NEW JERSEY MINING CO
Form 10-Q
November 14, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington D.C. 20549

**FORM 10-Q**

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

or

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

For the transition period from ______ to ______

Commission file number: 000-28837

**NEW JERSEY MINING COMPANY**

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Idaho** | **82-0490295** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. employer identification No.) |

201 N. Third Street, Coeur d Alene, ID 83814

(Address of principal executive offices) (zip code)

**(208) 625-9001**

Registrant s telephone number, including area code

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 as the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.

Yes [X] 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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [X] No [ ]

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 definitions of large accelerated filer, accelerated filer , small reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large Accelerated Filer____. | Accelerated Filer ____ |
| Non-Accelerated Filer ____. | Smaller reporting company __X__ |
| | Emerging growth company____ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes [ ] No [X]

On November 1, 2018, 122,610,282 shares of the registrant s common stock were outstanding.

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**NEW JERSEY MINING COMPANY**

**QUARTERLY REPORT ON FORM 10-Q**

**FOR THE QUARTERLY PERIOD**

**ENDED SEPTEMBER 30, 2018**

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**PART I-FINANCIAL INFORMATION**

**Item 1: CONSOLIDATED FINANCIAL STATEMENTS**

**New Jersey Mining Company**

**Consolidated Balance Sheets (Unaudited)**

**September 30, 2018 and December 31, 2017**
**ASSETS**

| | | September 30, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| Current assets: | | | | |
| Cash and cash equivalents | $ | 705,736 | $ | 124,617 |
| Note receivable | | 200,000 | | - |
| Gold sales receivable | | 46,550 | | 307,796 |
| Inventories | | 59,760 | | 245,154 |
| Joint venture receivable | | 3,714 | | 4,682 |
| Other current assets | | 135,318 | | 102,361 |
| Total current assets | | 1,151,078 | | 784,610 |
| | | | | |
| Property, plant and equipment, net of accumulated depreciation | | 6,591,258 | | 5,890,961 |
| Mineral properties, net of accumulated amortization | | 3,219,912 | | 2,135,956 |
| Investment in joint venture | | 435,000 | | 435,000 |
| Reclamation bond | | 103,320 | | 103,320 |
| Deposit on equipment | | 25,736 | | 30,000 |
| Total assets | $ | 11,526,304 | $ | 9,379,847 |

**LIABILITIES AND STOCKHOLDERS EQUITY**

| | | | | |
|---|---|---|---|---|
| Current liabilities: | | | | |
| Accounts payable and other accrued liabilities | $ | 471,381 | $ | 363,810 |
| Accrued payroll and related payroll expenses | | 56,136 | | 40,710 |
| Notes and interest payable related parties, current portion | | 61,109 | | 211,829 |
| Notes payable, current portion | | 273,744 | | 95,988 |
| Due on mineral property purchase, current portion, net of discount (Note 8) | | 83,969 | | - |
| Forward gold contracts, current portion (Note 12) | | - | | 568,609 |

| | | | | |
|---|---|---|---|---|
| Total current liabilities | | 946,339 | | 1,280,946 |
| | | | | |
| Asset retirement obligation | | 141,359 | | 121,560 |
| Notes and interest payable related parties, long term | | 197,645 | | 601,082 |
| Notes payable, long term | | 432,463 | | 176,802 |
| Due on mineral property purchase, long term, net of discount (Note 8) | | 417,301 | | - |
| Forward gold contracts, long term (Note 12) | | - | | 351,970 |
| Total long term liabilities | | 1,188,768 | | 1,251,414 |
| | | | | |
| Total liabilities | | 2,135,107 | | 2,532,360 |
| | | | | |
| Commitments (Note 8) | | | | |
| | | | | |
| Stockholders equity: | | | | |
| Preferred stock, no par value, 1,000,000 shares authorized; no shares issued or outstanding | | - | | - |
| Common stock, no par value, 200,000,000 shares authorized; September 30, 2018-122,610,282 shares and December 31, 2017-112,310,372 shares issued and outstanding | | 17,377,196 | | 15,985,512 |
| Accumulated deficit | | (11,071,050) | | (12,250,319) |
| Total New Jersey Mining Company stockholders equity | | 6,306,146 | | 3,735,193 |
| Non-controlling interest | | 3,085,051 | | 3,112,294 |
| Total stockholders' equity | | 9,391,197 | | 6,847,487 |
| | | | | |
| Total liabilities and stockholders equity | $ | 11,526,304 | $ | 9,379,847 |

