable input values would likely cause material changes in the fair value of the Company's Level 3 financial instruments. The significant unobservable input used in the fair value measurement is the estimation for probability percentages assigned to future expected settlement possibilities. A significant increase (decrease) in this distribution of percentages would result in a higher (lower) fair value measurement.

The following table presents assets that were measured and recognized at fair value as of December 31, 2012 and the year then ended on a recurring basis:

| Description                      | Level 1   | Level 2 | Level 3 | Total<br>Unrealized<br>Loss |
|----------------------------------|-----------|---------|---------|-----------------------------|
| Available For<br>Sale Securities | \$ 12,500 | \$ -    | \$ -    | \$ 12,500                   |
| Totals                           | \$ 12,500 | \$ -    | \$ -    | \$ 12,500                   |

The Company had no other assets or liabilities valued at fair value on a recurring or non-recurring basis as of December 31, 2012 or 2011.

## Stock Based Compensation

Beginning January 1, 2006, the Company adopted the FASB standard related to stock based compensation. The standard requires all share-based payments to employees (which includes non-employee Directors), including employee stock options, warrants and restricted stock, be measured at the fair value of the award and expensed over the requisite service period (generally the vesting period). The fair value of common stock options or warrants granted to employees is estimated at the date of grant using the Black-Scholes option pricing model by using the historical volatility of comparable public companies. The calculation also takes into account the common stock fair market value at the grant date, the exercise price, the expected life of the common stock option or warrant, the dividend yield and the risk-free interest rate.

The Company from time to time may issue stock options, warrants and restricted stock to acquire goods or services from third parties. Restricted stock, options or warrants issued to other than employees or directors are recorded on the basis of their fair value, which is measured as of the date required by the Emerging Issues Task Force guidance related to accounting for equity instruments issued to non-employees. In accordance with this guidance, the options or warrants are valued using the Black-Scholes option pricing model on the basis of the market price of the underlying equity instrument on the "valuation date," which for options and warrants related to contracts that have substantial disincentives to non-performance, is the date of the contract, and for all other contracts is the vesting date. Expense related to the options and warrants is recognized on a straight-line basis over the shorter of the period over which services are to be received or the vesting period. As of December 31, 2012 and December 31, 2011, no options or warrants related to compensation have been issued, and none are outstanding.

## Beneficial Conversion Feature

From time to time, the Company may issue convertible notes that may have conversion prices that create an embedded beneficial conversion feature pursuant to the Emerging Issues Task Force guidance on beneficial conversion features. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of any attached equity instruments, if any related equity instruments were granted with the debt. In accordance with this guidance, the intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital.



The debt discount is amortized to interest expense over the life of the note using the effective interest method. This amortization expense for the year ended December 31, 2012 totaled \$15,639 and is reflected within interest expense on the Statements of Operations.

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### Deferred Financing Costs

Deferred financing costs include debt issuance costs primarily incurred by the Company as part of Convertible Note transactions. Deferred financing costs as of December 31, 2012 was \$30,110 net of amortization of \$15,639. This includes a commission paid to Carter Terry & Company, a registered broker-dealer, consisting of \$10,000 in cash and 85,000 restricted Rule 144 shares of common stock valued at \$5,620 on the date of issuance. This amount was capitalized to Deferred Financing Costs and amortized over the term of the note. Amortization is provided on a straight-line basis over the terms of the respective debt instruments to which the costs relate and is included in interest expense. The difference between the straight line and effective interest methods is immaterial due to the short term nature of the convertible notes.

### Accounting for Derivative Instruments

All derivatives have been recorded on the balance sheet at fair value based on the lattice model calculation. These derivatives, including embedded derivatives in the Company's convertible notes which have floating conversion prices based on changes to the quoted price of the Company's common stock and common stock equivalents tainted as a result of the derivative, are separately valued and accounted for on the Company's balance sheet. Fair values for exchange traded securities and derivatives are based on quoted market prices. Where market prices are not readily available, fair values are determined using market based pricing models incorporating readily observable market data and requiring judgment and estimates.

### Lattice Valuation Model

The Company valued the conversion features in their convertible notes and tainted warrants using a lattice valuation model, with the assistance of a valuation consultant. The lattice model values these instruments based on a probability weighted discounted cash flow model. The Company uses the model to develop a set of potential scenarios. Probabilities of each scenario occurring during the remaining term of the instruments are determined based on conversion prices relative to current stock prices, historic volatility, and estimates on investor behavior. These probabilities are used to create a cash flow projection over the term of the instruments and determine the probability that the projected cash flow will be achieved. A discounted weighted average cash flow for each scenario is then calculated and compared to the discounted cash flow of the instruments without the compound embedded derivative in order to determine a value for the compound embedded derivative.

### Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. The Company accounts for goodwill and intangibles under ASC Topic 350, Intangibles – Goodwill and Other, which does not permit amortization, but requires the Company to test goodwill and other indefinite-lived assets for impairment annually or whenever events or circumstances indicate impairment may exist. The Company fully impaired goodwill of \$5,341 during the year ended December 31, 2012 impairment analysis.

### Income/Loss Per Share of Common Stock

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share includes additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for the periods presented. As of December 31, 2012 and 2011, there were 47,532,822 and 37,562,250 common stock equivalents outstanding, respectively.



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The following is a reconciliation of the computation for basic and diluted EPS for the full year ended December 31, 2012 and 2011, respectively:

|  | December 31,<br>2012 | December 31,<br>2011 |
|--|----------------------|----------------------|
| Net Loss   | \$ (2,119,706 )      | \$ (1,045,749 )      |
| Weighted-average common shares<br>Outstanding (Basic)          | 99,799,411           | 91,479,959           |
| Weighted-average common stock<br>Equivalents                   | 47,532,822           | 37,562,250           |
| Deduction of stock Equivalents not<br>included due to net loss | (47,532,822)         | (37,562,250)         |
| Weighted-average common shares<br>Outstanding (Diluted)        | 99,799,411           | 91,479,959           |
| Basic and Diluted Net Gain (Loss) per<br>Share                 | \$ (0.02 )           | \$ (0.01 )           |

## Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of property, plant and equipment is depreciated using the straight-line method over the estimated useful life of the asset - periods of approximately 18-28 years for buildings, 3-10 years for machinery and equipment and 3- 5 years for vehicles. Long-lived assets are reviewed for impairment whenever in management's judgment conditions indicate a possible loss. Such impairment tests compare estimated undiscounted cash flows to the recorded value of the asset. If an impairment is indicated, the asset is written down to its fair value or, if fair value is not readily determinable, an estimated fair value is used based on discounted cash flows. Fully depreciated assets are retained in property, plant and equipment and accumulated depreciation accounts until they are removed from service. In case of disposals of assets, the assets and related accumulated depreciation are removed from the accounts, and the net amounts after proceeds from disposal are credited or charged to income.

## Recently Issued Accounting Standards

## New Accounting Pronouncements

## Disclosures about Reclassification Adjustments out of Accumulated Other Comprehensive Income

In February 2013, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which adds new disclosure requirements for items reclassified out of accumulated other comprehensive income. The update requires entities to disclose additional information about reclassification adjustments, including changes in accumulated other comprehensive income balances by component and significant items reclassified out of accumulated other comprehensive income. The update will be effective for us in the first quarter of 2013, but early adoption is permitted. The update will primarily impact our disclosures, but otherwise is not expected to have a material impact on our consolidated financial position, results of operations or cash flows.

## Testing Indefinite-Lived Intangible Assets for Impairment

In July 2012, the FASB issued an accounting standards update which provides, subject to certain conditions, the option to perform a qualitative, rather than quantitative, assessment to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. The update will be effective for us

in the first quarter of 2013, but early adoption is permitted. The update may, under certain circumstances, reduce the complexity and costs of testing indefinite-lived intangible assets for impairment, but otherwise is not expected to have a material impact on the Company's consolidated financial position, results of operations or cash flows.

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### Testing Goodwill for Impairment

In September 2011, the FASB issued an accounting standards update which provides, subject to certain conditions, the option to perform a qualitative, rather than quantitative, assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. This update was effective and adopted by the Company in the first quarter of 2012 and did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

### Presentation of Comprehensive Income

In June 2011, the FASB issued an accounting standards update which revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options in existing guidance and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. Under the two-statement approach, the first statement would include components of net income, which is consistent with the income statement format previously used by us, and the second statement would include components of other comprehensive income ("OCI"). The update does not change the items that must be reported in OCI and must be applied retrospectively for all periods presented in the financial statements. This update was effective and adopted by the Company in the first quarter of 2012 and impacted the Company's financial statement presentation, but otherwise did not impact the Company's consolidated financial position, results of operations or cash flows.

### Disclosures about Fair Value Measurements

In May 2011, the FASB issued an accounting standards update which amends the definition of fair value measurement principles and disclosure requirements to eliminate differences between U.S. GAAP and International Financial Reporting Standards. The update requires new quantitative and qualitative disclosures about the sensitivity of recurring Level 3 measurement disclosures, as well as disclosures of transfers between Level 1 and Level 2 of the fair value hierarchy. This update was effective and adopted by the Company in the first quarter of 2012 and impacted the Company's disclosures, but otherwise did not have a material impact on the Company's condensed consolidated financial position, results of operations or cash flows.

### NOTE 4 AVAILABLE FOR SALE SECURITIES

On October 24, 2012, the Company entered into an agreement on its Willa property with Caribou King Resources Ltd. ("Caribou", or "CKR"), a Canadian issuer listed on the TSX Venture Exchange. Under the terms of Agreement, Caribou may earn up to a 100% interest in the Willa Claims by making aggregate payments to North Bay of USD \$232,500 in cash and issuing 1,000,000 shares of Caribou common stock. Of the aggregate payments, \$7,500 in cash and 500,000 shares are due upon receipt of regulatory acceptance of the agreement by the TSX Venture Exchange. Subsequent to TSX approval in November, 2012, and pursuant to the agreement, the Company received 500,000 shares of CKR stock. These shares were valued at \$25,000 based upon the closing price of CKR stock on the date the shares were issued. As of December 31, 2012, the market value of these shares was \$12,500. This resulted in an unrealized loss of \$12,500 for the year ended December 31, 2012. We consider the unrealized loss as temporary due to the short length of time the market price for these securities has been below its value on the acquisition date.

### NOTE 5 ACCOUNTS RECEIVABLE

On February 10, 2011, the Company executed an agreement (the "Agreement") to sell a number of its mineral claims in the Slocan Mining District of British Columbia, Canada, to Yardley Mountain Gold Corp ("Yardley") for the aggregate sum of \$93,000 USD. The Agreement provides that Yardley shall pay to North Bay \$10,000 USD within ten (10)

days of execution of the Agreement, \$33,000 USD within three (3) months of the date of the Agreement, and \$50,000 USD on or before June 25, 2011. The parties subsequently agreed to extend the due dates of the second and third payments to August 10, 2011. As of August 11, 2011, cash payments of \$63,000 had been received, and a \$30,000 promissory note due on September 30, 2011, was accepted for the balance due, plus \$982 in reimbursed expenses for claim maintenance. Accordingly, the sale was completed, and title to all of the claims identified in Schedule A of the Agreement has been transferred to Yardley. As of December 31, 2012, the \$30,000 note has been classified as a bad debt, and the \$982 outstanding for reimbursed expenses has been paid. Subsequent to December 31, 2012, Yardley has been released from this obligation.

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## NOTE 6 RUBY MINE ACQUISITION

On September 27, 2010, the Company executed an option-to-purchase agreement with Ruby Development Company (“RDC”), a California partnership, for the acquisition of the Ruby Mine (the “Ruby”) in Sierra County, California. The purchase price is \$2,500,000, which was to be paid in stages extending to December 30, 2012, and which has been extended to June 30, 2013 pursuant to an amendment to the agreement signed on December 12, 2012.

On June 1, 2011, the Company exercised its option to purchase the Ruby Mine and made a final option payment of \$85,000 to open escrow. On July 1, 2011, escrow was closed and the acquisition of the Ruby Mine was completed. During the preceding option period and as of the closing date, the Company has made payments totaling \$510,000 to RDC, consisting of \$360,000 cash and 10,000,000 shares of common stock valued at \$150,000. These payments were credited towards the purchase price, thereby reducing the outstanding principal due to \$1,990,000. In addition, in compliance with the agreement dated September 27, 2010, as amended on January 26, 2011, the Company issued warrants to RDC that gives them the option, until December 31, 2015, of purchasing up to 10 million shares of stock at two cents (\$0.02) per share, and in compliance with a second amendment to the Option Agreement dated April 22, 2011, the Company issued warrants granting RDC the right to purchase 2 million shares of the Company’s common stock at the exercise price of ten cents (\$0.10) per share. These later warrants expire on May 1, 2016.

On the transaction closing date of July 1, 2011, the Company issued a promissory note to RDC for \$1,990,000 plus 3% interest per annum. The note, as amended, is due on or before June 30, 2013. As of December 31, 2012, all monthly payments have been paid, and the outstanding balance due on the note is \$1,774,822. As of the date of this report, the Company remains current in its obligations, and all monthly payments have been made on time. The note is collateralized with all of the assets associated with the Ruby Mine.

Upon the close of the transaction and the transfer of title, as previously set forth in the purchase agreement, the Company acquired all of the real and personal property associated with the Ruby Gold Mine, all of the shares of Ruby Gold, Inc., a private California corporation, and \$171,618 in reclamation bonds securing the permits at the Ruby Mine. Subsequent to the close of the transaction, Ruby Gold, Inc. became a wholly-owned subsidiary of North Bay Resources Inc. The Company has also assumed the reclamation liabilities on the Ruby Mine, for which reclamation bonds are pledged. In addition, a \$2,500 liability from a pre-existing shareholder loan that was outstanding as of the closing date has been extinguished as of the close of escrow.

All costs related to the acquisition of the property have been capitalized when incurred. All other costs have been expensed when incurred. Cash paid during the period ended December 31, 2011 and December 31, 2010 was equal to \$277,006 and \$82,994, respectively. Warrants issued during the periods ended December 31, 2010 and December 31, 2011 were valued at \$149,896 and \$219,940 respectively. Shares paid as of December 31, 2010 were valued at \$150,000. \$2,519 was capitalized to the purchase option during the three months ended March 31, 2011 related to the company’s amendment to extend the term of the 10,000,000 warrants issued to Ruby Development Company from December 31, 2012 to December 31, 2015. The value of the extension was calculated using the Black-Scholes model. In addition, \$219,940 was capitalized to the purchase option during the six months ended June 30, 2011 related to the amendment on April 22, 2011 to issue warrants granting RDC the right to purchase 2 million shares of the Company’s common stock at the exercise price of ten cents (\$0.10) per share. Said warrants are valid until May 1, 2016. The value of the additional warrants was calculated using the Black-Scholes model. On March 6, 2012, the Company issued warrants granting RDC the right to purchase 2 million shares of the Company’s common stock until March 6, 2017 at the exercise price of nine cents (\$0.09) per share, in consideration for reducing the monthly mortgage payments due in January, February, and March, 2012. The fair value of the warrants of \$175,047 was expensed related to this issuance. This value was calculated via the Black-Scholes model.





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## Ruby Mine Purchase Price Allocation

The following table summarizes the purchase price allocation for the transaction. The valuation conclusions include three groups: (i) net current tangible assets, (ii) assumed liabilities, and (iii) goodwill. Individual asset valuations are presented below:

Acquisition Date: 07/01/11

| Allocation of Purchase                 | Price Purchase Allocation |                |
|--|---------------------------|----------------|
|  | Debit                     | Credit         |
| <b>Tangible Assets Acquired</b>        |                           |                |
| Cash/Checking/Savings                  | 5,070                     |                |
| Ruby Gold Mine Claims                  | 1,964,279                 |                |
| Ruby Gold Inc. Certificates of Deposit | 171,618                   |                |
| Property and Equipment                 | 906,329                   |                |
| <b>Total Tangible Assets</b>           | <b>3,047,296</b>          |                |
| <b>Assumed Liabilities</b>             |                           |                |
| Short Term Notes Payable               |                           | 2,500          |
| Asset Retirement Obligation            |                           | 171,618        |
| <b>Total Liabilities</b>               |                           | <b>174,118</b> |
| <b>Net Tangible Assets/Liabilities</b> | <b>2,873,178</b>          |                |
| Goodwill                               | 5,341                     |                |
| <b>Total Net Assets Acquired</b>       | <b>2,878,519</b>          |                |

| Consideration Paid  | Debit    | Credit           |
|---|----------|------------------|
| Cash Paid (Option Agreement & Purchase Agreement) - prior year  | -        | 80,000           |
| Cash Paid (Option Agreement & Purchase Agreement)               | -        | 280,000          |
| Fees Paid Escrow Agent at Closing                               | -        | 2,076            |
| Value of Extension of term for 9/27/10                          |          |                  |
| Warrants issued   | -        | 2,519            |
| Note Payable at closing   | -        | 1,990,000        |
| Warrant (10,000,000 @\$0.02 to 9/27/10 - 12/30/12) - prior year | -        | 149,896          |
| Warrant (2,000,000 @\$0.10 to 4/22/11 - 5/1/16)                 | -        | 219,941          |
| Due diligence fees paid in cash in prior year                   | -        | 4,087            |
| Common Stock valued at \$150,000 - prior year                   | -        | 150,000          |
| <b>Total Consideration Paid</b>                                 | <b>-</b> | <b>2,878,519</b> |



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## NOTE 7 PROPERTY, PLANT, EQUIPMENT AND MINERAL CLAIM ASSETS

As of December 31, 2012 and 2011, components of the Ruby Mine property, plant and equipment and mineral assets were as follows:

|                                     | December 31,<br>2012 | December 31,<br>2011 |
|-------------------------------------|----------------------|----------------------|
| Buildings                           | \$ 558,885           | \$ 558,885           |
| Machinery and equipment             | 119,389              | 119,389              |
| Vehicles                            | 240,514              | 240,514              |
| Total property, plant and equipment | 918,788              | 918,788              |
| Less: impairment expense(2)         | (124,343 )           | (124,343 )           |
| Less: accumulated depreciation(3)   | (159,233 )           | (60,560 )            |
| Property, plant and equipment, net  | \$ 635,212           | \$ 733,885           |
|                                     | December 31,<br>2012 | December 31,<br>2011 |
| Mining claims (1)                   | \$ 1,792,660         | \$ 1,792,660         |
| Asset retirement costs              | 4,828                | 4,904                |
| Total mineral claim assets          | 1,797,488            | 1,797,564            |
| Less: accumulated depletion(3)      | -                    | -                    |
| Mining claims, net                  | \$ 1,797,488         | \$ 1,797,564         |

(1) Upon the completion of the Ruby Mine acquisition on July 1, 2011, the estimated fair value of the mineral rights acquired was fully capitalized.

(2) Following the acquisition of the Ruby Mine on July 1, 2011, an evaluation of the equipment inventory determined that some equipment was obsolete and/or otherwise not in compliance with safety regulations, resulting in an impairment deduction of \$124,343.

(3) Depreciation expense totaled \$137,544 and \$60,560 for the years ended December 31, 2012 and 2011, respectively. Depletion expense totaled \$0 and \$0 for the years ended December 31, 2012 and 2011, respectively.

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## NOTE 8 FINANCING

On June 17, 2010, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received \$17,500 as a loan from Tangiers. The Note is convertible to common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the greater of (a) \$0.001 or (b) eighty percent (80%) of the lowest traded price of common stock out of the ten (10) trading days immediately preceding the conversion date. The Note has a term of one year and accrues interest at a rate equal to 9.9% per year. Conversion rights were waived by the holder from inception of the agreement through July 15, 2010. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$10,726. This value was recorded as a discount on debt and offset to additional paid in capital. During the three months ended March 31, 2011 the note balance of \$17,500 and accrued interest of \$1,225 was settled with conversion into 863,681 shares of common stock. The unamortized portion of the discount at the time of conversion of \$4,937 was fully amortized upon conversion. No gain or loss was recorded for the conversion due to the conversion being within the terms of the convertible debt agreement.