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

**New Jersey Mining Company**

**Consolidated Statements of Operations (Unaudited)**

**For the Three and Nine Month Periods Ended September 30, 2018 and 2017**

| | September 30, 2018 | | September 30, 2017 | |
|---|---|---|---|---|
| | Three Months | Nine Months | Three Months | Nine Months |
| Revenue: | | | | |
| Gold sales | $ 1,032,845 | $ 2,623,792 | $ 1,266,139 | $ 3,218,147 |
| Total revenue | 1,032,845 | 2,623,792 | 1,266,139 | 3,218,147 |
| | | | | |
| Costs of Sales: | | | | |
| Cost of sales and other direct production costs | 1,123,679 | 3,175,857 | 813,785 | 2,118,138 |
| Depreciation and amortization | 103,987 | 249,551 | 40,597 | 100,588 |
| Total costs of sales | 1,227,666 | 3,425,408 | 854,382 | 2,218,726 |
| Gross profit (loss) | (194,821) | (801,616) | 411,757 | 999,421 |
| | | | | |
| Other operating expenses (income): | | | | |
| Pre-development expense | - | - | 59,769 | 159,102 |
| Exploration | 160,147 | 368,417 | 9,220 | 45,200 |
| Gain on sale of mineral property | - | (2,947,862) | - | - |
| Management | 44,808 | 113,788 | 35,678 | 128,317 |
| Professional services | 57,152 | 158,786 | 33,232 | 131,754 |
| General and administrative | 110,219 | 295,917 | 51,135 | 192,616 |
| Total other operating expenses (income) | 372,326 | (2,010,954) | 189,034 | 656,989 |
| Operating income (expense) | (567,147) | 1,209,338 | 222,723 | 342,432 |
| | | | | |
| Other (income) expense: | | | | |
| Timber expense | - | - | - | 5,304 |
| Interest income | (12,896) | (14,888) | (7,745) | (8,604) |
| Interest expense | 17,912 | 65,371 | 16,070 | 53,243 |
| Change in fair value of forward gold contracts | 8,096 | 15,983 | 76,865 | 218,461 |
| Amortization of discount on debt | 8,016 | 8,016 | 8,925 | 35,200 |
| Total other (income) expense | 21,128 | 74,482 | 94,115 | 303,604 |
| | | | | |
| **Net income (loss)** | **(588,275)** | **1,134,856** | **128,608** | **38,828** |
| Net loss attributable to non-controlling interest | (14,797) | (44,413) | (15,799) | (43,107) |
| Net income (loss) attributable to New Jersey Mining Company | $ (573,478) | $ 1,179,269 | $ 144,407 | $ 81,935 |
| | | | | |
| Net income (loss) per common share-basic and diluted | $ Nil | $ 0.01 | $ Nil | $ Nil |

| | | | | |
|---|---|---|---|---|
| Weighted average common shares outstanding-basic | 122,513,543 | 119,111,952 | 108,893,704 | 105,707,990 |
| Weighted average common shares outstanding-diluted | 122,513,543 | 121,585,011 | 109,805,242 | 106,461,364 |

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

**New Jersey Mining Company**

**Consolidated Statements of Cash Flows (Unaudited)**

**For the Nine Month Periods Ended September 30, 2018 and 2017**

| | September 30, | |
|---|---|---|
| | **2018** | **2017** |
| Cash flows from operating activities: | | |
| Net income (loss) | $ 1,134,856 | $ 38,828 |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 249,551 | 100,588 |
| Amortization of discount on debt | 8,016 | 35,200 |
| Accretion of asset retirement obligation | 9,028 | 6,327 |
| Stock based compensation | 34,580 | 115,836 |
| Change in fair value of forward gold contracts | 15,983 | 218,461 |
| Gain on sale of mineral property | (2,947,862) | - |
| Change in operating assets and liabilities: | | |
| Milling receivables | - | 14,500 |
| Gold sales receivable | 261,246 | (324,293) |
| Inventories | 185,394 | (18,295) |
| Joint venture receivable | 968 | (4,839) |
| Other current assets | (32,957) | (33,876) |
| Accounts payable and other accrued liabilities | 107,571 | 70,329 |
| Accrued payroll and related payroll expenses | 15,426 | (1,133) |
| Interest payable to related parties | (10,772) | 14,152 |
| Net cash provided (used) by operating activities | (968,972) | 231,785 |
| | | |
| Cash flows from investing activities: | | |
| Issuance of note receivable | (250,000) | - |
| Payments received on note receivable | 50,000 | 58,386 |
| Proceeds from sale of mineral property | 3,000,000 | 15,000 |
| Purchases of property, plant and equipment | (251,603) | (89,458) |
| Purchase of mineral property | (257,619) | (14,522) |
| Deposit on equipment | (25,736) | - |
| Purchase of reclamation bond | - | (45,320) |
| Net cash provided (used) by investing activities | 2,265,042 | (75,914) |
| | | |
| Cash flows from financing activities: | | |
| Sales of common stock and warrants, net of issuance costs | 1,107,571 | 1,041,000 |
| Proceeds from exercise of stock options | 16,200 | - |
| Payments on mineral property purchase agreement | (100,000) | |
| Payments on forward gold contracts | (185,798) | (270,755) |
| Gold purchased for payments on forward gold contracts | (257,981) | (232,037) |