On September 27, 2010, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received \$50,000 as a loan from Tangiers to initiate the acquisition of the Ruby Mine. The Note is convertible to common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the greater of (a) \$0.005 or (b) eighty percent (80%) of the lowest traded price of common stock out of the ten (10) trading days immediately preceding the conversion date. The Note has a term of one year and accrues interest at a rate equal to 9.9% per year. In addition, Tangiers is entitled to 1.5 million 5 year warrants exercisable at \$0.05, with an additional 1 million 5 year warrants exercisable at \$0.05 if the note remains outstanding after 90 days, and is also entitled to a 0.75% non-voting interest in the Ruby Project.

The beneficial conversion feature resulting from the discounted conversion price compared to the market price was calculated based on the date of grant to be \$17,560 after adjusting the effective conversion price for the relative fair value of the note proceeds compared to the fair value of the attached warrants and note. In addition to this discount related to the beneficial conversion feature, an additional discount of \$22,475 was recorded based on the fair value of the 1,500,000 warrants attached to the debt. This value was derived using the Black-Scholes valuation model. The 1,000,000 contingent warrants owed were valued at \$15,000 according to the Black-Scholes model. This value was not recorded initially due to the contingent nature of the issuance. This contingency was resolved ninety days after the note was issued when the note was unpaid. As a result the 1,000,000 warrants were issued. The remaining undiscounted portion of the note was \$9,965. As a result of the value of the warrants exceeding the remaining undiscounted portion of the note, only \$9,965 was recorded as an additional discount from this issuance. During the three months ended March 31, 2011 the note balance of \$50,000 and accrued interest of \$2,495 was settled with conversion into 1,600,467 shares of common stock. The unamortized portion of the discount at the time of conversion of \$36,986 was fully amortized upon conversion. No gain or loss was recorded for the conversion due to the conversion being within the terms of the convertible debt agreement.

On December 30, 2010, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received \$50,000 as a loan from Tangiers for expenses related to our acquisition of the Ruby Mine. The Note is convertible to common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the greater of (a) \$0.005 or (b) seventy percent (70%) of the lowest traded price of common stock out of the ten (10) trading days immediately preceding the conversion date. The Note has a term of nine months and accrues interest at a rate equal to 9.9% per year. In addition, Tangiers is entitled to 500,000 5-year warrants exercisable at \$0.05. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$32,485 on the note, and \$14,195 on the warrants. This value was recorded as a discount on debt and offset to

additional paid in capital. Amortization of the discount was \$15,389 for the three months ended March 31, 2011. On April 1, 2011, \$27,983 of principal on the note was satisfied with conversion into 975,000 shares of common stock. The remaining balance of \$22,017 in principal and \$1,612 in accrued interest was satisfied with conversion into 462,416 shares of common stock on June 1, 2011, and as of June 30, 2011, the debt has been retired. The unamortized portion of the discount at the time of conversion of \$31,163 was fully amortized upon conversion. No gain or loss was recorded for the conversion due to the conversion being within the terms of the convertible debt agreement.

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On January 4, 2011, the Company entered into a Securities Purchase Agreement with Asher Enterprises, Inc. ("Asher"), for the sale of an 8% convertible note in the principal amount of \$50,000 (the "Note"). The Note bears interest at the rate of 8% per annum. All interest and principal must be repaid by the maturity date of October 3, 2011. The Note is convertible into common stock, at Asher's option, at a 45% discount to the average of the three lowest closing bid prices of the common stock during the 10 trading day period prior to conversion, provided that the number of shares to be issued upon conversion cannot result in the recipient holding more than 4.99% of the outstanding number of shares. The discount on the Note from the beneficial conversion feature is \$50,000, and \$32,065 was amortized during the six months ended June 30, 2011. On July 19, 2011, the outstanding \$50,000 principal of the note plus \$1,020 in accrued interest was converted to 557,528 shares of common stock. Accordingly, the Note has been satisfied, and the debt has been retired. The remaining value of the unamortized discount was amortized upon conversion.

The discounts on debt are being amortized straight line over the terms of the convertible notes. The difference between the straight line and effective interest methods is immaterial due to the short term nature of the convertible notes.

On July 1, 2011, upon the acquisition of the Ruby Mine, the Company issued a promissory note to Ruby Development Company ("RDC") for \$1,990,000 plus 3% interest per annum. The note is due on or before June 30, 2013. Monthly payments for the duration of 2011 are \$35,000 per month. Monthly payments as of January 1, 2012, were set to increase to \$85,000 per month. Upon receipt of the Company's EB-5 funding, the Company has agreed to pay RDC 50% of the funding received until the note is paid off in full. In October, 2011, RDC agreed to lower the mortgage payments due in November and December, 2011, to \$10,000 each month. Subsequent to December 31, 2011, RDC agreed to lower the mortgage payments due during FY 2012 to \$10,000 each month. As of December 31, 2011, the outstanding balance due on the note was \$1,889,185. As of December 31, 2012, the outstanding balance due on the note is \$1,774,822, plus \$4,437 in accrued interest. As of the date of this report, the Company remains current in its obligations, and all monthly payments have been made on time. The note is collateralized with all of the assets associated with the Ruby Mine.

During the quarter ended September 30, 2011 the Company repaid \$2,500 to the former owners of Ruby Gold, Inc. as a part of the loans assumed with the acquisition of the Ruby Gold Mine.

On December 29, 2011, the Company entered into two agreements ("the Agreements") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received two \$25,000 loans from Tangiers. As the Agreement specifies, loan proceeds will only be used towards expenses related to the Ruby Mine Project. The Agreement is structured as a \$25,000 Promissory Note (the "Promissory Note"), and a \$25,000 Convertible Promissory Note (the "Convertible Note"). The Promissory Note, as amended, has a maturity date of twenty four (24) months from the Effective Date, and an interest rate on the unpaid principal balance equal to 9.9% per year. The Company shall make cash payments to Tangiers every two (2) weeks beginning January 1, 2012, at a minimum of \$2,500 against the principal and accrued interest until the Promissory Note has been satisfied. The Company has further authorized Tangiers to debit this amount directly from any drawdowns made on Company's existing Equity Line of Credit ("ELOC") with Tangiers. As further consideration, Tangiers shall be entitled to 250,000 5-year warrants to purchase 250,000 shares of our common stock at an exercise price of \$0.115 per share. The value of these warrants was calculated via the Black-Scholes model and was calculated at \$20,568. This value was recorded as a discount on the related note payable. The \$25,000 Convertible Note is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.08 per share, which was the closing market share price on the Effective Date. Due to the conversion price being equal to the closing share price on the grand date no beneficial conversion feature resulted from this issuance. The Note has a term of nine (9) months and accrues interest at a rate equal to 9.9% per year. The Agreement further specifies that there shall be no penalty for prepayment of either the Promissory Note or the Convertible Note. As of December 31, 2011 and 2012, \$0 and \$20,568 of the discount was

amortized, respectively, and the discount has been fully amortized as of December 31, 2012. As of December 31, 2011 and 2012, the outstanding balance due on the Note is \$50,000 and \$27,495 respectively, which includes \$2,495 in accrued interest as of December 31, 2012. The maturity date on the note was extended in 2012 and is now due on December 28, 2013.

On February 2, 2012, the Company entered into two Convertible Promissory Note Agreements ("the Notes", or individually, the "Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received an aggregate of \$100,000 (\$50,000 per Note) as a loan from Tangiers. Each Note, as amended, has a term of twenty four (24) months. Each Note accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.08 per share. As further consideration, Tangiers shall be entitled to 500,000 5-year warrants exercisable at \$0.13. The Notes further specify that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$78,296 on the note, and \$21,704 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was \$90,324 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on the Note is \$109,032, which includes \$9,032 in accrued interest.



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On March 15, 2012, the Company entered into two Convertible Promissory Note Agreements ("the Notes", or individually, the "Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received an aggregate of \$75,000 (\$37,500 per Note) as a loan from Tangiers. Each Note, as amended, has a term of twenty four (24) months. Each Note accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.09 per share. As further consideration, Tangiers shall be entitled to 500,000 5-year warrants exercisable at \$0.09. The Notes further specify that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$34,896 on the note, and \$40,104 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was \$63,771 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on these Notes is \$80,920, which includes \$5,920 in accrued interest.

On May 16, 2012, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received \$50,000 as a loan from Tangiers. The Note, as amended, has a term of twenty four (24) months, accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.06 per share. As further consideration, Tangiers shall be entitled to 150,000 5-year warrants exercisable at \$0.07. The Note further specifies that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$16,241 on the note, and \$9,393 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was \$25,634 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on these Notes is \$53,106, which includes \$3,106 in accrued interest.

On May 30, 2012, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received \$25,000 as a loan from Tangiers. The Note, as amended, has a term of twenty four (24) months, accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.06 per share. As further consideration, Tangiers shall be entitled to 150,000 5-year warrants exercisable at \$0.06. The Note further specifies that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$10,988 on the note, and \$9,380 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was \$20,368 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on this Note is \$26,458, which includes \$1,458 in accrued interest.

On June 19, 2012, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received \$100,000 as a loan from Tangiers. The Note, as amended, has a term of twenty four (24) months, accrues interest at a rate equal to 7% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the lesser of 7 cents or the undiscounted VWAP price on the day prior to conversion, with a floor price of 2 cents. As further consideration, Tangiers shall be entitled to 750,000 5-year warrants exercisable at \$0.07, and 750,000 5-year warrants exercisable at \$0.14. The Note further specifies that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$58,048 on the note, and \$41,952 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was \$45,349 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on this Note is \$103,740, which includes \$3,740 in accrued interest.

On July 11, 2012, the Company issued a \$550,000 Promissory Note ("the Note") to JMJ Financial, ("JMJ", or "the Lender"). The Principal Sum due to the Lender shall be prorated based on the consideration actually paid by the Lender, plus an approximate 10% Original Issue Discount ("OID") that is prorated based on the consideration actually paid by the Lender as well as any other interest or fees, such that the Company is only required to repay the amount funded and the Company is not required to repay any unfunded portion of the Note. The Note has a maturity date of twelve (12) months from the Effective Date. If the Note is repaid within ninety (90) days of the Effective Date, the interest rate shall be zero percent (0%). Should the Note still be outstanding after 90 days, a one-time 5% interest rate will be applied. In addition, the Lender has the right, at any time 90 days after the Effective Date, at its election, to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company. The Conversion Price is the lesser of \$0.10 or 70% of the average of the two lowest closing prices in the 25 trading days previous to the conversion. The consideration received as of December 31, 2012 is \$115,000. Due to the floating conversion price this note had an embedded derivative. The debt discount resulting from the derivative was valued on the date of grant to be \$111,517 on the note. This value was recorded as a discount on debt and offset to derivative liability. In addition there was a \$11,500 discount as a result of the principal owed (\$126,500) exceeding the cash received (\$115,000). This resulted in a total discount of \$123,017. Amortization of the discount was \$58,307 for the twelve months ended December 31, 2012. As of December 31, 2012, the outstanding balance due on this Note is \$132,825, which includes \$6,325 accrued in interest.

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On August 2, 2012, the Company issued a \$100,000 Convertible Promissory Note ("the Note") to Tonaquint, Inc, ("Tonaquint", or "the Lender"). The Note carries a \$10,000 original issue discount (the "OID"), as well as \$3,000 in transaction fees, such that the initial Principal Sum due is \$113,000. The interest rate on the Note is 8% per annum. The Note has a maturity date of nine (9) months from the Effective Date, and has a fixed conversion price of \$0.06. The Note is self-amortizing, such that it may be repaid in cash in three monthly installments of \$37,666.67 plus accrued interest beginning 180 days from the Effective Date. In lieu of cash payments, the Company may elect to convert the note to shares at 70% of the arithmetic average of the three (3) lowest VWAPs of the shares of Common Stock during the ten (10) consecutive Trading Day period immediately preceding the date of such conversion. No conversion can occur prior to 180 days from the Effective Date. In addition, the Company retains the option of pre-paying the Note at any time at an amount equal to 125% of the outstanding principal and the accrued and unpaid interest. In connection with this transaction, a commission has been paid to Carter Terry & Company, a registered broker-dealer, consisting of \$10,000 in cash and 85,000 restricted Rule 144 shares of common stock valued at \$5,620 on the date of issuance. This amount was capitalized to Deferred Financing Costs and amortized over the term of the note. The tainted equity valuation and "OID" totaled \$48,272, and \$32,231 was amortized during the period ended December 31, 2012. \$58,272 of the value was recorded as a discount on debt and \$48,272 was added to the derivative liability. As of December 31, 2012, the outstanding balance due on this Note is \$116,792 which includes \$3,792 in accrued interest.

On October 2, 2012, the Company issued a \$750,000 Promissory Note ("the Note") to Tangiers Investors, LP ("Tangiers", or "the Lender"). The consideration will be received by the Company in tranches of \$50,000 no less than bi-weekly, by mutual consent. The Principal Sum due to the Lender shall be prorated based on the consideration actually paid by the Lender plus any accrued interest, such that the Company is only required to repay the amount funded and the Company is not required to repay any unfunded portion of the Note. The Note has a maturity date of twenty four (24) months from the Effective Date of each tranche. The Note shall accrue interest at a rate of 7% per annum on each \$50,000 tranche independently from other tranches. Unless repaid in cash, the Lender shall have the right to convert all or part of the outstanding and unpaid Principal Sum and accrued interest into shares of fully paid and non-assessable shares of common stock of the Registrant. The Conversion Price shall be the undiscounted volume weighted average price (VWAP) on the day of conversion, subject to a floor price of \$0.0129 per share, and a ceiling price of the undiscounted VWAP on the date prior to each tranche received by the Registrant. In addition, upon conversion, 125,000 5-year warrants for each \$50,000 in Consideration received shall be issued, at an exercise price of 125% of the Conversion Price of each tranche, as applicable. There is no penalty for prepayment, with prepayment subject to the consent of the Lender. As of December 31, 2012, the Company has drawn \$160,000 from this facility. As of December 31, 2012, the outstanding balance due on this Note is \$161,059 which includes \$1,059 in accrued interest.

The following table summarizes all of the Convertible Notes outstanding as of December 31, 2012 and 2011:

|   | December 31,<br>2012 | December 31,<br>2011 |
|---|----------------------|----------------------|
| Mortgage payable – Ruby Mine  | \$ 1,774,822         | \$ 1,889,185         |
| Unsecured note payable with annual interest rate of 8%                | -                    | 25,000               |
| Discount on note payable  | -                    | (20,568 )            |
| Net note payable  | -                    | 4,432                |
| Convertible notes:  |                      |                      |
| Unsecured convertible notes payable with annual interest rate of 9.9% | 275,000              | 25,000               |
| Unsecured convertible notes payable with annual interest rate of 8%   | 113,000              | -                    |

|  |              |           |
|--|--------------|-----------|
| Unsecured convertible notes payable<br>with annual interest rate of 7% | 260,000      | -         |
| Unsecured convertible notes payable<br>with annual interest rate of 5% | 126,500      | -         |
| Discount on convertible notes from<br>derivative valuation             | (166,307 )   | -         |
| Total convertible notes  | 608,193      | 25,000    |
| Total Debt   | \$ 2,383,015 | 1,918,617 |

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## NOTE 9 DERIVATIVE LIABILITIES

On July 11, 2012, the Company borrowed \$100,000 requiring principal repayment of \$110,000 convertible at the lesser of \$0.10 or the average of the two lowest closing prices in the 25 trading days prior to conversion. This note payable contained an embedded derivative liability due to the conversion feature not being considered fixed or determinable. The related derivative liability was valued at issuance and the fair value of \$98,366 was recorded as a derivative liability and debit to debt discount.

In addition to this convertible note all other debt and equity instruments (except for preferred stock) convertible to common stock at the discretion of the holder were considered as a part of the derivative liability due to the tainted equity environment. As of July 11, 2012, these tainted instruments consisted of convertible debt outstanding of \$375,000 and 20,050,000 warrants. These instruments were valued when they became tainted on July 11, 2012. The fair value of the conversion features on the convertible debt of \$83,358 was added to the derivative liability and recorded as a part of the loss on the derivative for the period. The fair value of the warrants was also added to the derivative liability and recorded as a loss on the derivative liability. During the remainder of 2012, the Company issued additional convertible notes totaling \$273,000 which were considered tainted upon issuance. The related derivative liability and debt discount recorded was valued at inception and equal to \$48,272. All instruments with embedded derivative liabilities or included in the derivative liability due to the tainted equity environment were re-valued at December 31, 2012 with all changes flowing through the gain/loss on derivative. The derivative liability related to convertible debt was valued at \$291,208, and the derivative liability related to warrants was \$205,689 as of December 31, 2012.

Prior to December 31, 2012 the Company issued 500,000 shares of common stock for warrants exercised were valued as a part of the tainted equity portion of the derivative liability. The related derivative was marked to market on the settlement according to the lattice valuation and relieved to additional paid in capital for \$49,795.

The following shows the changes in the derivative liability measured on a recurring basis for the year ended December 31, 2012.

|   |           |
|---|-----------|
| Derivative Liability at December 31, 2011   | \$-       |
| Derivative Liability for Convertible Debt (Recorded as discount on debt due to it being a new issuance) | 159,789   |
| Settlement to APIC from Warrants Exercise   | (49,795 ) |
| Loss on Derivative Liability  | 386,833   |
| Derivative Liability at December 31, 2012   | \$496,827 |

The following tabular presentation reflects the components of derivative financial instruments on the Company's balance sheet at December 31, 2012 and December 31, 2011:

|   | December 31,<br>2012 | December 31,<br>2011 |
|---|----------------------|----------------------|
| Derivative Liabilities:                                       |                      |                      |
| Embedded derivative liability in convertible debt             | \$ 82,237            | \$ -                 |
| Derivative liability due to tainted equity – convertible debt | 208,971              | -                    |
| Derivative liability due to tainted equity – warrants         | 205,619              | -                    |
| Total Derivative Liability                                    | \$ 496,827           | \$ -                 |

## NOTE 10 COMMITMENTS AND CONTINGENCIES

During the second quarter of fiscal 2013, the Company discovered it had offered and sold certain shares of common stock without registration under the Securities Act of 1933 (the "Securities Act"), as amended, during the period from October 24, 2011 through April 25, 2013. Pursuant to Section 10(a)(3) of the Securities Act, by the time our prospectus had been in use for 9 months from the effective date of January 24, 2011, the balance sheet date of the audited financial statement contained in our prospectus was more than 16 months old, and had not been refreshed to present our current financial statements within said prospectus. This inadvertent technical failure to update our prospectus according to Section 10(a)(3) of the Securities Act may have caused our prospectus to no longer be effective as of October 24, 2011. As a result, purchasers of these securities may have the right to rescind their purchases for an amount equal to the purchase price paid for the securities, plus interest from the date of purchase, limited to the unregistered shares purchased from the original seller and still held by the original purchaser. The federal Securities Act requires that any claim for rescission be brought within one year of the violation. The time periods within which claims for rescission must be brought under state securities laws vary and may be two years or more from the transaction date. As of the date of this report, approximately 10 million shares of our outstanding common stock are subject to possible rescission. The maximum potential liability as of December 31, 2012 and December 31, 2011 was \$367,490 and \$88,273, respectively. These amounts include interest at 10% per annum from the date of the respective purchases. Due to the shares being redeemable by the holder since their inception, the shares are required to be classified outside of permanent equity on the balance sheet. Since redemption is uncertain and outside of the Company's control the shares are classified within the mezzanine section of the balance sheet at their respective redemption values. Any differences between the cash received and the redemption value was recorded to additional paid in capital. Interest of 10% is being accrued on the values and is recorded through additional paid in capital consistent with the appropriate accounting guidance covering the accounting treatment of mezzanine instruments.

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The following shows the changes in the redeemable common stock from October 24, 2011 through December 31, 2012.

|  |            |
|--|------------|
| Cash received for 880,982 shares issued after October 24, 2011 | \$ 89,000  |
| Mark redeemable common stock down to the redeemable amount     | (974)      |
| Interest on redeemable common stock                            | 247        |
| Redeemable common stock value at December 31, 2011             | \$ 88,273  |
| Cash and note relief received for 3,636,619 shares issued      | 227,000    |
| Mark redeemable common stock up to the redeemable amount       | 29,516     |
| Interest on redeemable common stock                            | 22,701     |
| Redeemable common stock value at December 31, 2012             | \$ 367,490 |

As of December 31, 2012 and December 31, 2011, respectively, the Company does not have any outside commitments, and is not currently leasing any office space. Office space is provided as part of a management agreement with The PAN Network, a private business management and consulting company wholly-owned by the Company's Chief Executive Officer (see Note 15 - Related Party Transactions). The agreement is renewable annually at the discretion of both parties. As a result there are no future payments for our lease beyond the current year contract.

The Company is not and has never been involved in any litigation of any nature, and the Company is not aware of any pending or threatened litigation.

## EB-5

On July 28, 2010, the Company executed an agreement with ACG Consulting, LLC ("ACG") intended to establish a new economic Regional Center ("RC") under the federal EB-5 program (the "EB-5 Program") that will encompass all of Northern California's Gold Country. Once established, the Regional Center is expected to provide full funding for the Company's Ruby Mine Project in Sierra County, California. Terms of the agreement specify that upon filing an application for a new Regional Center with USCIS, North Bay shall pay ACG its share of the startup expenses, which as of December 31, 2011 were \$0. During Q1, 2011, the Company agreed to reimburse ACG \$37,216 in expenses incurred to prepare and file EB-5 applications with USCIS. As of March 31, 2011, \$15,000 of this amount had been paid, and \$22,216 remained outstanding. As of December 31, 2011, \$0 remains outstanding and this account has been paid in full. No shares of Company stock have been or will be issued in connection with this agreement.

The agreement also provides that North Bay will own 49% of the Regional Center, and ACG will own 51%. ACG and North Bay, working together through the Regional Center, will seek to raise up to \$7.5M in EB-5 funding for North Bay's Ruby Mine Project, subject to USCIS approval. ACG will also be an equity partner in each project North Bay may bring into the Regional Center, the amount of which will vary on a deal by deal basis based on the amount of consulting services ACG actually provides. At the present time, no projects other than mining are being considered, and the industry focus for the Regional Center is expected to be limited to mining initially.

Effective October 14, 2010, the Company, together with ACG, entered into a Memorandum of Understanding ("MOU") with Northern California Regional Center, LLC ("NCRC"), whereby NCRC has agreed to expand its scope to include

mining projects in the counties of Sierra and Nevada in Northern California, and together with ACG has agreed to sponsor North Bay's application to secure \$7.5 million for the Ruby Gold project in Sierra County, California, through the EB-5 Program. NCRC was approved on April 22, 2010 by the United States Citizenship and Immigration Services ("USCIS") as a designated EB-5 Regional Center, and is currently approved to sponsor qualifying investments in such capacity within the counties of Colusa; Butte; Glenn; Sacramento; San Joaquin; Shasta; Sutter; Tehama; Yuba; and Yolo in the State of California (the "Regional Center's Geographic Area"). Pursuant to its regional center designation, NCRC may sponsor qualifying investments in certain industry economic sectors that do not currently include mining. The agreement with North Bay and ACG calls for NCRC to seek USCIS approval for an expansion of NCRC's Regional Center Geographic Area (the "Expansion") to include Sierra County, where the Ruby Mine is located, and for approval to include mining within its designated industry sectors (the "Mining Designation"). These applications have been filed with USCIS, and are currently being reviewed. Upon approval of the Expansion and Mining Designation by USCIS, NCRC will then be permitted to sponsor qualified investments in North Bay's Ruby Gold project under the EB-5 Program. Under the terms of the agreement, NCRC will receive a \$5,000 fee for each investor whose minimum \$500,000 investment is approved by USCIS. In addition, upon the Ruby Gold project receiving the aggregate sum of \$7,500,000 through the EB-5 Program, NCRC shall be entitled to an undivided one and one half percent (1.5%) interest in the Ruby Gold project. No shares of Company stock have been or will be issued in connection with this agreement, and the entire EB-5 funding is expected to be non-dilutive to shareholders.

On July 19, 2011, the NCRC Expansion Amendment, which includes the Mining Designation and pre-approval of the Ruby Gold project as a qualified EB-5 project, was formally approved by USCIS. As of the date of this report, the EB-5 funding is still pending and has not been completed.

#### NOTE 11 STOCK SPLITS

On February 18, 2005, the Company effected a 4 for 1 forward stock split of our common shares. On March 12, 2006, and on February 7, 2008, the Company effected 1 for 10 reverse stock splits. All information presented herein has been retrospectively adjusted to reflect these stock splits as they took place as of the earliest period presented.



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## NOTE 12 INCOME TAXES

As of December 31, 2012 and 2011, the Company had net operating loss carry-forwards totaling approximately \$3,129,410 and \$2,138,602, respectively, that begin to expire in 2025. The carry-forward losses and the related deferred tax benefit are significantly limited by the provisions of Internal Revenue Code Section 382. The Company's taxable losses and temporary differences created a deferred tax asset before valuation allowances of approximately \$1,165,226 and \$1,460,510 at December 31, 2012 and 2011, respectively. Due to the Company determining that it will not likely realize the deferred tax asset, a full valuation allowance has been taken to reduce the deferred tax asset to zero as of December 31, 2012 and 2011, respectively.

In 2012 and 2011, the primary difference between financial statement reporting and taxable income (loss) was expenses not deductible for tax purposes including non-cash share based payments issued for services, amortization of discounts on debt, and gains from non-cash exchanges of \$929,020 and \$711,999, respectively. Temporary differences between financial statement reporting loss and taxable loss were due to differences in timing of recognition for expenses related to deferred compensation and depreciation of fixed assets.

The deferred tax assets as of December 31, 2012 and 2011 are as follows:

|  | 2012         | 2011         |
|--|--------------|--------------|
| Deferred Tax Asset:  |              |              |
| Net Operating Loss Carryforwards   | \$2,138,602  | \$1,804,852  |
| Current Year Net Operating Loss/(Gain)                                   | 990,808      | 333,750      |
| Total Operating Loss Carryforward  | 3,129,410    | 2,138,602    |
| Enacted Future Tax Rate  | 35           | % 35 %       |
| Deferred Tax Asset for NOL   | 1,095,294    | 748,511      |
| Deferred Tax Asset for Temporary Differences Between Book and Tax Income | 69,932       | 711,999      |
| Gross Deferred Tax Asset   | 1,165,226    | 1,460,510    |
| Valuation Allowance  | (1,165,226 ) | (1,460,510 ) |
| Net Deferred Tax Asset   | -            | -            |

## NOTE 13 DEFERRED COMPENSATION/NQDC

The Company has adopted an unfunded Non-Qualified Deferred Compensation (NQDC) plan to compensate our Chief Executive Officer. Under this plan, the Company is not required to reserve funds for compensation, and is only obligated to pay compensation when and if funds are available. Any amounts due but unpaid automatically accrue to deferred compensation. The plan has the option to be renewed annually at the discretion of the Company. While unfunded and non-recourse, for compliance with GAAP this is disclosed as an accrued expense on the balance sheet. On April 28, 2011, the Company issued two million (2,000,000) shares of common stock to our Chief Executive Officer to reduce the aggregate amount of deferred compensation owed to him by \$180,000. The shares were valued at the closing market price of our common stock on the date of issuance. As of December 31, 2012 and December 31, 2011, the outstanding balance of the NQDC plan is \$884,474 and \$784,474, respectively.

In 2007, 2008, and 2009, our Chief Executive Officer was awarded restricted stock bonuses for deferring accrued salary. The value of common shares were based on the market closing price on the day of issuance, and the value of preferred shares were valued via a valuation model generated by an independent valuation expert, as follows:

| Date      | Type of Stock | Number of Shares | Value      |
|-----------|---------------|------------------|------------|
| 2/12/2007 | Preferred     | 100              | \$ 101,000 |

|            |           |            |    |         |
|------------|-----------|------------|----|---------|
| 2/9/2007   | Common    | 250,000    | \$ | 31,250  |
| 12/21/2007 | Common    | 10,000,000 | \$ | 900,000 |
| 12/16/2008 | Common    | 2,500,000  | \$ | 50,000  |
| 8/11/2009  | Preferred | 4,100,000  | \$ | 253,785 |

## NOTE 14 ASSET RETIREMENT OBLIGATIONS

Provisions for site closure and reclamation costs are based principally on legal and regulatory requirements established by various government agencies, principally Sierra County, California, the US Forest Service, and the California Dept. of Conservation Office of Mine Reclamation (OMR). Under current regulations, the Company is required to meet performance standards to minimize the environmental impact from its operations and to perform site restoration and other closure activities at its mining and development sites. The exact nature of environmental remediation requirements that may be encountered in the future, if any, cannot be predicted with certainty, because environmental requirements currently established by government agencies may change.

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The following table illustrates the inputs used to calculate the current Asset Retirement Obligation as of December 31, 2012.

|   |            |                                |
|---|------------|--------------------------------|
| Cost estimate for reclamation work at today's cost                    | \$ 172,914 |                                |
| Estimated life of mine (years)  | 50         |                                |
| Risk adjusted rate (borrowing rate)                                   | 9.9        | %                              |
| Estimated inflation rate  | 2.4        | %                              |
|   |            | Asset Retirement<br>Obligation |
| Estimated asset retirement obligation at time of acquisition (7/1/11) | \$ 171,618 |                                |
| Accretion Expense   | 243        |                                |
| Revisions to asset retirement obligation                              | (166,714 ) |                                |
| Asset retirement obligation at 12/31/11                               | \$ 5,147   |                                |
| Accretion Expense   | 513        |                                |
| Revisions to asset retirement obligation                              | (76 )      |                                |
| Asset retirement obligation at 12/31/12                               | \$ 5,584   |                                |

## NOTE 15 RELATED PARTY TRANSACTIONS

In August 2009, the Board of Directors approved and the Company executed a management agreement with The PAN Network ("PAN"), a private business management and consulting company wholly-owned by the Company's Chief Executive Officer. The agreement is in consideration of \$18,000 per month, and calls for PAN to provide (a) office and board room space, including reception, utilities, landline phone/fax, computers, copiers, projectors, and miscellaneous services; (b) financial services, including accounting, corporate filing and bookkeeping; (c) project and administrative services; (d) resource targeting, acquisition, development and management services; (e) marketing services, communications, marketing materials management, and writing services; (f) strategic planning, milestone management and critical path analysis; and (g) online services, including web site hosting, web site design, web site maintenance, and email services. The agreement includes Mr. Leopold's salary of \$15,000 per month, which will accrue entirely to deferred compensation during any period in which the commitment remains unpaid. The term of the agreement is one year, and automatically renews annually on January 1 each year unless otherwise terminated by either party.

In 2008, the Company was to receive \$100,000 in joint-venture payments from Hidalgo Mining International Inc. (OTC: HMIT) pursuant to joint-venture agreements on the Company's Silver Leaf and Gold Hill Project properties. The Company elected to accept payment in shares of HMIT stock and received a total of 9,875,214 shares. In October 2009, the joint-ventures with Hidalgo were terminated, and by agreement the Company retained its shares of HMIT. As of December 31, 2009, the Company has taken an impairment charge and written down the value of the shares to \$3,950. The loss was realized and classified as Other Expenses due to the Company's determination that the devaluation of the shares was "other than temporary". Hidalgo has since ceased operations as a mining company, and has become Verde Media Group Inc. as the result of a reverse merger in December 2009. As there was no reason to continue holding the HMIT shares, on June 14, 2010, the HMIT shares were transferred to CEO Perry Leopold and applied towards deferred compensation reduction. The shares were valued at \$13,825 as their fair market value on the day of transfer. The deferred compensation relieved was \$12,838. The excess value of shares transferred over deferred compensation relieved was expensed for \$987 due to it being considered as additional compensation to the CEO. A gain of \$9,875 was realized on the transaction due to the change in value of the stock from December 31, 2009 to the transfer date.



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NOTE 16 SHARE ISSUANCES SINCE JUNE 18, 2004 (INCEPTION)

In 2004, the Company issued an aggregate of 320,000 shares of common stock and 1,200,000 shares of preferred stock as Founders shares to the Company Founders. The preferred stock was convertible to common stock at a rate of one common share per two preferred shares. The shares were valued at their par value which was equal to \$1,520.

In 2004, the Company issued an aggregate of 320,000 shares of common stock and 1,200,000 shares of preferred stock to the Company Officers and Directors upon the merger of Ultimate Jukebox, Inc. and NetMusic Corp. The preferred stock was convertible to common stock at a rate of one common share per two preferred shares. The shares were valued at their par value which was equal to \$1,520.

Prior to 2008, the Company issued an aggregate of 12,005,491 shares of common stock for services rendered and exploration stage mining properties. The shares were valued at \$5,100,667, based on the market price on the date of grant.

Prior to 2008, the Company issued an aggregate of 2,574,127 shares of common stock to convert debt to equity. The shares were valued at \$2,510,825 based on the market price on the date of issuance. Any differences between the value of the shares issued and the debt relieved were recorded as a gain or loss on conversion.

Prior to 2008, the Company issued an aggregate of 302,643 shares of common stock in private placements. The consideration received was \$522,700.

Prior to 2008, the Company purchased back and retired 200,000 shares at a net cost of \$2,000.

Prior to 2008, the Company received a contribution of \$164,371 from a shareholder to pay expenses for mineral claim exploration.

Prior to 2008, the Company issued 100 shares of Series I Preferred stock to our Chief Executive Officer, Mr. Perry Leopold, as an anti-takeover measure to insure that Mr. Leopold maintains control of the Company during periods when the Company's stock may be severely undervalued and subject to hostile takeover in the open market. As specified in the Certificate of Designation filed by the Company with the Delaware Secretary of State in February 2007, "the outstanding shares of Series I Preferred Stock shall vote together with the shares of Common Stock of the Corporation as a single class and, regardless of the number of shares of Series I Preferred Stock outstanding and as long as at least one of such shares of Series I Preferred Stock is outstanding, shall represent eighty percent (80%) of all votes entitled to be voted at any annual or special meeting of shareholders of the Corporation or action by written consent of shareholders. Each outstanding share of the Series I Preferred Stock shall represent its proportionate share of the 80% which is allocated to the outstanding shares of Series I Preferred Stock." The value of the Series I Preferred shares was valued at \$101,000 according to the value of the control premium from 80% of the voting rights assigned to Series I Preferred stock.

Prior to 2008, the Company converted 2,400,000 shares of Convertible Series A preferred stock to 1,200,000 shares of common stock. The shares were convertible at a ratio of one share of common stock per two shares of preferred stock.

Prior to 2008, a non-convertible note payable from a third party totaling \$50,000 with a 20% interest rate, maturing thirty days from the note date, was converted into 1,250,000 shares of common stock. During the same period, a non-convertible note payable from a third party totaling \$12,000 with a 10% interest rate, maturing one year from the note date, was converted into 100,000 shares of common stock. The aggregate shares were valued according to the closing market price on their respective conversion dates at \$121,500.

Prior to 2008, beneficial conversion features related to convertible notes payable totaling \$62,000 were recorded. The entire discount was expensed in the year ended December 31, 2007 due to the conversion of the note prior to year end.

During 2008, the Company received a contribution of \$10,000 from a shareholder for mineral claim maintenance.

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During 2008, the Company issued an aggregate of 5,500,000 shares of common stock for services rendered. The shares were valued at \$230,000, based on the market price on the date of grant.

During 2008, the Company issued 2,275,000 shares of common stock in a private placement. The consideration received was \$10,000.

During 2009, the Company issued 4,000,000 shares of Series A Preferred stock, and 100,000 shares of Series G Preferred stock to our Chief Executive Officer as a bonus for services rendered. Each share of Series A Preferred has 10 votes per share and is convertible to 5 shares of common. The Series G Preferred stock has no voting rights, and each share is convertible to 1/100 of an ounce of gold, or 20 shares of common. The conversion of the Series G Preferred stock into gold can only be exercised by the holder if the company has gold inventory at the time of conversion. The conversion value of the shares was \$253,785 based on the value of the closing price of the common stock the preferred shares were convertible into on the day of issuance, plus the value of the control premium from voting rights assigned to the preferred share issuances.

During 2009, the Company issued an aggregate of 21,800,000 shares of common stock in private placements. The consideration received was \$173,000.

During 2009, the Company issued an aggregate of 10,000,000 shares of common stock to a private investor to reduce the balance due of deferred compensation to the Chief Executive Officer by \$100,000. The deferred compensation was assigned by the Chief Executive Officer to the private investor in lieu of cash, and the assigned liability was immediately converted to equity by the investor. The value of the shares issued according to the market price on the date of issuance was \$187,500. The difference between the value of the deferred compensation and the value of the shares issued was recorded as a loss on conversion.

During 2009, the Company issued an aggregate of 2,500,000 shares of common stock for services rendered. The shares were valued at \$29,750, based on the market price on the date of grant.

During 2009, the Company secured \$5 Million in financing under an equity line of credit with Tangiers Investors, LP ("Tangiers") to fund the Company's operations and prospective mining acquisitions. North Bay has entered into a Securities Purchase Agreement with Tangiers that provides North Bay the right, but not the obligation, to draw down on the equity line of credit by selling to Tangiers shares of the Company's common stock for a total purchase price of up to \$5 Million. Tangiers will pay the Company 90% of the lowest volume weighted average price of the Company's common stock during the pricing period as quoted by Bloomberg, LP on the Over-the-Counter Bulletin Board ("OTCBB"). Tangiers' obligation to purchase shares of the Company's common stock under the Securities Purchase Agreement is subject to certain conditions, including the Company obtaining an effective registration statement for shares of the Company's common stock sold under the Securities Purchase Agreement and is limited to \$100,000 per 10 consecutive trading days after the advance notice is provided to Tangiers. Upon signing the Securities Purchase Agreement, the Company has agreed to issue Tangiers \$85,000 in restricted stock as a one-time commitment fee. This was classified as Stock Payable at December 31, 2009 and valued at \$115,310, based on the closing market price of our common stock as of October 7, 2009, the date the contract was signed. Subsequently, the Company issued 6,589,147 shares of restricted common stock on January 20, 2010 to satisfy this obligation.

During 2010, the Company issued 6,589,147 shares of restricted common stock to Tangiers Investors, LP ("Tangiers") as a one-time commitment fee in compliance with the October 7, 2009 agreement with Tangiers. The value of these shares was recorded in 2009 as a stock payable due to the obligation existing at that time. Due to the instrument to be only settled with the issuance of shares, no gain or loss was recorded with the issuance in 2010, and the full value of the stock payable was relieved to common stock and additional paid-in capital.

During 2010, the Company issued 5,000,000 shares of common stock in a Rule 504 private placement. The consideration received was \$50,000.

During 2010, the Company issued 10 million shares of common stock to Ruby Development Company as part of the initial consideration for the signing of an option-to-purchase agreement on the Ruby Mine. The market value of these shares as of the date the contract was executed was \$150,000. This amount was capitalized to Other Assets due to it being a part of the Ruby Mine Purchase Option costs.



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During 2011, the Company registered 19,726,822 shares of our common stock with the SEC for issuance to Tangiers Investors LP ("Tangiers") pursuant to an equity line of credit ("ELOC") and Securities Purchase Agreement ("SPA") entered into with Tangiers on October 7, 2009. Pursuant to the terms of the SPA, the Company has the right, but not the obligation, to draw down on the ELOC by selling to Tangiers shares of the Company's common stock for a total purchase price of up to \$5 Million. Tangiers will pay the Company 90% of the lowest volume weighted average price of the Company's common stock during the 5-day pricing period immediately following any advance notice provided to Tangiers. Advances are limited to \$100,000 per 10 consecutive trading days after the advance notice is provided to Tangiers. As of December 31, 2011, the Company has issued an aggregate of 10,314,967 of these registered shares to Tangiers, in consideration of \$857,000. The Company issued 880,982 shares after October 24, 2011. As noted within footnote 10, the shares issued after this date were considered unregistered and re-classified to temporary equity based on the potential cash redemption to the investor.

During 2011, the Company issued 863,681 shares of common stock to satisfy a Convertible Promissory Note Agreement dated June 17, 2010 with Tangiers pursuant to which the Company received \$17,500 as a loan from Tangiers. The total amount satisfied on conversion was \$18,725, consisting of \$17,500 in principal plus \$1,225 in accrued interest. The note was converted according to the terms of the agreement and therefore no gain or loss was recorded on the conversion.

During 2011, the Company issued 1,600,467 shares of common stock to satisfy a Convertible Promissory Note Agreement dated September 27, 2010 with Tangiers pursuant to which the Company received \$50,000 as a loan from Tangiers. The total amount satisfied on conversion was \$52,495, consisting of \$50,000 in principal plus \$2,495 in accrued interest. The note was converted according to the terms of the agreement and therefore no gain or loss was recorded on the conversion.

During 2011, the Company issued 42,857 shares of common stock for geological services rendered. The shares were valued at \$3,000, based on the closing market price on the date of grant.

During 2011, the Company issued an aggregate of 1,437,416 shares of common stock to a Convertible Promissory Note Agreement dated December 30, 2010 with Tangiers pursuant to which the Company received \$50,000 as a loan from Tangiers. The total amount satisfied on conversion was \$51,612, consisting of \$50,000 in principal plus \$1,612 in accrued interest. The note was converted according to the terms of the agreement and therefore no gain or loss was recorded on the conversion.

During 2011, the Company issued 550,000 shares common stock as a settlement on a 2009 consulting agreement. The shares were valued at \$62,095 based on the closing market price on the day of the grant. This value was recorded as a loss on settlement during 2011.

During 2011, the Company issued 2 million shares of common stock to our Chief Executive Officer to relieve \$180,000 in accrued deferred compensation. The shares were valued at the closing market price on the day of the grant, and were equal in value to the accrued salary relieved.

During 2011, the Company issued 111,112 shares common stock to Fred Michini as directors compensation of \$10,000. The shares were valued at the closing market price on the day of grant.

During 2011, the Company issued an aggregate of 557,528 shares of common stock to fully satisfy and retire a Convertible Note dated January 4, 2011 with Asher Enterprises, Inc. ("Asher") pursuant to which the Company received \$50,000 as a loan from Asher. The total amount satisfied on conversion was \$51,020, consisting of \$50,000 in principal and \$1,020 in accrued interest. The note was converted according to the terms of the agreement and therefore no gain or loss was recorded on the conversion.

During 2011, the Company accepted a notice of exercise on 500,000 warrants issued to Tangiers Investors, LP on December 30, 2010 that were attached to a convertible promissory note agreement dated December 30, 2010. The exercise price was \$0.05 per shares, and the Company received \$25,000 upon the exercise. 500,000 shares of common stock have not yet been issued, and are accounted for as stock payable.

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During 2012, the Company issued 26,650 shares of common stock for geological services rendered. The shares were valued at \$4,000, based on the closing market price on the date of invoice.

During 2012, the Company cancelled all outstanding shares of the Series G Convertible Preferred Stock and filed a Certificate of Elimination of the Series G Convertible Preferred Stock with the Secretary of State of the State of Delaware to eliminate entirely the Series G Convertible Preferred stock designation from our Certificate of Incorporation. The cancellation was initiated at the request of the sole shareholder of the Series G Preferred, and \$100 was recorded to additional paid in capital.

During 2012, the Company issued a \$100,000 Convertible Promissory Note ("the Note") to Tonaquint, Inc, ("Tonaquint", or "the Lender"). The Note carries a \$10,000 original issue discount (the "OID"), as well as \$3,000 in transaction fees, such that the initial Principal Sum due is \$113,000. The interest rate on the Note is 8% per annum. The Note has a maturity date of nine (9) months from the Effective Date, and has a fixed conversion price of \$0.06. The Note is self-amortizing, such that it may be repaid in cash in three monthly installments of \$37,666.67 plus accrued interest beginning 180 days from the Effective Date. In lieu of cash payments, the Company may elect to convert the note to shares at 70% of the arithmetic average of the three (3) lowest VWAPs of the shares of Common Stock during the ten (10) consecutive Trading Day period immediately preceding the date of such conversion. No conversion can occur prior to 180 days from the Effective Date. In addition, the Company retains the option of pre-paying the Note at any time at an amount equal to 125% of the outstanding principal and the accrued and unpaid interest.

During 2012, and in connection with the above mentioned Tonaquint transaction, a commission has been paid to Carter Terry & Company, a registered broker-dealer, consisting of \$10,000 in cash and 85,000 restricted Rule 144 shares of common stock. The shares were valued at \$5,610 based on the closing market price on the date of grant. This value is being amortized over the term of the related note agreement.

During 2012, the Company issued 3,636,619 shares of common stock previously registered with the SEC for issuance to Tangiers Investors LP ("Tangiers") pursuant to a Securities Purchase Agreement entered into with Tangiers on October 7, 2009, in consideration of cash received of \$227,000. Related to the consideration received, \$201,464 was received in cash, and the remaining \$25,536 was applied as principal and interest to retire a \$25,000 note payable to Tangiers dated December 30, 2011. As noted within footnote 10, these shares were considered unregistered and re-classified to temporary equity based on the potential cash redemption to the investor.

During 2012, the Company issued 90,000 restricted shares of common stock for services rendered. The shares were valued at \$6,660, based on the closing market price on the date of grant.

During 2012, the Company issued 500,000 shares that had been previously recorded as stock payable pursuant to a notice of exercise received in 2011 on 500,000 warrants issued to Tangiers Investors, LP on December 30, 2010. The exercise price was \$0.05 per shares, and the Company received \$25,000 upon the exercise.

## NOTE 17      WARRANTS

Ten million warrants were issued to Ruby Development Company on September 27, 2010 as a part of the purchase option agreement for the Ruby Mine. The fair value of the warrants of \$149,896 was capitalized related to this issuance. On January 26, 2011, the Ruby Mine purchase option was amended, and the term of said warrants was increased from two years to 5 years, and the fair value of the warrants was increased by \$2,519 to \$152,415. This value was calculated via the Black-Scholes model. The key inputs for the initial valuation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.015 |
|---------------------------------|----|-------|

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|                            |    |       |
|----------------------------|----|-------|
| Exercise Price of Warrants | \$ | 0.02  |
| Term of Warrants (years)   |    | 2.26  |
| Computed Volatility        |    | 440%  |
| Annual Dividends           |    | 0.00% |
| Discount Rate              |    | 0.44% |

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Two and a half million warrants were issued to Tangiers Investors, LP on September 27, 2010 that were attached to a convertible promissory note agreement for \$50,000. The fair value of 1,500,000 of the warrants of \$22,475 was recorded as a discount on the convertible note payable upon issuance. The remaining 1,000,000 warrants had a fair value of \$14,195. \$9,965 was recorded as an additional discount related to these warrants based on the contingency resulting in their issuance being resolved, and the remaining undiscounted portion of the convertible note being equal to \$9,965. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.015 |
| Exercise Price of Warrants      | \$ | 0.05  |
| Term of Warrants (years)        |    | 5.00  |
| Computed Volatility             |    | 440%  |
| Annual Dividends                |    | 0.00% |
| Discount Rate                   |    | 1.31% |

Five hundred thousand warrants were issued to Tangiers Investors, LP on December 30, 2010 that were attached to a convertible promissory note agreement for \$50,000. The fair value of 500,000 of the warrants of \$14,195 was recorded as a discount on the convertible note payable upon issuance. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.029 |
| Exercise Price of Warrants      | \$ | 0.05  |
| Term of Warrants (years)        |    | 5.00  |
| Computed Volatility             |    | 375%  |
| Annual Dividends                |    | 0.00% |
| Discount Rate                   |    | 2.06% |

Two million warrants were issued to Ruby Development Company on April 22, 2011 as a part of an amendment to the purchase option agreement for the Ruby Mine. The fair value of the warrants of \$219,940 was capitalized related to this issuance. This value was calculated via the Black-Scholes model. The key inputs for the initial valuation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.11  |
| Exercise Price of Warrants      | \$ | 0.10  |
| Term of Warrants (years)        |    | 5.00  |
| Computed Volatility             |    | 324%  |
| Annual Dividends                |    | 0.00% |
| Discount Rate                   |    | 2.12% |

250,000 warrants were issued to Tangiers Investors, LP on December 29, 2011 that were attached to a convertible promissory note agreement for \$25,000. The fair value of the warrants of \$20,568 was recorded as a discount to the related debt. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.08  |
| Exercise Price of Warrants      | \$ | 0.115 |
| Term of Warrants (years)        |    | 5.00  |
| Computed Volatility             |    | 158%  |
| Annual Dividends                |    | 0.00% |

Discount Rate

0.83%

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500,000 warrants were issued to Tangiers Investors, LP on February 2, 2012 as part of a loan agreement for \$100,000. The fair value of the warrants was \$52,779. The total of the warrants and beneficial conversion feature was recorded as a discount on debt up to the principal amount owed. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.12  |
| Exercise Price of Warrants      | \$ | 0.13  |
| Term of Warrants (years)        |    | 5.00  |
| Computed Volatility             |    | 157%  |
| Annual Dividends                |    | 0.00% |
| Discount Rate                   |    | 1.04% |

Two million warrants were issued to Ruby Development Company on March 6, 2012 in consideration for reducing monthly mortgage payments for the Ruby Mine. The fair value of the warrants of \$175,047 was expensed related to this issuance. This value was calculated via the Black-Scholes model. The key inputs for the initial valuation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.095 |
| Exercise Price of Warrants      | \$ | 0.09  |
| Term of Warrants (years)        |    | 5.00  |
| Computed Volatility             |    | 155%  |
| Annual Dividends                |    | 0.00% |
| Discount Rate                   |    | 0.83% |

500,000 warrants were issued to Tangiers Investors, LP on March 15, 2012 as part of a loan agreement for \$75,000. The fair value of the warrants was \$45,268. The total of the warrants and beneficial conversion feature was recorded as a discount on debt up to the principal amount owed. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.098 |
| Exercise Price of Warrants      | \$ | 0.09  |
| Term of Warrants (years)        |    | 5.00  |
| Computed Volatility             |    | 155%  |
| Annual Dividends                |    | 0.00% |
| Discount Rate                   |    | 1.33% |

150,000 warrants were issued to Tangiers Investors, LP on May 16, 2012 as part of a loan agreement for \$50,000. The fair value of the warrants was \$9,411. The total of the warrants and beneficial conversion feature was recorded as a discount on debt up to the principal amount owed. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.07  |
| Exercise Price of Warrants      | \$ | 0.07  |
| Term of Warrants (years)        |    | 5.00  |
| Computed Volatility             |    | 145%  |
| Annual Dividends                |    | 0.00% |
| Discount Rate                   |    | 0.75% |





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150,000 warrants were issued to Tangiers Investors, LP on May 30, 2012 as part of a loan agreement for \$25,000. The fair value of the warrants was \$9,421. The total of the warrants and beneficial conversion feature was recorded as a discount on debt up to the principal amount owed. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.07  |
| Exercise Price of Warrants      | \$ | 0.06  |
| Term of Warrants (years)        |    | 5.00  |
| Computed Volatility             |    | 142%  |
| Annual Dividends                |    | 0.00% |
| Discount Rate                   |    | 0.69% |

750,000 warrants exercisable at \$0.07 were issued to Tangiers Investors, LP on June 19, 2012 as part of a loan agreement for \$100,000. The fair value of the warrants was \$49,978. The total of the warrants and beneficial conversion feature was recorded as a discount on debt up to the principal amount owed. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.075 |
| Exercise Price of Warrants      | \$ | 0.07  |
| Term of Warrants (years)        |    | 5.00  |
| Computed Volatility             |    | 140%  |
| Annual Dividends                |    | 0.00% |
| Discount Rate                   |    | 0.71% |

750,000 warrants exercisable at \$0.14 were issued to Tangiers Investors, LP on June 19, 2012 as part of a loan agreement for \$100,000. The fair value of the warrants was \$47,431. The total of the warrants and beneficial conversion feature was recorded as a discount on debt up to the principal amount owed. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

|                                 |    |       |
|---------------------------------|----|-------|
| Stock Price on Measurement Date | \$ | 0.075 |
| Exercise Price of Warrants      | \$ | 0.14  |
| Term of Warrants (years)        |    | 5.00  |
| Computed Volatility             |    | 140%  |
| Annual Dividends                |    | 0.00% |
| Discount Rate                   |    | 0.71% |

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A summary of activity related to the Company's warrant activity for the period from December 31, 2009 through December 31, 2012 is presented below:

|                                     | Number<br>Outstanding | Weighted<br>Average<br>Exercise Price<br>Per Share | Weighted<br>Average<br>Remaining<br>Contractual<br>Life (Years) |
|-------------------------------------|-----------------------|--|---|
| Outstanding at December 31,<br>2009 | -                     | -  | -   |
| Granted                             | 13,000,000            | 0.024  | 2.62  |
| Exercised                           | -                     | -  | -   |
| Canceled/forfeited/expired          | -                     | -  | -   |
| Outstanding at December 31,<br>2010 | 13,000,000            | 0.024  | 2.62  |
| Granted                             | 2,250,000             | 0.10   | 5.00  |
| Exercised(2)                        | -                     | -  | -   |
| Canceled/forfeited/expired          | -                     | -  | -   |
| Outstanding at December 31,<br>2011 | 15,250,000            | 0.037  | 3.75(1)   |
| Granted                             | 4,800,000             | 0.10   | 5.00  |
| Exercised                           | (500,000)             | 0.05   | -   |
| Canceled/forfeited/expired          | -                     | -  | -   |
| Outstanding at December 31,<br>2012 | 19,550,000            | 0.045  | 3.75(1)   |

(1) Primary reason for change related to a January 26, 2011 amendment to the Ruby Mine Option Agreement whereby the term of the warrants issued to Ruby Development Company were extended from 2 years to 5 years.

## NOTE 18 SUBSEQUENT EVENTS

Subsequent to December 31, 2012, the Company issued 1,864,357 shares of common stock previously registered with the SEC for issuance to Tangiers Investors LP ("Tangiers") pursuant to a Securities Purchase Agreement entered into with Tangiers on October 7, 2009, as amended, in consideration of \$59,000.

Subsequent to December 31, 2012 and pursuant to four partial conversion notices received, the Company issued an aggregate of 3,500,000 shares of common stock of the Company to satisfy \$80,787 of the principal and interest due on a Promissory Note ("the Note") dated July 11, 2012 with JMJ Financial, ("JMJ"). As of the date of this report, the remaining amount outstanding on the Note, including accrued interest and Original Issue Discount, is \$107,288. 500,000 shares issued were valued at \$0.028 per share, 1,000,000 shares issued were valued at \$0.02205 per share, 1,100,100 shares were valued at \$0.02177 per share, and 900,000 shares were valued at \$0.0231 per share, which in each instance pursuant to the terms of the Note was equal to 70% of the average of the two lowest closing prices of our common stock in the 25 trading days immediately preceding the conversion dates.

## NOTE 19 RESTATEMENT OF THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011, AND PERIODS ENDED MARCH 31, JUNE 30 AND SEPTEMBER 30, 2012

The Company has restated its annual financial statements from amounts previously reported for the years ended December 31, 2012 and December 31, 2011.

The Company has determined that certain development and construction costs related to the Ruby Mine that were capitalized on our Consolidated Balance Sheets must be expensed in full on our Consolidated Statements of Operations. In addition to restating the annual audited statements as of December 31, 2011, the Company has included restatements of all unaudited quarterly financial statements for the year ended December 31, 2012.

These restatements also reclassify as temporary equity certain issuances of unregistered common stock issued during the time period from October 24, 2011 through December 31, 2012 and which may be deemed to be redeemable. These shares have been moved to the mezzanine portion of our balance sheet at their redemption values.

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## CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2012 AND DECEMBER 31, 2011

|   | Dec 31, 2012<br>As Previously<br>Reported | Adjustments | As<br>Restated   | Dec 31, 2011<br>As Previously<br>Reported | Adjustments      | As<br>Restated   |
|---|---|-------------|------------------|---|------------------|------------------|
| <b>ASSETS</b>   |   |             |                  |   |                  |                  |
| Current Assets  |   |             |                  |   |                  |                  |
| Cash  | \$ 42,008                                 | -           | 42,008           | \$ 129,888                                | -                | 129,888          |
| Accounts Receivable   |   |             |                  |   |                  |                  |
|   | -   | -           | -                | 982                                       | -                | 982              |
| Total Current Assets  | 42,008                                    | -           | 42,008           | 130,870                                   | -                | 130,870          |
| Other Assets  |   |             |                  |   |                  |                  |
| Certificates of Deposit   |   |             |                  |   |                  |                  |
|   | 172,499                                   | -           | 172,499          | 171,875                                   | -                | 171,875          |
| Deferred Financing Costs, net                                     |   |             |                  |   |                  |                  |
|   | 14,471                                    | -           | 14,471           | -   | -                | -                |
| Goodwill  |   |             |                  |   |                  |                  |
|   | -   | -           | -                | 5,341                                     | -                | 5,341            |
| Mining Claims – Unproved  |   |             |                  |   |                  |                  |
|   | 1,797,488                                 | -           | 1,797,488        | 1,891,845                                 | (94,281 )        | 1,797,564        |
| Property, Plant & Equipment, net of accumulated depreciation      |   |             |                  |   |                  |                  |
|   | 635,212                                   | -           | 635,212          | 733,885                                   | -                | 733,885          |
| Other Assets Available For Sale                                   |   |             |                  |   |                  |                  |
| Securities  | 12,550                                    | -           | 12,550           | -   | -                | -                |
| Reclamation Bond – Fraser River                                   |   |             |                  |   |                  |                  |
|   | 2,000                                     | -           | 2,000            | -   | -                | -                |
| Total Other Assets  | 2,634,220                                 | -           | 2,634,220        | 2,806,946                                 | (94,281 )        | 2,712,665        |
| <b>TOTAL ASSETS</b>   | <b>\$ 2,676,228</b>                       | <b>-</b>    | <b>2,676,228</b> | <b>\$ 2,937,816</b>                       | <b>(94,281 )</b> | <b>2,843,535</b> |
| <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>           |   |             |                  |   |                  |                  |
| Liabilities   |   |             |                  |   |                  |                  |
| Current Liabilities   |   |             |                  |   |                  |                  |
| Accounts Payable  | \$ 56,617                                 | -           | 56,617           | \$ 5,942                                  | -                | 5,942            |
| Accrued Expenses  |   |             |                  |   |                  |                  |
| - Related Party   | 884,474                                   | -           | 884,474          | 784,474                                   | -                | 784,474          |
| Accrued Expenses – Ruby Mine                                      |   |             |                  |   |                  |                  |
|   | 12,250                                    | -           | 12,250           | -   | -                | -                |
| Accrued Interest  |   |             |                  |   |                  |                  |
|   | 41,363                                    | -           | 41,363           | -   | -                | -                |
| Convertible notes payable (net of discounts of \$166,307 and \$0, |   |             |                  |   |                  |                  |
|   | 608,193                                   | -           | 608,193          | 25,000                                    | -                | 25,000           |

respectively)

|   |              |   |           |              |   |           |
|---|--------------|---|-----------|--------------|---|-----------|
| Deferred Gain   | 9,835        | - | 9,835     | -            | - | -         |
| Derivative Liability  | 496,827      | - | 496,827   | -            | - | -         |
| Note Payable – Ruby Mine Mortgage                                 | 1,774,822    | - | 1,774,822 | 1,889,185    | - | 1,889,185 |
| Note Payable (net of discounts of \$0 and \$20,568, respectively) | -            | - | -         | 4,432        | - | 4,432     |
| Total Current Liabilities   | 3,884,381    | - | 3,884,381 | 2,709,033    | - | 2,709,033 |
| Long-Term Liabilities   |              |   |           |              |   |           |
| Asset Retirement Obligation                                       | 5,584        | - | 5,584     | 5,147        | - | 5,147     |
| Total Long-Term Liabilities                                       | 5,584        | - | 5,584     | 5,147        | - | 5,147     |
| Total Liabilities   | \$ 3,889,965 | - | 3,889,965 | \$ 2,714,180 | - | 2,714,180 |

## Commitment &amp; Contingencies

|  |      |         |         |   |        |        |
|--|------|---------|---------|---|--------|--------|
| Common shares subject to redemption, stated at estimated redemption value, 4,517,601 and 880,982 shares outstanding at December 31, 2012 and December 31, 2011, respectively | \$ - | 367,490 | 367,490 | - | 88,273 | 88,273 |
| Total Commitment & Contingencies   | \$ - | 367,490 | 367,490 | - | 88,273 | 88,273 |

Stockholders' Equity (Deficit)  
Preferred stock, Series I, \$0.001 par value, 100 shares authorized, 100 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively

|  |       |   |       |       |   |       |
|--|-------|---|-------|-------|---|-------|
|  | 4,000 | - | 4,000 | 4,000 | - | 4,000 |
|--|-------|---|-------|-------|---|-------|

Convertible Preferred stock, Series A, \$0.001 par value, 8,000,000 shares authorized, 4,000,000 and 4,000,000 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively

Convertible Preferred stock, Series G, \$0.001 par value, 0 and 1,500,000 shares authorized at December 31, 2012 and December 31, 2011, respectively, 0 and 100,000 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively

|   |   |   |     |   |     |
|---|---|---|-----|---|-----|
| - | - | - | 100 | - | 100 |
|---|---|---|-----|---|-----|

Common stock, \$0.001 par value, 250,000,000 shares authorized, 97,485,130 and 96,783,480 shares issued and outstanding at December 31, 2012 and December 31, 2011, respectively

|         |          |        |        |        |        |
|---------|----------|--------|--------|--------|--------|
| 102,003 | (4,518 ) | 97,485 | 97,664 | (881 ) | 96,783 |
|---------|----------|--------|--------|--------|--------|

Additional Paid-In Capital

|            |            |            |            |           |            |
|------------|------------|------------|------------|-----------|------------|
| 12,168,608 | (362,972 ) | 11,805,636 | 11,358,733 | (87,392 ) | 11,271,341 |
|------------|------------|------------|------------|-----------|------------|

Stock Payable

|   |   |   |        |   |        |
|---|---|---|--------|---|--------|
| - | - | - | 25,000 | - | 25,000 |
|---|---|---|--------|---|--------|

Accumulated Other Comprehensive Income

|           |   |           |   |   |   |
|-----------|---|-----------|---|---|---|
| (12,500 ) | - | (12,500 ) | - | - | - |
|-----------|---|-----------|---|---|---|

Deficit Accumulated During Exploration Stage

|               |            |               |               |            |               |
|---------------|------------|---------------|---------------|------------|---------------|
| (13,475,848 ) | -          | (13,475,848 ) | (11,261,861 ) | (94,281 )  | (11,356,142 ) |
| (1,213,737 )  | (367,490 ) | (1,581,227 )  | 223,636       | (182,554 ) | 41,082        |

Total Stockholders'  
Equity (Deficit)

TOTAL

LIABILITIES,  
COMMITMENTS &  
CONTINGENCIES,  
&

STOCKHOLDERS'

|                  |              |   |           |              |           |
|------------------|--------------|---|-----------|--------------|-----------|
| EQUITY (DEFICIT) | \$ 2,676,228 | - | 2,676,228 | \$ 2,937,816 | 2,843,535 |
|------------------|--------------|---|-----------|--------------|-----------|

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## CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEAR ENDING DECEMBER 31, 2011

|  | 12 months<br>ended<br>December 31,<br>2011 | Adjustments | As restated |
|--|--|-------------|-------------|
| Revenues   |  |             |             |
| Retail Sales (revenue prior to change to mining company in 2006) | \$ -                                       | \$ -        | \$ -        |
| Cost of Revenue  | -  | -           | -           |
| Gross Loss   | -  | -           | -           |
| Operating Expenses   |  |             |             |
| Commissions & Consulting Fees                                    | 43,216                                     | -           | 43,216      |
| General & Administrative Costs                                   | 345,451                                    | -           | 345,451     |
| Mining Property Costs  | 170,856                                    | 94,281      | 265,137     |
| Impairment Expense   | 124,343                                    | -           | 124,343     |
| Accretion Expense  | 243  | -           | 243         |
| Depreciation Expense   | 60,560                                     | -           | 60,560      |
| Professional Services  | 52,970                                     | -           | 52,970      |
| Total Operating Expenses   | 797,639                                    | 94,281      | 891,920     |
| Net Operating Loss   | (797,639)                                  | (94,281)    | (891,920)   |
| Other Income (Expenses)  |  |             |             |
| Gain on Mineral Claim Sales                                      | 103,500                                    | -           | 103,500     |
| Gain on Joint-Ventures   | -  | -           | -           |
| Impairment Expense   | -  | -           | -           |
| Interest Income  | 532  | -           | 532         |
| Interest Expense   | (166,748)                                  | -           | (166,748)   |
| Loss on Conversion of Debt                                       | -  | -           | -           |
| Bad Debt Expense   | (29,018)                                   | -           | (29,018)    |
| Accretion Expense  | -  | -           | -           |
| Other Expense  | -  | -           | -           |
| Loss on Settlement   | (62,095)                                   | -           | (62,095)    |
| Realized Gain (Loss) on Investment                               | -  | -           | -           |
| Gain (Loss) on Derivative Liability                              | -  | -           | -           |
| Net Other Income (Expenses)                                      | (153,829)                                  | -           | (153,829)   |
| Net Loss   | (951,468)                                  | (94,281)    | (1,045,749) |
| Excess Cash Received Compared to Redeemable Amount of Stock      | -  | 974         | 974         |
| Interest on Redeemable Common Stock                              | -  | (247)       | (247)       |
| Net Loss Attributable to Common Shareholders                     | (951,468)                                  | (93,554)    | (1,045,022) |
| WEIGHTED AVG NUMBER OF SHARES OUTSTANDING (Basic)                | 91,479,959                                 | -           | 91,479,959  |
| Basic Net Gain (Loss) per Share                                  | \$ (0.01)                                  | -           | \$ (0.01)   |
| WEIGHTED AVG NUMBER OF SHARES OUTSTANDING (Diluted)              | 91,479,959                                 | -           | 91,479,959  |
| Diluted Net Gain (Loss) per Share                                | \$ (0.01)                                  | -           | \$ (0.01)   |





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## CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDING DECEMBER 31, 2012

|  | 12 months<br>ended<br>December 31,<br>2012 | Adjustments | As restated |
|--|--|-------------|-------------|
| Revenues   |  |             |             |
| Revenue  | \$ -                                       | \$ -        | \$ -        |
| Cost of Revenue                                  | -  | -           | -           |
| Gross Profit                                     | -  | -           | -           |
| Operating Expenses                               |  |             |             |
| Commissions & Consulting Fees                    | 9,000                                      |             | 9,000       |
| General & Administrative Costs                   | 339,524                                    | -           | 339,524     |
| Mining Property Costs                            | 591,926                                    | -           | 591,926     |
| Depreciation Expense                             | 98,673                                     | -           | 98,673      |
| Impairment Expense                               | 5,341                                      | -           | 5,341       |
| Accretion Expense                                | 513  | -           | 513         |
| Professional Services                            | 79,714                                     | -           | 79,714      |
| Total Operating Expenses                         | 1,124,691                                  | -           | 1,124,691   |
| Net Operating Loss                               | (1,124,691)                                | -           | (1,124,691) |
| Other Income (Expenses)                          |  |             |             |
| Gain on Mineral Claim Sales                      | 4,500                                      |             | 4,500       |
| Other Income from Mineral Claims                 | 32,500                                     | -           | 32,500      |
| Interest Income                                  | 831  | -           | 831         |
| Interest Expense                                 | (644,773)                                  | -           | (644,773)   |
| Gain/Loss on Derivative Liability                | (386,833)                                  | -           | (386,833)   |
| Loss on Conversion of Debt                       | -  | -           | -           |
| Bad Debt (Expense) / Recovery                    | 982  | -           | 982         |
| Loss on Settlement                               | -  | -           | -           |
| Other Expense                                    | (2,222)                                    | -           | (2,222)     |
| Realized Gain (Loss) on Investment               | -  | -           | -           |
| Net Other Income (Expenses)                      | (995,015)                                  | -           | (995,015)   |
| Loss From Continuing Operations                  | (2,119,706)                                | -           | (2,119,706) |
| Loss From Discontinued Operations                | -  | -           | -           |
| Net Loss   | (2,119,706)                                | -           | (2,119,706) |
| Accretion of Discount on Redeemable Common Stock | -  | (29,516)    | (29,516)    |
| Interest on Redeemable Common Stock              | -  | (22,701)    | (22,701)    |
| Net Loss Attributable to Common Shareholders     | (2,119,706)                                | (52,217)    | (2,171,923) |
| Unrealized Loss on Available For Sale Securities | (12,500)                                   | -           | (12,500)    |
| Total Comprehensive Loss                         | (2,132,206)                                |             | (2,184,423) |
| WEIGHTED AVG NUMBER OF SHARES                    |  |             |             |
| OUTSTANDING (Basic)                              | 99,799,411                                 | -           | 99,799,411  |
| Basic Net Gain (Loss) per Share                  | \$ (0.02)                                  | -           | \$ (0.02)   |

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## CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2012 (Unaudited)

|   | Mar 31, 2012<br>(as reported) | Adjustments         | As Restated         |
|---|-------------------------------|---------------------|---------------------|
| <b>ASSETS</b>   |                               |                     |                     |
| Current Assets  |                               |                     |                     |
| Cash  | \$ 118,734                    | -                   | \$ 118,734          |
| Accounts Receivable   | -                             | -                   | -                   |
| Total Current Assets  | 118,734                       | -                   | 118,734             |
| Other Assets  |                               |                     |                     |
| Certificates of Deposit   | 172,133                       | -                   | 172,133             |
| Goodwill  | 5,341                         | -                   | 5,341               |
| Mining Claims - Unproved  | 2,004,295                     | (206,550)           | 1,797,745           |
| Property, Plant & Equipment, net of accumulated depreciation  | 707,700                       | -                   | 707,700             |
| Purchase Option - Taber Mine  | 10,000                        | -                   | 10,000              |
| Reclamation Bond Deposit – Fraser River   | 2,000                         | -                   | 2,000               |
| Total Other Assets  | 2,901,469                     | (206,550)           | 2,694,919           |
| <b>TOTAL ASSETS</b>   | <b>\$ 3,020,203</b>           | <b>\$ (206,550)</b> | <b>\$ 2,813,653</b> |
| <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>   |                               |                     |                     |
| Liabilities   |                               |                     |                     |
| Current Liabilities   |                               |                     |                     |
| Accounts Payable  | \$ 30,976                     | -                   | \$ 30,976           |
| Accrued Expenses - related party  | 812,474                       | -                   | 812,474             |
| Accrued Interest  | 3,348                         | -                   | 3,348               |
| Convertible notes payable (net of discount of \$146,198)  | 53,802                        | -                   | 53,802              |
| Note Payable (net of discount of \$4,069)   | 5,931                         | -                   | 5,931               |
| Note Payable – Ruby Mine Mortgage   | 1,873,275                     | -                   | 1,873,275           |
| Total Current Liabilities   | 2,779,806                     | -                   | 2,779,806           |
| Long-Term Liabilities   |                               |                     |                     |
| Asset Retirement Obligation   | 5,198                         | -                   | 5,198               |
| Total Long-Term Liabilities   | 5,198                         | -                   | 5,198               |
| Total Liabilities   | \$ 2,785,004                  | -                   | \$ 2,785,004        |
| Commitment & Contingencies  |                               |                     |                     |
| Common shares subject to redemption, stated at estimated redemption value, 1,914,491 and 880,982 shares outstanding at March 31, 2012 and December 31, 2011, respectively | -                             | 189,904             | 189,904             |
| Total Commitment & Contingencies  |                               |                     |                     |
| Stockholders' Equity (Deficit)  |                               |                     |                     |
| Preferred stock, Series I, \$0.001 par value, 100 shares authorized, 100 shares issued and outstanding at March 31, 2012  | -                             | -                   |                     |
| Convertible Preferred stock, Series A, \$0.001 par value, 8,000,000 shares authorized, 4,000,000 shares issued and outstanding at March 31, 2012                          | 4,000                         | -                   | 4,000               |

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|  |              |           |              |
|--|--------------|-----------|--------------|
| Convertible Preferred stock, Series G, \$0.001 par value,<br>1,500,000 shares authorized, 100,000 shares issued and<br>outstanding at March 31, 2012 | 100          | -         | 100          |
| Common stock, \$0.001 par value, 250,000,000 shares<br>authorized, 96,810,130 shares issued and outstanding at March<br>31, 2012                     | 98,725       | (1,915)   | 96,810       |
| Additional Paid-In Capital   | 11,796,219   | (187,989) | 11,608,230   |
| Stock Payable  | 25,000       | -         | 25,000       |
| Deficit Accumulated During Exploration Stage   | (11,688,845) | (206,550) | (11,895,395) |
| Total Stockholders' Equity (Deficit)   | 235,199      | (396,454) | (161,255)    |
| TOTAL LIABILITIES, COMMITMENTS &<br>CONTINGENCIES, & STOCKHOLDERS' EQUITY<br>(DEFICIT)   | \$ 3,020,203 | (206,550) | \$ 2,813,653 |

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## CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTH PERIOD ENDING MARCH 31, 2012 (Unaudited)

|  | 3 months<br>ended March<br>31, 2012<br>(as reported) | Adjustments | As Restated |
|--|--|-------------|-------------|
| Revenues   |  |             |             |
| Retail Sales (revenue prior to change to mining company in 2006) | \$ -   | -           | \$ -        |
| Cost of Revenue  | -  | -           | -           |
| Gross Loss   | -  | -           | -           |
| Operating Expenses   |  |             |             |
| Commissions & Consulting Fees                                    | -  | -           | -           |
| General & Administrative Costs                                   | 93,585   | -           | 93,585      |
| Mining Property Costs  | 55,846   | 112,269     | 168,115     |
| Impairment Expense   | -  | -           | -           |
| Accretion Expense  | -  | -           | -           |
| Depreciation Expense   | 26,185   | -           | 26,185      |
| Professional Services  | 18,500   | -           | 18,500      |
| Total Operating Expenses   | 194,116  | 112,269     | 306,385     |
| Net Operating Loss   | (194,116)  | (112,269)   | (306,385)   |
| Other Income (Expenses)  |  |             |             |
| Gain on Mineral Claim Sales                                      | 4,500  | -           | 4,500       |
| Gain on Joint-Ventures   | -  | -           | -           |
| Impairment Expense   | -  | -           | -           |
| Interest Income  | 545  | -           | 545         |
| Interest Expense   | (62,739)   | -           | (62,739)    |
| Loss on Conversion of Debt                                       | -  | -           | -           |
| Bad Debt Expense   | -  | -           | -           |
| Accretion Expense  | (127)  | -           | (127)       |
| Other Expense  | (175,047)  | -           | (175,047)   |
| Loss on Settlement   | -  | -           | -           |
| Realized Gain (Loss) on Investment                               | -  | -           | -           |
| Gain (Loss) on Derivative Liability                              | -  | -           | -           |
| Net Other Income (Expenses)                                      | (232,868)  | -           | (232,868)   |
| Net Loss   | (426,984)  | (112,269)   | (539,253)   |
| Accretion of Discount on Redeemable Common Stock                 | -  | (14,606)    | (14,606)    |
| Interest on Redeemable Common Stock                              | -  | (2,525)     | (2,525)     |
| Net Loss Attributable to Common Shareholders                     | (426,984)  | (129,400)   | (556,384)   |
| WEIGHTED AVG NUMBER OF SHARES OUTSTANDING                        |  |             |             |
| (Basic)  | 98,127,893   |             |             |
| Basic Net Loss per Share   | \$ (0.00)  |             | \$ (0.01)   |
| WEIGHTED AVG NUMBER OF SHARES OUTSTANDING                        |  |             |             |
| (Diluted)  | 98,127,893   |             | 98,127,893  |
| Diluted Net Loss per Share                                       | \$ (0.00)  |             | \$ (0.01)   |



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## CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2012 (Unaudited)

|  | Jun 30, 2012<br>(as reported) | Adjustments         | As Restated         |
|--|-------------------------------|---------------------|---------------------|
| <b>ASSETS</b>  |                               |                     |                     |
| Current Assets   |                               |                     |                     |
| Cash   | \$ 110,388                    | -                   | \$ 110,388          |
| Accounts Receivable  | -                             | -                   | -                   |
| Total Current Assets   | 110,388                       | -                   | 110,388             |
| Other Assets   |                               |                     |                     |
| Certificates of Deposit  | 172,255                       | -                   | 172,255             |
| Goodwill   | 5,341                         | -                   | 5,341               |
| Mining Claims - Unproved   | 2,110,387                     | (312,898)           | 1,797,489           |
| Property, Plant & Equipment, net of accumulated depreciation   | 681,515                       | -                   | 681,515             |
| Purchase Option - Taber Mine   | 16,000                        | -                   | 16,000              |
| Reclamation Bond Deposit – Fraser River  | 2,000                         | -                   | 2,000               |
| Total Other Assets   | 2,987,498                     | (312,898)           | 2,674,600           |
| <b>TOTAL ASSETS</b>  | <b>\$ 3,097,886</b>           | <b>\$ (312,898)</b> | <b>\$ 2,784,988</b> |
| <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>  |                               |                     |                     |
| Liabilities  |                               |                     |                     |
| Current Liabilities  |                               |                     |                     |
| Accounts Payable   | \$ 44,638                     | -                   | \$ 44,638           |
| Accrued Expenses - related party   | 828,474                       | -                   | 828,474             |
| Accrued Interest   | 10,823                        | -                   | 10,823              |
| Convertible notes payable (net of discount of \$213,201)   | 161,798                       | -                   | 161,798             |
| Note Payable (net of discount of \$0)  | -                             | -                   | -                   |
| Note Payable – Ruby Mine Mortgage  | 1,857,245                     | -                   | 1,857,245           |
| Total Current Liabilities  | 2,902,978                     | -                   | 2,902,978           |
| Long-Term Liabilities  |                               |                     |                     |
| Asset Retirement Obligation  | 5,274                         | -                   | 5,274               |
| Total Long-Term Liabilities  | 5,274                         | -                   | 5,274               |
| Total Liabilities  | \$ 2,908,252                  | -                   | \$ 2,908,252        |
| Commitment & Contingencies   |                               |                     |                     |
| Common shares subject to redemption, stated at estimated redemption value, 2,817,774 and 880,982 shares outstanding at June 30, 2012 and December 31, 2011, respectively | -                             | 260,193             | 260,193             |
| Total Commitment & Contingencies   |                               |                     |                     |
| Stockholders' Equity (Deficit)   |                               |                     |                     |
| Preferred stock, Series I, \$0.001 par value, 100 shares authorized, 100 shares issued and outstanding at June 30, 2012  | -                             | -                   | -                   |
| Convertible Preferred stock, Series A, \$0.001 par value, 8,000,000 shares authorized, 4,000,000 shares issued and outstanding at June 30, 2012                          | 4,000                         | -                   | 4,000               |
|  | 100                           | -                   | 100                 |

Convertible Preferred stock, Series G, \$0.001 par value,  
1,500,000 shares authorized, 100,000 shares issued and  
outstanding at June 30, 2012

|   |              |           |              |
|---|--------------|-----------|--------------|
| Common stock, \$0.001 par value, 250,000,000 shares<br>authorized, 96,810,130 shares issued and outstanding at June<br>30, 2012 | 99,628       | (2,818)   | 96,810       |
| Additional Paid-In Capital  | 11,999,318   | (257,375) | 11,741,943   |
| Stock Payable   | 25,000       | -         | 25,000       |
| Deficit Accumulated During Exploration Stage  | (11,938,412) | (312,898) | (12,251,310) |
| Total Stockholders' Equity (Deficit)  | 189,634      | (573,091) | (383,457)    |
| TOTAL LIABILITIES, COMMITMENTS &<br>CONTINGENCIES, & STOCKHOLDERS' EQUITY<br>(DEFICIT)  | \$ 3,097,886 | (312,898) | \$ 2,784,988 |



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## CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND SIX MONTH PERIODS ENDING JUNE 30, 2012 (Unaudited)

|   | 3 months<br>ended<br>June 30,<br>2012 | Adjustments | As Restated | 6 months<br>ended<br>June30, 2012 | Adjustments | As Restated |
|---|---------------------------------------|-------------|-------------|-----------------------------------|-------------|-------------|
| Revenues  |                                       |             |             |                                   |             |             |
| Retail Sales<br>(revenue prior to<br>change to mining<br>company in 2006) | \$ -                                  | -           | \$ -        | \$ -                              | -           | \$ -        |
| Cost of Revenue   | -                                     | -           | -           | -                                 | -           | -           |
| Gross Loss  | -                                     | -           | -           | -                                 | -           | -           |
| Operating<br>Expenses   |                                       |             |             |                                   |             |             |
| Commissions &<br>Consulting Fees  | 6,000                                 | -           | 6,000       | 6,000                             | -           | 6,000       |
| General &<br>Administrative<br>Costs                                      | 72,701                                | -           | 72,701      | 166,286                           | -           | 166,286     |
| Mining Property<br>Costs  | 32,687                                | 106,349     | 139,036     | 88,533                            | 218,617     | 307,150     |
| Impairment<br>Expense   | -                                     | -           | -           | -                                 | -           | -           |
| Accretion<br>Expense  | -                                     | -           | -           | -                                 | -           | -           |
| Depreciation<br>Expense   | 26,185                                | -           | 26,185      | 52,370                            | -           | 52,370      |
| Professional<br>Services  | 6,750                                 | -           | 6,750       | 25,250                            | -           | 25,250      |
| Total Operating<br>Expenses   | 144,323                               | 106,349     | 250,672     | 338,439                           | 218,617     | 557,056     |
| Net Operating<br>Loss   | (144,323)                             | (106,349)   | (250,672)   | (338,439)                         | (218,617)   | (557,056)   |
| Other Income<br>(Expenses)  |                                       |             |             |                                   |             |             |
| Gain on Mineral<br>Claim Sales  | -                                     | -           | -           | 4,500                             | -           | 4,500       |
| Gain on<br>Joint-Ventures   | -                                     | -           | -           | -                                 | -           | -           |
| Impairment<br>Expense   | -                                     | -           | -           | -                                 | -           | -           |
| Interest Income   | (120)                                 | -           | (120)       | 425                               | -           | 425         |
| Interest Expense  | (105,048)                             | -           | (105,048)   | (167,787)                         | -           | (167,787)   |
| Loss on<br>Conversion of<br>Debt  | -                                     | -           | -           | -                                 | -           | -           |

|   |            |           |            |            |           |            |
|---|------------|-----------|------------|------------|-----------|------------|
| Bad Debt Expense                                    | -          | -         | -          | -          | -         | -          |
| Accretion Expense                                   | (76)       | -         | (76)       | (203)      | -         | (203)      |
| Other Expense                                       | -          | -         | -          | (175,047)  | -         | (175,047)  |
| Loss on Settlement                                  | -          | -         | -          | -          | -         | -          |
| Realized Gain (Loss) on Investment                  | -          | -         | -          | -          | -         | -          |
| Gain (Loss) on Derivative Liability                 | -          | -         | -          | -          | -         | -          |
| Net Other Income (Expenses)                         | (105,244)  | -         | (105,244)  | (338,112)  | -         | (338,112)  |
| Net Loss  | (249,567)  | (106,349) | (355,916)  | (676,551)  | (218,617) | (895,168)  |
| Accretion of Discount on Redeemable Common Stock    | -          | (6,836)   | (6,836)    | -          | (21,442)  | (21,442)   |
| Interest on Redeemable Common Stock                 | -          | (5,453)   | (5,453)    | -          | (7,978)   | (7,978)    |
| Net Loss Attributable to Common Shareholders        | (249,567)  | (118,638) | (368,205)  | (676,551)  | (248,037) | (924,588)  |
| WEIGHTED AVG NUMBER OF SHARES OUTSTANDING (Basic)   | 99,296,795 | -         | 99,296,795 | 98,712,344 | -         | 98,712,344 |
| Basic Net Loss per Share                            | \$ (0.00)  | -         | \$ (0.00)  | \$ (0.01)  | -         | \$ (0.01)  |
| WEIGHTED AVG NUMBER OF SHARES OUTSTANDING (Diluted) | 99,296,795 | -         | 99,296,795 | 98,712,344 | -         | 98,712,344 |
| Diluted Net Loss per Share                          | \$ (0.00)  | -         | \$ (0.00)  | \$ (0.01)  | -         | \$ (0.01)  |

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## CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2012 (Unaudited)

|   | Sep 30, 2012<br>(as reported) | Adjustments      | As Restated         |
|---|-------------------------------|------------------|---------------------|
| <b>ASSETS</b>   |                               |                  |                     |
| <b>Current Assets</b>   |                               |                  |                     |
| Cash  | \$ 70,726                     | -                | \$ 70,726           |
| Accounts Receivable   | -                             | -                | -                   |
| <b>Total Current Assets</b>   | <b>70,726</b>                 | <b>-</b>         | <b>70,726</b>       |
| <b>Other Assets</b>   |                               |                  |                     |
| Certificates of Deposit   | 172,378                       | -                | 172,378             |
| Deferred Financing Costs, net   | 21,131                        | -                | 21,131              |
| Goodwill  | 5,341                         | -                | 5,341               |
| Mining Claims - Unproved  | 2,187,207                     | (389,718)        | 1,797,489           |
| Property, Plant & Equipment, net of accumulated depreciation  | 660,083                       | -                | 660,083             |
| Purchase Option - Taber Mine  | 22,000                        | -                | 22,000              |
| Reclamation Bond Deposit – Fraser River   | 2,000                         | -                | 2,000               |
| <b>Total Other Assets</b>   | <b>3,070,140</b>              | <b>(389,718)</b> | <b>2,680,422</b>    |
| <b>TOTAL ASSETS</b>   | <b>\$ 3,140,866</b>           | <b>(389,718)</b> | <b>\$ 2,751,148</b> |
| <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>   |                               |                  |                     |
| <b>Liabilities</b>  |                               |                  |                     |
| <b>Current Liabilities</b>  |                               |                  |                     |
| Accounts Payable  | \$ 31,165                     | -                | \$ 31,165           |
| Accrued Expenses - related party  | 850,474                       | -                | 850,474             |
| Accrued Interest  | 18,513                        | -                | 18,513              |
| Convertible notes payable (net of discount of \$240,325)  | 357,675                       | -                | 357,675             |
| Note Payable (net of discount of \$0)   | -                             | -                | -                   |
| Derivative Liability  | 585,498                       | -                | 585,498             |
| Note Payable – Ruby Mine Mortgage   | 1,841,095                     | -                | 1,841,095           |
| <b>Total Current Liabilities</b>  | <b>3,684,420</b>              | <b>-</b>         | <b>3,684,420</b>    |
| <b>Long-Term Liabilities</b>  |                               |                  |                     |
| Asset Retirement Obligation   | 5,350                         | -                | 5,350               |
| <b>Total Long-Term Liabilities</b>  | <b>5,350</b>                  | <b>-</b>         | <b>5,350</b>        |
| <b>Total Liabilities</b>  | <b>\$ 3,689,770</b>           | <b>-</b>         | <b>\$ 3,689,770</b> |
| <b>Commitment &amp; Contingencies</b>   |                               |                  |                     |
| Common shares subject to redemption, stated at estimated redemption value, 3,602,492 and 880,982 shares outstanding at September 30, 2012 and December 31, 2011, respectively | -                             | 314,757          | 314,757             |
| <b>Total Commitment &amp; Contingencies</b>   |                               |                  |                     |
| <b>Stockholders' Equity (Deficit)</b>   |                               |                  |                     |
| Preferred stock, Series I, \$0.001 par value, 100 shares authorized, 100 shares issued and outstanding at September 30, 2012  | -                             | -                | -                   |
|   | 4,000                         | -                | 4,000               |

|  |              |           |              |
|--|--------------|-----------|--------------|
| Convertible Preferred stock, Series A, \$0.001 par value,<br>8,000,000 shares authorized, 4,000,000 shares issued and<br>outstanding at September 30, 2012 |              |           |              |
| Convertible Preferred stock, Series G, \$0.001 par value, 0 and<br>1,500,000 shares authorized, 0 issued and outstanding at<br>September 30, 2012          | -            | -         | -            |
| Common stock, \$0.001 par value, 250,000,000 shares<br>authorized, 96,895,130 shares issued and outstanding at<br>September 30, 2012                       | 100,498      | (3,603)   | 96,895       |
| Additional Paid-In Capital   | 12,047,659   | (311,154) | 11,736,505   |
| Stock Payable  | 25,000       | -         | 25,000       |
| Deficit Accumulated During Exploration Stage   | (12,726,061) | (389,718) | (13,115,779) |
| Total Stockholders' Equity (Deficit)   | (548,904)    | (704,475) | (1,253,379)  |
| TOTAL LIABILITIES, COMMITMENTS &<br>CONTINGENCIES, & STOCKHOLDERS' EQUITY<br>(DEFICIT)   | \$ 3,140,866 | (389,718) | \$ 2,751,148 |

Table of ContentsCONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND NINE MONTH PERIODS  
ENDING SEPTEMBER 30, 2012 (Unaudited)

|   | 3 months<br>ended<br>Sept 30, 2012<br>(as reported) |             |             | 9 months<br>ended<br>Sept 30,<br>2012<br>(as reported) |             |             |
|---|---|-------------|-------------|--|-------------|-------------|
|   | Adjustments   | As Restated | Adjustments | As Restated  | Adjustments | As Restated |
| Revenues  |   |             |             |  |             |             |
| Retail Sales<br>(revenue prior to<br>change to mining<br>company in 2006) | \$ -  | \$ -        | \$ -        | \$ -   | \$ -        | \$ -        |
| Cost of Revenue   | -   | -           | -           | -  | -           | -           |
| Gross Loss  | -   | -           | -           | -  | -           | -           |
| Operating<br>Expenses   |   |             |             |  |             |             |
| Commissions &<br>Consulting Fees  | -   | -           | -           | 6,000  | -           | 6,000       |
| General &<br>Administrative<br>Costs                                      | 85,640  | -           | 85,640      | 251,926  | -           | 251,926     |
| Mining Property<br>Costs  | 63,326  | 76,820      | 140,146     | 151,859  | 295,437     | 447,296     |
| Impairment<br>Expense   | -   | -           | -           | -  | -           | -           |
| Accretion<br>Expense  | -   | -           | -           | -  | -           | -           |
| Depreciation<br>Expense   | 21,432  | -           | 21,432      | 73,802   | -           | 73,802      |
| Professional<br>Services  | 10,922  | -           | 10,922      | 36,172   | -           | 36,172      |
| Total Operating<br>Expenses   | 181,320   | 76,820      | 258,140     | 519,759  | 295,437     | 815,196     |
| Net Operating<br>Loss   | (181,320)   | (76,820)    | (258,140)   | (519,759)  | (295,437)   | (815,196)   |
| Other Income<br>(Expenses)  |   |             |             |  |             |             |
| Gain on Mineral<br>Claim Sales  | -   | -           | -           | 4,500  | -           | 4,500       |
| Gain on<br>Joint-Ventures   | -   | -           | -           | -  | -           | -           |
| Impairment<br>Expense   | -   | -           | -           | -  | -           | -           |
| Interest Income   | 159   | -           | 159         | 584  | -           | 584         |
| Interest Expense  | (155,881)   | -           | (155,881)   | (323,668)  | -           | (323,668)   |
| Loss on<br>Conversion of  | -   | -           | -           | -  | -           | -           |

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|                  |             |          |             |             |           |             |
|------------------|-------------|----------|-------------|-------------|-----------|-------------|
| Debt             |             |          |             |             |           |             |
| Bad Debt Expense | 982         | -        | 982         | 982         | -         | 982         |
| Accretion        |             |          |             |             |           |             |
| Expense          | (76)        | -        | (76)        | (279)       | -         | (279)       |
| Other Expense    | (2,222)     | -        | (2,222)     | (177,269)   | -         | (177,269)   |
| Loss on          |             |          |             |             |           |             |
| Settlement       | -           | -        | -           | -           | -         | -           |
| Realized         |             |          |             |             |           |             |
| Gain (Loss) on   |             |          |             |             |           |             |
| Investment       | -           | -        | -           | -           | -         | -           |
| Gain (Loss) on   |             |          |             |             |           |             |
| Derivative       |             |          |             |             |           |             |
| Liability        | (449,291)   | -        | (449,291)   | (449,291)   | -         | (449,291)   |
| Net Other Income |             |          |             |             |           |             |
| (Expenses)       | (606,329)   | -        | (606,329)   | (944,441)   | -         | (944,441)   |
| Net Loss         | (787,649)   | (76,820) | (864,469)   | (1,464,200) | (295,437) | (1,759,637) |
| Accretion of     |             |          |             |             |           |             |
| Discount         |             |          |             |             |           |             |
| on Redeemable    |             |          |             |             |           |             |
| Common Stock     | -           | (4,157)  | (4,157)     | -           | (25,599)  | (25,599)    |
| Interest on      |             |          |             |             |           |             |
| Redeemable       |             |          |             |             |           |             |
| Common Stock     | -           | (6,907)  | (6,907)     | -           | (14,885)  | (14,885)    |
| Net Loss         |             |          |             |             |           |             |
| Attributable to  |             |          |             |             |           |             |
| Common           |             |          |             |             |           |             |
| Shareholders     | (787,649)   | (87,884) | (875,533)   | (1,464,200) | (284,723) | (1,800,121) |
| WEIGHTED         |             |          |             |             |           |             |
| AVG NUMBER       |             |          |             |             |           |             |
| OF SHARES        |             |          |             |             |           |             |
| OUTSTANDING      |             |          |             |             |           |             |
| (Basic)          | 100,200,957 | -        | 100,200,957 | 99,212,170  | -         | 99,212,170  |
| Basic Net Loss   |             |          |             |             |           |             |
| per Share        | \$ (0.01)   |          | \$ (0.01)   | \$ (0.01)   |           | \$ (0.02)   |
| WEIGHTED         |             |          |             |             |           |             |
| AVG NUMBER       |             |          |             |             |           |             |
| OF SHARES        |             |          |             |             |           |             |
| OUTSTANDING      |             |          |             |             |           |             |
| (Diluted)        | 100,200,957 | -        | 95,880,831  | 99,212,170  | -         | 89,719,476  |
| Diluted Net Loss |             |          |             |             |           |             |
| per Share        | \$ (0.01)   | -        | \$ (0.01)   | \$ (0.01)   | -         | \$ (0.02)   |

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A(T): Controls And Procedures

Our management, with the participation of our principal executive and principal financial officer who is the same individual, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report. Based on that evaluation, our principal executive/principal financial officer concluded that our disclosure controls and procedures as of the end of the period covered by the Annual Report were not effective such that the information required to be disclosed by us in reports filed under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our principal executive/principal financial officer, as appropriate to allow timely decisions regarding disclosure. A controls system cannot provide absolute assurance, however, that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Our management, with the participation of the principal executive/principal financial officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2012. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control - Integrated Framework. Based on this evaluation, our management, with the participation of the President and Secretary/Treasurer, concluded that, as of December 31, 2012, our internal control over financial reporting was not effective.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Security and Exchange Commission that permit the Company to provide only management's report in this Annual Report.

Material Weaknesses in Internal Control Over Financial Reporting

Management's assessment of the effectiveness of the registrant's internal control over financial reporting is as of the year December 31, 2012. Based on that evaluation, our management concluded that our control over financial reporting and related disclosure controls and procedures were not effective because our accounting processes having the following material weaknesses from the audited year ended December 31, 2012.

- Controls lack appropriate segregation of responsibilities and accounting technical expertise necessary for an effective system of internal control. We believe that our lack of technical expertise and lack of segregation of duties over internal controls constitutes a material weakness in our internal controls.

- Our closing process is a material weakness as we are unable to assure GAAP compliant financial statements without auditor assistance.
- As of December 31 2012, we did not maintain effective controls over financial statement disclosure. Specifically, controls were not designed and in place to ensure that all disclosures required were originally addressed in our consolidated financial statements. Accordingly, management has determined that this control deficiency constitutes a material weakness.

During the Company's annual audit Management evaluated remediation plans related to the above internal control deficiencies. Management analyzed the costs and benefits of several different options to improve our internal controls over financial reporting. The following options for improving the controls were analyzed (i) hiring a qualified CFO with both GAAP and SEC reporting experience (ii) forming an internal audit department (iii) subscribing to GAAP and SEC reporting databases (iv) additional staffing to provide segregation of duties and a review infrastructure for financial reporting (v) An information technology department to provide security over our information and to help facilitate electronic filing. In the evaluation, Management estimated implementation of the proposed remediation plan as within 1 to 2 years. It was concluded from our evaluation that the costs to implement the plan were greater than the benefits to be received, and Management therefore passed on implementation until operations of the Company have improved. Due to the current operating condition of the company, and the current and future outlook of the economic climate, we do not foresee the ability to adequately implement the remediation plan within the foreseeable future.

#### Changes in Internal Control Over Financial Reporting

There have been no changes in internal control over financial reporting.



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## PART III

## Item 10. Directors, Executive Officers and Corporate Governance

The following table sets forth the names and positions of our executive officers and directors. Our directors are elected at our annual meeting of stockholders and serve for one year or until successors are elected. Our Board of Directors elects our officers, and their terms of office are at the discretion of the Board, except to the extent governed by an employment contract.

Our directors, executive officers and other significant employees, their ages and positions are as follows:

| Name          | Age | Position with the Company            |
|---------------|-----|--------------------------------------|
|               |     | Chairman and Chief Executive Officer |
| Perry Leopold | 62  | Officer                              |
| Fred Michini  | 70  | Director                             |

Perry Leopold. Mr. Leopold has served as Chairman and CEO of the Company since February 2006. Prior to joining the Company he led a number of successful enterprises over a 30 year period in a diverse number of fields, ranging from the arts and technology to finance and natural resources. In February 2006, Mr. Leopold was engaged as CEO to engineer the Company's total corporate restructuring and lead its re-emergence as the natural resources company formerly known as Enterayon, Inc. Mr. Leopold subsequently designed the Company's business model and incorporated state-of-the-art technology to assist in cost-efficient acquisition targeting, which has resulted in over 50 acquisitions of high-quality mining properties throughout British Columbia. Educated at the University of Pennsylvania, Mr. Leopold is also the founder and current President of Speebo Inc.(1), a privately owned exploration and development company. In addition, he is currently serving as President of Circular Logic, Inc., a registered Commodity Trading Advisor (CTA) and Commodity Pool Operator (CPO) firm specializing in commodity trading system development. Mr. Leopold is also the owner of The PAN Network, a private company he founded as a sole-proprietorship in 1981, and which has since been in continuous operation to the present day.

Fred Michini. Mr. Michini has served as a Director of the Company since August 2007. He is a tax, financial, management accounting and litigation support specialist, and has extensive previous experience serving as the Chief Financial Officer of a variety of public and private companies, including Speebo, Inc. (1), a private mineral exploration company currently controlled by North Bay's Chief Executive Officer, Perry Leopold. Mr. Michini is also a Certified Public Accountant, has been Partner and Managing Partner of two regional accounting firms, has served as an auditor for the U.S. General Accounting Office, and is a former Board Member of the Central Montgomery County Chamber of Commerce. Mr. Michini earned his B.S. from LaSalle University and his MBA from Temple University. Mr. Michini has been employed as a CPA and Real Estate Tax Consultant by AJ Michini Associates since 1973 and by AJ Michini MBA CPA since 1984. In addition, Mr. Michini serves as Acting CFO for Artimplant USA, a subsidiary of the Swedish public company Artimplant AB, a position he has held since 2005. As of January, 2008 Mr. Michini was no longer associated with Speebo, Inc.

(1) Speebo, Inc. is a private exploration and development company with mineral and energy-related claims throughout British Columbia. In addition to its metal-based mineral claims, Speebo holds the rights to several oil shale properties in the Queen Charlotte Islands. Prior to 2008 when British Columbia issued a permanent moratorium on uranium mining, Speebo also held the rights to dozens of uranium properties, most of which have subsequently been allowed to

terminate Speebo, Inc. has no active mining operations at the present time, nor does it intend to. Speebo Inc. was incorporated as a C-Corp in October 2006, and was reclassified as an S-Corp as of January 2008. Perry Leopold is the sole officer, director, and shareholder. There have never been any material related-party transactions between Speebo, Inc. and North Bay Resources Inc.

#### Significant Employees

We have no significant employees other than our Chief Executive Officer.

#### Director Independence

Our common stock is listed on the OTC Bulletin Board inter-dealer quotation system, which does not have director independence requirements. For purposes of determining director independence, we have applied the definition set forth in NASDAQ Rule 4200(a)(15). Perry Leopold would not be considered “independent” under the NASDAQ rule due to the fact that he is an employee of our company. Fred Michini would be considered “independent” under the NASDAQ rule due to the fact that he has not served on the board of directors of an affiliate within the past 3 years.

#### Board Meetings

During the fiscal year ended December 31, 2012, we had two directors. During the year fiscal year ended December 31, 2012, the Board held several meetings and has taken numerous actions by unanimous written consent.

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### Involvement In Certain Legal Proceedings

None of our officers, directors, promoters or control persons has been involved in the past 10 years in any of the following:

- (1) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- (3) Being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, or any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; or
- (4) Being found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.
- (5) any of the violations or events indicated under Item 401 of regulation S-K

### Audit, Compensation and Nominating Committees

Our board has an audit committee made up solely of Fred Michini.

Our board of directors has determined that the Company has one audit committee financial expert, Mr. Michini..

As noted above, our common stock is listed on the OTC Bulletin Board, which does not require companies to maintain audit, compensation or nominating committees. Considering the foregoing and the fact that we are an early stage exploration company, we do not maintain standing compensation or nominating committees. The functions typically associated with these committees are performed by the entire Board of Directors which currently consists of two members, only one of which is considered independent.

### Shareholder Communications

We do not have a formal shareholder communications process. Shareholders are welcome to communicate with the Company by forwarding correspondence to North Bay Resources Inc., PO Box 162, Skippack, PA 19474, Attn: Perry Leopold, CEO.

### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act, requires the Company's officers and directors, and persons who own more than 10% of the Company's Common Stock, to file reports of ownership and changes in ownership of the Company's Common Stock with the SEC. These reports are filed on Forms 3, 4, and 5. Reporting Persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms that are filed. Based solely upon a review of the copies of Section 16(a) forms received by the Company, with respect to the fiscal year ended December 31, 2012 all the Reporting Persons have complied with applicable filing requirements.

### Code of Ethics

We adopted a Code of Ethics on October 16, 2009 that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. The Code of Ethics is attached as Exhibit 14 to this registration statement.

Item 11. Executive Compensation

The Company accrued or paid compensation to the Chief Executive Officer for services rendered to the Company in all capacities during the fiscal years shown in the Summary Compensation Table below. Deferred compensation accrued in 2012 and 2011 was \$100,000 and \$126,000. These amounts represent the total deferred compensation of \$216,000 expensed during each period, less \$116,000 and \$90,000 actually paid or settled in 2012 and 2011, respectively, as per the management agreement with The PAN Network, a private business management and consulting company wholly-owned by the Company's Chief Executive Officer. The agreement is in consideration of \$18,000 per month. The agreement includes Mr. Leopold's base salary of \$15,000 per month, and accrues entirely to deferred compensation during any period in which the commitment remains unpaid, which would be \$216,000 in total deferred compensation annualized if no payments were made during the year.

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### Overview

The following is a discussion of our program for compensating our named executive officers and directors. Currently, we do not have a compensation committee, and as such, our board of directors is responsible for determining the compensation of our named executive officers.

### Compensation Program Objectives and Philosophy

The primary goals of our policy of executive compensation are to attract and retain the most talented and dedicated executives possible, to assure that our executives are compensated effectively in a manner consistent with our strategy and competitive practice.

The board of directors considers a variety of factors in determining compensation of executives, including their particular background and circumstances, such as their training and prior relevant work experience, their success in attracting and retaining savvy and technically proficient managers and employees, increasing our revenues, broadening our product line offerings, managing our costs and otherwise helping to lead our Company through a period of rapid growth.

In the future, we expect that our board of directors will form a compensation committee charged with the oversight of executive compensation plans, policies and programs of our Company and with the full authority to determine and approve the compensation of our chief executive officer and make recommendations with respect to the compensation of our other executive officers. We expect that our compensation committee will continue to follow the general approach to executive compensation that we have followed to date, rewarding superior individual and Company performance with commensurate cash compensation.

### Elements of Compensation

Our compensation program for the named executive officers consists primarily of base salary and a non-qualified deferred compensation plan. There is no retirement plan, long-term incentive plan or other such plans, although Mr. Leopold's agreement has a bonus plan, subject to the Board's discretion. The Company is an exploration stage company with limited revenue. As such, we have not yet obtained a consistent revenue stream with which to fund employee salaries and bonus plans. The base salary we provide is intended to equitably compensate the named executive officers based upon their level of responsibility, complexity and importance of role, leadership and growth potential, and experience.

### Base Salary

We have deferred salary compensation for our CEO, Mr. Perry Leopold. Mr. Leopold's services are provided under an agreement with PAN Network, a private business management and consulting company wholly-owned by the Company's Chief Executive Officer. The agreement is in consideration of \$18,000 per month. The agreement includes Mr. Leopold's base salary of \$15,000 per month, and accrues entirely to deferred compensation during any period in which the commitment remains unpaid. Although the Company has had an accumulated deficit in the previous year of operations, Mr. Leopold's salary is set pursuant to an agreement that the Company has entered into with the PAN Network. Our named executive officers receive base salaries commensurate with their roles and responsibilities. Base salaries and subsequent adjustments, if any, are reviewed and approved by our board of directors annually, based on an informal review of relevant market data and each executive's performance for the prior year, as well as each executive's experience, expertise and position. The base salaries paid to our named executive officers are reflected in the Summary Compensation Table below.

### Non-Qualified Deferred Compensation

The Company has adopted an unfunded Non-Qualified Deferred Compensation Plan to recognize unpaid compensation owed to our Chief Executive Officer. Under this Plan, the Company is not required to reserve funds for

compensation, and is only obligated to pay compensation when and if funds are available. Any amounts due but unpaid automatically accrue to deferred compensation. The Plan has the option to be renewed annually at the discretion of the Company. While unfunded and non-recourse, for compliance with GAAP this is disclosed as an accrued expense on the balance sheet. As of December 31, 2012 and 2011, the outstanding balance of the Plan is \$884,474 and \$784,474, respectively. There is no accrued interest associated with the Plan.

In 2007, 2008, and 2009, our Chief Executive Officer was awarded restricted stock bonuses in recognition of the Company's inability to provide cash compensation. These restricted stock bonuses were in addition to, and not in lieu of, the deferred base salary compensation. The value of common shares was based on the market closing price on the day of issuance. The value of preferred shares was valued according to the closing price of the common stock the preferred shares were convertible into on the day of issuance, plus the value of the control premium from voting rights assigned to certain preferred share issuances. The valuations of these issuances are shown below:

| Date       | Type of Stock         | Number of<br>Shares | Value      |
|------------|-----------------------|---------------------|------------|
| 2/12/2007  | Preferred (I)         | 100                 | \$ 101,000 |
| 2/9/2007   | Common                | 250,000             | \$ 31,250  |
| 12/21/2007 | Common                | 10,000,000          | \$ 900,000 |
| 12/16/2008 | Common                | 2,500,000           | \$ 50,000  |
| 8/11/2009  | Preferred (A) (G) (1) | 4,100,000           | \$ 253,785 |

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There were no stock awards or bonuses of any kind to our Chief Executive Officer in 2010, 2011, or 2012. In 2011, Mr. Leopold elected to reduce the amount of deferred compensation owed to him by \$180,000 through the issuance of 2 million shares of stock. The transaction is considered a purchase, and shares were valued as of the closing market price on the day of issuance.

(1)On July 25, 2012, all 100,000 outstanding shares of the Series G Convertible Preferred that were previously issued to Mr. Leopold in August 2009 were cancelled at the request of and consent of Mr. Leopold, the sole shareholder of the class. Subsequent to the cancellation of said shares, a Certificate of Elimination of the Series G Convertible Preferred Stock was filed with the Secretary of State of the State of Delaware to eliminate entirely the Series G Convertible Preferred stock designation from our Articles of Incorporation.

**Employment Agreements**

During 2009, the Board of Directors approved and the Company executed a management agreement with The PAN Network (“PAN”), a private business management and consulting company wholly-owned by the Company’s Chief Executive Officer. The agreement is in consideration of \$18,000 per month, and calls for PAN to provide (a) office and board room space, including reception, utilities, landline phone/fax, computers, copiers, projectors, and miscellaneous services; (b) financial services, including accounting, corporate filing and bookkeeping; (c) project and administrative services; (d) resource targeting, acquisition, development and management services; (e) marketing services, communications, marketing materials management, and writing services; (f) strategic planning, milestone management and critical path analysis; and (g) online services, including web site hosting, web site design, web site maintenance, and email services. The agreement includes Mr. Leopold’s salary of \$15,000 per month, which will accrue entirely to deferred compensation during any period in which the commitment remains unpaid. The term of the agreement is one year, and automatically renews annually on January 1 each year unless otherwise terminated by either party.

**Retirement Benefits**

Currently, we do not provide any Company sponsored retirement benefits to any employee, including the named executive officers.

**Prerequisites**

Historically, we have not provided our named executive officers with any perquisites and other personal benefits. We do not view perquisites as a significant element of our compensation structure, but do believe that perquisites can be useful in attracting, motivating and retaining the executive talent for which we compete. It is expected that our historical practices regarding perquisites will continue and will be subject to periodic review by our board of directors.

The following table sets forth the compensation paid to our chief executive officer for each of our last two completed fiscal years. No other officer received compensation greater than \$100,000 for either fiscal year.

Summary Compensation Table

| Name and Position                           | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | All Other Compensation (\$) | Total (\$) |
|---|------|-------------|------------|-------------------|-----------------------------|------------|
| Perry Leopold<br>Chief Executive<br>Officer | 2012 | \$ 180,000  | \$ 0       | \$ 0              | \$ 36,000                   | \$ 216,000 |
|   | 2011 | \$ 180,000  | \$ 0       | \$ 0              | \$ 36,000                   | \$ 216,000 |
|   | 2010 | \$ 180,000  | \$ 0       | \$ 0              | \$ 36,000                   | \$ 216,000 |
|   | 2009 | \$ 180,000  | \$ 0       | \$ 253,785        | \$ 36,000                   | \$ 469,785 |
|   | 2008 | \$ 180,000  | \$ 0       | \$ 50,000         | \$ 36,000                   | \$ 266,000 |

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|      |    |         |    |   |    |           |    |        |    |           |
|------|----|---------|----|---|----|-----------|----|--------|----|-----------|
| 2007 | \$ | 180,000 | \$ | 0 | \$ | 1,032,250 | \$ | 36,000 | \$ | 1,248,250 |
| 2006 | \$ | 120,000 | \$ | 0 | \$ | 1,222,500 | \$ | 96,000 | \$ | 1,438,500 |

- (1) The values shown in this column represent the dollar amount recognized for financial statement reporting purposes with respect to the 2012, 2011, 2010, 2009, 2008, 2007 and 2006 fiscal years for the aggregate grant date fair value of stock awards granted in such periods in accordance with FASB ASC Topic 718.
- (2) The base salary for Mr. Leopold is included in the management agreement with The PAN Network of \$18,000 per month, all of which accrues to deferred compensation in the event it is unpaid when due each month.
- (3) "All Other Compensation" includes additional consideration due to the management contract with The PAN Network, which is wholly-owned by Mr. Leopold. This agreement is for \$18,000 per month, which includes Mr. Leopold's base salary of \$15,000 per month.



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## Outstanding Equity Awards at Fiscal Year End.

The following table sets forth information with respect to the outstanding equity awards of our principal executive officers and principal financial officers during 2012, and each person who served as an executive officer of North Bay Resources as of December 31, 2012:

## 2012 Grants of Plan Based Awards

| Name  | Grant Date | All Other<br>Stock Awards<br>(# of<br>Shares) (1) | Closing<br>Market Price<br>of<br>Awards on the<br>Date of Grant | Grant Date<br>Fair Value of<br>Stock Awards<br>(\$) |
|---|------------|---|---|---|
| Perry Leopold<br>Chairman and Chief Executive Officer | -          | 0   | \$ -  | \$ 0  |

## Outstanding Equity Awards at December 31, 2012

The following table sets forth certain information regarding outstanding equity awards granted to our named executive officers for 2011 and 2012 that remain outstanding as of December 31, 2012. All of the options in this table are exercisable at any time.

| Name          |      | Option awards   |   |                                  |                              | Stock Awards   |   |
|---------------|------|---|---|----------------------------------|------------------------------|--|---|
|               |      | Number of<br>securities<br>underlying<br>unexercised<br>options(#)<br>exercisable | Number of<br>securities<br>underlying<br>unexercised<br>options(#)<br>unexercisable | Option<br>exercise<br>price (\$) | Option<br>expiration<br>date | Number of<br>Shares of<br>stock that<br>have not<br>vested (#) | Market Value<br>of Shares of<br>stock that<br>have not<br>vested (\$) |
| Perry Leopold | 2012 | 0   | 0   | 0.00                             | 12/31/12                     | 0  | 0   |

## COMPENSATION OF DIRECTORS

## Director Compensation for Year Ended December 31, 2012

The following table sets forth with respect to the named director, compensation information inclusive of equity awards and payments made in the year ended December 31, 2012.

| Name          | Fees Earned<br>or Paid in<br>Cash | Stock<br>Awards | Option<br>Awards | Non-Equity<br>Incentive<br>Plan<br>Compensation | Nonqualified<br>Deferred<br>Compensation<br>Earnings | All Other<br>Compensation | Total       |
|---------------|-----------------------------------|-----------------|------------------|---|--|---------------------------|-------------|
| (a)           | (\$)<br>(b)                       | (\$)<br>(c)     | (\$)<br>(d)      | (\$)<br>(e)                                     | (\$)<br>(f)  | (\$)<br>(g)               | (\$)<br>(h) |
| Perry Leopold | \$ --                             | \$ --           | \$ --            | \$ --   | \$ --  | \$ --                     | \$ --       |
| Fred Michini  | \$ --                             | \$ -            | \$ --            | \$ --   | \$ --  | \$ --                     | \$ -        |

(1) Mr. Leopold did not receive any compensation in his capacity as director for the Company in the year ended December 31, 2012.



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## Compensation Committee Interlocks and Insider Participation

We did not have a compensation committee during the year ended December 31, 2012. During the fiscal year ended December 31, 2012, none of our executive officers served on the board of directors of any entities whose directors or officers serve on our board of directors.

## Outstanding Equity Awards at Fiscal Year-end.

There were no outstanding equity awards for our Executive officers in the most recent fiscal year ended December 31, 2012.

## Standard Director Compensation Arrangement

We do not have a standard compensation arrangement for directors.

## Stock Option Exercised

There were no stock options exercised on common shares in fiscal year 2012, with respect to the named executives listed in the Summary Compensation Table.

## Expense Reimbursement

We will reimburse our officers and directors for reasonable expenses incurred during the course of their performance.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth certain information, as of December 31, 2012, with respect to the beneficial ownership of the Company's outstanding voting securities by (i) any holder of more than five (5%) percent; (ii) each of the Company's executive officers and directors; and (iii) the Company's directors and executive officers as a group. Except as otherwise indicated, each of the stockholders listed below has sole voting and investment power over the shares beneficially owned.

| Title Of Class     | Name And Address Of Beneficial Owner (1)                    | Amount And Nature Of Beneficial Ownership (2) | Approximate Ownership Percent of Class (%)** | Total Voting Percent of Class (%)** |
|--------------------|---|---|--|-------------------------------------|
| Common             | Perry Leopold(4)(5)   | 15,044,362                                    | 14.75%                                       | 80.00% (5)                          |
| Common             | Fred Michini  | 1,162,112                                     | 1.14%  | 0.23%                               |
| Common             | Tangiers (3)  | 9,460,320                                     | 9.27 %                                       | 1.85%                               |
| Common             | Ruby Development Company(6)                                 | 24,000,000                                    | 23.53%                                       | 4.71%                               |
| Common             | All executive officers and directors as a group (2 persons) | 16,206,474                                    | 15.89%                                       | 80.23%                              |
| Series A Preferred | Perry Leopold(4)  | 4,000,000                                     | 100%   | 100%                                |
| Series I Preferred | Perry Leopold(5)  | 100   | 100% (5)                                     | 100% (5)                            |

\*\* The percentages listed for each shareholder assume the exercise or exchange by that shareholder only, of his or its entire convertible or exchangeable security (including options or warrants), as the case may be, and thus include the shares underlying said convertible or exchangeable security (including options or warrants). However, the

percentages do not assume the exercise of all convertible or exchangeable securities (including options or warrants) by all the shareholders holding such securities.

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- (1) Except as noted above, the address for the above identified officers and directors of the Company is c/o North Bay Resources Inc., 2120 Bethel Road, Lansdale, PA 19446.
- (2) Beneficial Ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to options, warrants, or convertible debt currently exercisable or convertible, or exercisable or convertible within 60 days of December 31, 2012 are deemed outstanding for computing the percentage of the person holding such option or warrant. Percentages are based on a total of 102,002,731 shares of common stock outstanding on December 31, 2012 and shares issuable upon the exercise of options, warrants exercisable, and debt convertible on or within 60 days of December 31, 2011, as described above. The inclusion in the aforementioned table of those shares, however, does not constitute an admission that the named shareholder is a direct or indirect beneficial owner of those shares. Unless otherwise indicated, to our knowledge based upon information produced by the persons and entities named in the table, each person or entity named in the table has sole voting power and investment power, or shares voting and/or investment power with his or her spouse, with respect to all shares of capital stock listed as owned by that person or entity.
- (3) Tangiers is the investor under the Securities Purchase Agreement, and currently owns 4,410,320 shares of common stock. All investment decisions of, and control of, Tangiers, LP are held by Robert Papiri and Michael Sobeck, its managing partners. Tangiers Capital, LLC makes the investment decisions on behalf of and controls Tangiers, LP. Tangiers acquired all shares being registered in this offering in a financing transaction with us. As of December 31, 2012, Tangiers also holds an aggregate of 5,050,000 warrants, as follows: (a) 2.5 million 5 year warrants convertible to common stock and exercisable at \$0.05 pursuant to a \$50,000 Convertible Promissory Note Agreement dated September 27, 2010, (b) 250,000 5 year warrants convertible to common stock and exercisable at \$0.115 pursuant to a \$50,000 Convertible Promissory Note Agreement dated December 29, 2011, (c) 500,000 5 year warrants convertible to common stock and exercisable at \$0.13 pursuant to two \$50,000 Convertible Promissory Note Agreements dated February 2, 2012, (d) 500,000 5 year warrants convertible to common stock and exercisable at \$0.09 pursuant to two \$37,500 Convertible Promissory Note Agreements dated March 15, 2012, (e) 150,000 5 year warrants convertible to common stock and exercisable at \$0.07 pursuant to a \$50,000 Convertible Promissory Note Agreement dated May 16, 2012, (f) 150,000 5 year warrants convertible to common stock and exercisable at \$0.06 pursuant to a \$25,000 Convertible Promissory Note Agreement dated May 30, 2012, and (g) 750,000 5 year warrants convertible to common stock and exercisable at \$0.14 and 750,000 5 year warrants convertible to common stock and exercisable at \$0.07 pursuant to a \$100,000 Convertible Promissory Note Agreement dated June 19, 2012. The number of shares, the percentage of ownership and voting percentage listed in the table above include the shares underlying the aforementioned warrants held by the shareholder.
- (4) Mr. Leopold, the Company's CEO and Chairman owns 4,000,000 shares of the Company's Series A Preferred Stock. Each outstanding share of the Series A Preferred Stock has 10 votes per share, and may be converted to shares of common at a ratio of 5 to 1. The Series A Preferred Stock was issued in August 2009.
- (5) Mr. Leopold owns 100 shares of the Company's Series I Preferred Stock. Each outstanding share of the Series I Preferred Stock represents its proportionate share of eighty per cent (80%) of all votes entitled to be voted and which is allocated to the outstanding shares of Series I Preferred Stock. These shares are not convertible into common stock or any commodities. The Series I Preferred

Stock was issued in February 2007. These shares were issued our Chief Executive Officer, Mr. Perry Leopold, in February 2007 as an anti-takeover measure to insure that Mr. Leopold maintains control of the Company during periods when the Company's stock may be severely undervalued and subject to hostile takeover in the open market. As specified in the Certificate of Designation filed by the Company with the Delaware Secretary of State in February 2007, "the outstanding shares of Series I Preferred Stock shall vote together with the shares of Common Stock of the Corporation as a single class and, regardless of the number of shares of Series I Preferred Stock outstanding and as long as at least one of such shares of Series I Preferred Stock is outstanding, shall represent eighty percent (80%) of all votes entitled to be voted at any annual or special meeting of shareholders of the Corporation or action by written consent of shareholders. Each outstanding share of the Series I Preferred Stock shall represent its proportionate share of the 80% that is allocated to the outstanding shares of Series I Preferred Stock. The Series I preferred shares supersede any other shares that Mr. Leopold may own so that any additional securities that Mr. Leopold may own do not increase his 80% voting rights, and are therefore included within the 80%.

- (6) The four (4) principals of Ruby Development Company ("RDC"), R.E. Frederking Trustee, W. R. Frederking, G. W. Frederking, and R. L. Frederking., each own 2.5 million shares of common stock. Ruby Development Company is also entitled to 10 million warrants, immediately exercisable, and giving them the option to purchase up to 10 million shares of common stock at \$0.02 per share until December 30, 2015, 2 million 5 year warrants convertible to common stock and exercisable at \$0.10 per share until May 1, 2016, and 2 million 5-year warrants convertible to common stock and exercisable at \$0.09 per share until March 6, 2017. The warrants may be exercised, in whole or in part, any time, and from time to time, at RDC's discretion. The number of shares, the percentage of ownership and voting percentage listed in the table above include the shares underlying the aforementioned warrants held by the shareholder.

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Item 13. Certain Relationships and Related Transactions, and Director Independence

In August 2009, the Board of Directors approved and the Company executed a management agreement with The PAN Network (“PAN”), a private business management and consulting company wholly-owned by the Company’s Chief Executive Officer. The agreement is in consideration of \$18,000 per month, and calls for PAN to provide (a) office and board room space, including reception, utilities, landline phone/fax, computers, copiers, projectors, and miscellaneous services; (b) financial services, including accounting, corporate filing and bookkeeping; (c) project and administrative services; (d) resource targeting, acquisition, development and management services; (e) marketing services, communications, marketing materials management, and writing services; (f) strategic planning, milestone management and critical path analysis; and (g) online services, including web site hosting, web site design, web site maintenance, and email services. The agreement includes Mr. Leopold’s salary of \$15,000 per month, which will accrue entirely to deferred compensation during any period in which the commitment remains unpaid. The term of the agreement is one year, and automatically renews annually on January 1 each year unless otherwise terminated by either party.

There are no other related party transactions other than the above listed transaction.

Director Independence

Our common stock is listed on the OTC Bulletin Board inter-dealer quotation system, which does not have director independence requirements. For purposes of determining director independence, we have applied the definition set forth in NASDAQ Rule 4200(a)(15). Perry Leopold would not be considered “independent” under the NASDAQ rule due to the fact that he is an employee of our company. Fred Michini is considered “independent” under the NASDAQ rule due to the fact that he has not served on the board of directors of or business dealings with an affiliate within the past 3 years.

Item 14. Principal Accountant Fees and Services

The audited consolidated financial statements included herein for the fiscal years ended December 31, 2012 and December 31, 2011 have been audited by M&K CPAS, PLLC. The reports of M&K CPAS, PLLC are included herein in reliance upon the authority of this firm as experts in accounting and auditing.

M&K CPAS, PLLC has served as the Company’s independent registered public accounting firm since July 1, 2009. The following discussion presents fees for services rendered for 2012 and 2011.

Audit Fees

Audit fees include fees incurred for professional services rendered in connection with the audit of the Company’s annual financial statements for the fiscal years ended December 31, 2012 and 2011, the reviews of the quarterly interim financial statements included in our Form S-1 and amendments for the fiscal years ended December 31, 2012 and 2011, and services rendered to issue consents required in certain of the Company’s registration statements. The audit fees expected to be billed (for the year ended December 31, 2012) and billed to us by M&K CPAS, PLLC for the year ended December 31, 2011, including out-of-pocket costs were approximately \$38,750 and \$24,500, respectively. There were no other audit related, tax, or other fees billed by M&K CPAS, PLLC

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PART IV

Item 15. Exhibits and Financial Statement Schedules

See the Exhibit Index following the signature page of the report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

North Bay Resources Inc.

By: /s/ Perry Leopold  
Perry Leopold  
Chief Executive Officer, Chief  
Financial Officer & Principal  
Accounting Officer

Dated: August 1, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on August 1, 2013.

| Signature                          | Title  |
|------------------------------------|--|
| /s/ Perry Leopold<br>Perry Leopold | President, Chief Executive Officer and Director<br>(Principal Executive Officer), Chief Financial<br>Officer (Principal Accounting, Officer) and<br>Chairman of the Board of Directors |
| /s/ Fred Michini<br>Fred Michini   | Director   |

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## EXHIBIT INDEX

| EXHIBIT<br>NUMBER | DESCRIPTION   |
|-------------------|---|
| 3 (i)             | Articles of Incorporation(1)  |
| 3(ii)             | Bylaws(1)   |
| 3 (iii)           | Merger and Name Change Certification(1)                                     |
| 4.1               | Certificate of Designation – Series I Preferred(2)                          |
| 4.2               | Certificate of Designation – Series A Preferred(2)                          |
| 4.3               | Certificate of Designation – Series G Preferred(2)                          |
| 4.4               | Certificate of Elimination – Series G Preferred(24)                         |
| 10.0              | Tangiers Securities Purchase Agreement dated October 7, 2009(1)             |
| 10.1              | Tangiers Securities Registration Rights Agreement dated October 6, 2009(1)  |
| 10.2              | Fawn Property/Silver Quest Resources Ltd. Joint Venture Agreement(1)        |
| 10.3              | Coronation Gold Property/Lincoln Resources, Inc. Joint Venture Agreement(1) |
| 10.4              | Silver Leaf/Hidalgo Mining International. Joint Venture Agreement(2)        |
| 10.5              | Gold Hill Project/Hidalgo Mining International Joint Venture Agreement(2)   |
| 10.6              | Monte Cristo Purchase Agreement(2)  |
| 10.7              | Fraser River Joint Venture Letter of Intent(2)                              |
| 10.8              | Fraser River Assay Certificate(2)   |
| 10.9              | Form of Notice of Assignment - June 2, 2009(2)                              |
| 10.10             | PAN Management Agreement(2)   |
| 10.11             | ARGO - MINFILE No 092N 037(2)   |
| 10.12             | BOULEAU - MINFILE No 082LSW046(2)   |
| 10.13             | BOULEAU - MINFILE No 082LSW069(2)   |
| 10.14             | CHERRY - MINFILE No 082LSE063(2)  |
| 10.15             | CONNIE HILL - MINFILE No 092F 308(2)  |
| 10.16             | CORONATION - MINFILE No 082FNW161(2)  |
| 10.17             | CORONATION - MINFILE No 082FNW161 – Production(2)                           |
| 10.18             | CORONATION - MINFILE No 082FNW164(2)  |
| 10.19             | CORONATION - MINFILE No 082FNW164 – Production(2)                           |
| 10.20             | CORONATION - MINFILE No 082FNW191(2)  |
| 10.21             | CORONATION - MINFILE No 082FNW191 – Production(2)                           |
| 10.22             | CORONATION - MINFILE No 082FNW213(2)  |
| 10.23             | CORONATION - MINFILE No 082FNW213 – Production(2)                           |
| 10.24             | FAWN - MINFILE No 093F 043(2)   |
| 10.25             | FAWN - MINFILE No 093F 043 – Inventory(2)                                   |
| 10.26             | FAWN - BUCK - MINFILE No 093F 050(2)  |
| 10.27             | FAWN - BUCK - MINFILE No 093F 050 - Inventory(2)                            |
| 10.28             | FRASER RIVER - MINFILE No 092ISW078(2)                                      |
| 10.29             | GOLD HILL - MINFILE No 082FSW204(2)   |
| 10.30             | GOLD HILL - MINFILE No 082FSW204 - Production(2)                            |
| 10.31             | LARDEAU CREEK - MINFILE No 082KNW178(2)                                     |
| 10.32             | LOUGHBOROUGH - MINFILE No 092K 048(2)                                       |
| 10.33             | LOUGHBOROUGH - MINFILE No 092K 048 - Production(2)                          |
| 10.34             | LYNX - MINFILE No 082LSE055(2)  |
| 10.35             | MONTE CRISTO - MINFILE No 092GNE013(2)                                      |
| 10.36             | MONTE CRISTO - MINFILE No 092GNE019(2)                                      |
| 10.37             | NEW ESKAY CREEK - MINFILE No 104B 008(2)                                    |

- 10.38 PINE RIVER - MINFILE No 093O 009(2)
- 10.39 RACHEL - MINFILE No 082FSW299(2)
- 10.40 RACHEL - MINFILE No 082FSW299 - Production(2)
- 10.41 SILVER CUP - MINFILE No 082KNW113(2)
- 10.42 SILVER CUP - MINFILE No 082KNW116(2)
- 10.43 SILVER CUP - MINFILE No 082KNW220(2)
- 10.44 TRUAX - MINFILE No 092JNE060(2)
- 10.45 TULAMEEN - MINFILE No 092HNE128(2)

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|       |   |
|-------|---|
| 10.46 | Tangiers Convertible Promissory Note dated June 17, 2010(3)<br>Coronation Gold Property/Lincoln Resources, Inc. Joint Venture Agreement                 |
| 10.47 | Amendment(3)  |
| 10.48 | Tangiers Waiver Re: Convertible Promissory Note dated June 17, 2010(4)  |
| 10.49 | ACG Consulting Agreement(4)   |
| 10.50 | Silver Quest Joint Venture Agreement Amendment dated September 13, 2010(5)  |
| 10.51 | Property Option Agreement and Addendum with Ruby Development Company dated<br>September 1, 2010(6)  |
| 10.52 | Form of Property Purchase Agreement with Ruby Development Company dated<br>September 1, 2010(6)   |
| 10.53 | Form of Property Purchase Addendum with Ruby Development Company dated<br>September 1, 2010(6)  |
| 10.54 | Convertible Promissory Note with Tangiers Investors, LP dated September 27, 2010(6)   |
| 10.55 | Form of Warrants Issued to Ruby Development Company dated October 1, 2010(6)  |
| 10.56 | Northern California Regional Center MOU dated October 14, 2010(7)   |
| 10.57 | Convertible Promissory Note with Tangiers Investors, LP dated December 30, 2010(8)  |
| 10.58 | Securities Purchase Agreement with Asher Enterprises, Inc. dated January 4, 2011(9)   |
| 10.59 | Convertible Promissory Note issued to Asher Enterprises, Inc. (9)   |
| 10.60 | Property Option Amendment No. 1 with Ruby Development Company dated January<br>26, 2011(11)   |
| 10.61 | Satisfaction of Tangiers Convertible Promissory Note dated June 17, 2010(12)  |
| 10.62 | Geological Consulting Services Agreement dated March 7, 2011(13)  |
| 10.63 | Satisfaction of Tangiers Convertible Promissory Note dated September 27, 2010(14)   |
| 10.64 | Property Option Amendment No. 2 with Ruby Development Company dated April 22,<br>2011(15)   |
| 10.65 | Secured Promissory Note and Security Agreement with Ruby Development Company<br>dated July 1, 2011(16)  |
| 10.66 | Memorandum of Understanding with Devlin’s Bench Mining Ltd. And P. Wright<br>Contracting Ltd dated October 14, 2011, as amended on January 19, 2012(19) |
| 10.67 | Promissory Note with Tangiers Investors, LP dated December 29, 2011(17)   |
| 10.68 | Convertible Promissory Note with Tangiers Investors, LP dated December 29,<br>2011(17)  |
| 10.69 | Form of Warrants Issued to Tangiers Investors, LP dated December 29, 2011(17)   |
| 10.70 | Six Month Convertible Promissory Note with Tangiers Investors, LP dated February 2,<br>2012(18)   |
| 10.71 | Twelve Month Convertible Promissory Note with Tangiers Investors, LP<br>dated February 2, 2012(18)  |
| 10.72 | Warrants Issued to Tangiers Investors, LP dated February 2, 2012(18)  |
| 10.73 | Six Month Convertible Promissory Note with Tangiers Investors, LP dated March 15,<br>2012(20)   |
| 10.74 | Twelve Month Convertible Promissory Note with Tangiers Investors, LP dated March<br>15, 2012(20)  |
| 10.75 | Warrants Issued to Tangiers Investors, LP dated March 15, 2012(20)  |
| 10.76 | Twelve Month Convertible Promissory Note with Tangiers Investors, LP dated June<br>19, 2012(21)   |
| 10.77 | Warrants Issued to Tangiers Investors, LP dated June 19, 2012(21)   |
| 10.78 | Twelve Month Convertible Promissory Note with JMJ Financial dated July 11,<br>2012(22)  |
| 10.79 | Taber Mine Option Agreement, Amendment No. 1, dated July 11, 2012(23)   |

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|           |  |
|-----------|--|
| 10.80     | Nine Month Convertible Promissory Note with Tonaquint, Inc, dated August 2, 2012(25)   |
| 10.81     | Securities Purchase Agreement with Tonaquint, Inc, dated August 2, 2012(25)  |
| 10.82     | Twenty-Four Month Convertible Promissory Note with Tangiers Investors, LP dated October 2, 2012(26)  |
| 10.83     | Willa Option Agreement with Caribou King Resources Ltd. dated October 24, 2012(27)   |
| 10.84     | Form of Amendment with Tangiers Investors, LP dated November 14, 2012(28)  |
| 10.85     | Fraser River Land Access Agreement dated November 26, 2012(29)   |
| 10.86     | Secured Promissory Note Extension Agreement with Ruby Development Company dated December 12, 2012(30)  |
| 10.87     | Amendment No. 1 to the Securities Purchase Agreement with Tangiers Investors, LP dated January 28, 2013(31)  |
| 14        | Code of Ethics(1)  |
| 21.1      | Subsidiaries of the Registrant(19)   |
| 23.3      | Consent of Geologist(6)  |
| 31.1*     | <u>Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer and Chief Financial Officer</u>   |
| 32.1*     | <u>Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u> |
| 95.1      | Mine Safety Disclosures (32)   |
| 101.INS** | XBRL Instance Document   |
| 101.SCH** | XBRL Taxonomy Extension Schema   |
| 101.CAL** | XBRL Taxonomy Extension Calculation Linkbase   |
| 101.DEF** | XBRL Taxonomy Extension Definition Linkbase  |
| 101.LAB** | XBRL Taxonomy Extension Label Linkbase   |
| 101.PRE** | XBRL Taxonomy Extension Presentation Linkbase  |

\* Filed herewith.

\*\* Furnished herewith. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

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- (1) Previously filed with the Company's initial filing of Form S-1, SEC file number 333-164860, filed on February 11, 2010, and incorporated by this reference as an exhibit to this Form 10-K.
- (2) Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on June 16, 2010, and incorporated by this reference as an exhibit to this Form 10-K.
- (3) Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on July 21, 2010, and incorporated by this reference as an exhibit to this Form 10-K.
- (4) Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on August 20, 2010, and incorporated by this reference as an exhibit to this Form 10-K.
- (5) Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on September 17, 2010, and incorporated by this reference as an exhibit to this Form 10-K.
- (6) Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on October 4, 2010, and incorporated by this reference as an exhibit to this Form 10-K.
- (7) Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on November 2, 2010, and incorporated by this reference as an exhibit to this Form 10-K.
- (8) Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on January 4, 2011, and incorporated by this reference as an exhibit to this Form 10-K.
- (9) Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on January 7, 2011, and incorporated by this reference as an exhibit to this Form 10-K.
- (10) Previously filed with the Company's filing of Form S-1, SEC file number 333-171603, filed on January 7, 2011, and incorporated by this reference as an exhibit to this Form 10-K.
- (11) Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on February 1, 2011, and incorporated by this reference as an exhibit to this Form 10-K.
- (12) Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on March 4, 2011, and incorporated by this reference as an exhibit to this Form 10-K.
- (13) Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on March 10, 2011, and incorporated by this reference as an exhibit to this Form 10-K.
- (14) Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on April 1, 2011, and incorporated by this reference as an exhibit to this Form 10-K.
- (15) Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on April 25, 2011, and incorporated by this reference as an exhibit to this Form 10-K.
- (16) Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on July 1, 2011, and incorporated by this reference as an exhibit to this Form 10-K.

(17)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on January 5, 2012, and incorporated by this reference as an exhibit to this Form 10-K.

(18)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on February 8, 2012, and incorporated by this reference as an exhibit to this Form 10-K.

(19)Previously filed with the Company's filing of Form 10-K, SEC file number 000-54213, filed on March 12, 2012, and incorporated by this reference as an exhibit to this Form 10-K.

(20)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on March 21, 2012, and incorporated by this reference as an exhibit to this Form 10-K.

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(22)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on July 13, 2012, and incorporated by this reference as an exhibit to this Form 10-K.

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(24)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on July 30, 2012, and incorporated by this reference as an exhibit to this Form 10-K.

(25)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on August 3, 2012, and incorporated by this reference as an exhibit to this Form 10-K.

(26)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on October 3, 2012, and incorporated by this reference as an exhibit to this Form 10-K.

(27)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on October 25, 2012, and incorporated by this reference as an exhibit to this Form 10-K.

(28)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on November 27, 2012, and incorporated by this reference as an exhibit to this Form 10-K.

(29)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on November 28, 2012, and incorporated by this reference as an exhibit to this Form 10-K.

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(32)Previously filed with the Company's filing of Form 10-K, SEC file number 000-54213, filed on March 27, 2013, and incorporated by this reference as an exhibit to this Form 10-K.