| | | | | |
|---|---|---|---|---|
| Principal payments on notes payable | | (275,945) | | (532,577) |
| Principal payments on notes payable, related parties | | (1,036,168) | | (89,702) |
| Contributions from non-controlling interest | | 17,170 | | 22,630 |
| Net cash provided (used) by financing activities | | (714,951) | | (61,441) |
| | | | | |
| Net change in cash and cash equivalents | | 581,119 | | 94,430 |
| Cash and cash equivalents, beginning of period | | 124,617 | | 154,833 |
| Cash and cash equivalents, end of period | **$** | **705,736** | **$** | **249,263** |
| | | | | |
| Non-cash investing and financing activities: | | | | |
| Deposit on equipment applied to purchase of equipment | $ | 30,000 | $ | - |
| Equipment purchases financed with notes payable | | 709,362 | | 112,500 |
| Forward gold contract exchanged for note payable, related party | | 492,783 | | - |
| Mineral property acquired with payable and shares of common stock | | 826,587 | | 100,000 |

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

**New Jersey Mining Company**

**Notes to Consolidated Financial Statements (Unaudited)**

**1.**

**The Company and Significant Accounting Policies:**

These unaudited interim consolidated financial statements have been prepared by the management of New Jersey Mining Company (the Company ) in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of the Company s management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the interim consolidated financial statements have been included.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions, which could have a material effect on the reported amounts of the Company's financial position and results of operations. Operating results for the three and nine month periods ended September 30, 2018 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2018.

For further information refer to the financial statements and footnotes thereto in the Company s audited financial statements for the year ended December 31, 2017 as filed with the Securities and Exchange Commission.

**<u>Principles of Consolidation</u>**

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiary, the New Jersey Mill Joint Venture ( NJMJV ). Intercompany accounts and transactions are eliminated. The portion of entities owned by other investors is presented as non-controlling interests on the consolidated balance sheets and statements of operations.

**<u>Revenue Recognition</u>**

Revenue is recognized when title and risk of ownership of metals or metal bearing concentrate have passed and collection is reasonably assured. Revenue from the sale of metals may be subject to adjustment upon final settlement of estimated metal prices, weights and assays, and are recorded as adjustments to revenue in the period of final settlement of prices, weights and assays; such adjustments are typically not material in relation to the initial invoice amounts. Revenues from mill operations and custom milling are recognized in the period in which the milling is completed, concentrates are shipped, and collection of payment is deemed probable.

**<u>Inventories</u>**

Inventories are stated at the lower of full cost of production or estimated net realizable value based on current metal prices. Costs consist of mining, transportation, and milling costs including applicable overhead, depreciation, depletion and amortization relating to the operations. Costs are allocated based on the stage at which the ore is in the production process. Supplies inventory is stated at the lower of cost or estimated net realizable value.

**Fair Value Measurements**

When required to measure assets or liabilities at fair value, the Company uses a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used. The Company determines the level within the fair value hierarchy in which the fair value measurements in their entirety fall. The categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Level 1 uses quoted prices in active markets for identical assets or liabilities, Level 2 uses significant other observable inputs, and Level 3 uses significant unobservable inputs. The amount of the total gains or losses for the period that are included in earnings are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date.

At September 30, 2018 and December 31, 2017, the Company determined fair value on a recurring basis as follows:

| Liabilities | September 30, 2018 | December 31, 2017 | Fair Value Hierarchy |
|---|---|---|---|
| Forward gold contracts (Note 12) | $ - | $ 920,579 | 2 |

**Reclassifications**

Certain prior period amounts have been reclassified to conform to the 2018 financial statement presentation. Reclassifications had no effect on net income (loss), stockholders equity, or cash flows as previously reported.

**New Jersey Mining Company**

**Notes to Consolidated Financial Statements (Unaudited)**

**New Accounting Pronouncement**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 Revenue Recognition The new ASU establishes a new five step principles-based framework in an effort to significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. In August 2015, the FASB issued ASU No. 2015-14 Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date. ASU No. 2015-14 deferred the effective date of ASU No. 2014-09 until annual and interim reporting periods beginning after December 15, 2017. We adopted ASU No. 2014-09 as of January 1, 2018 using the modified-retrospective transition approach.

We performed an assessment of the impact of implementation of ASU No. 2014-09, and concluded it did not change the timing of revenue recognition or amounts of revenue recognized compared to how we recognized revenue under our previous policies. Adoption of ASU No. 2014-09 requires additional disclosures, where applicable, on (i) contracts with customers, (ii) significant judgments and changes in judgments in determining the timing of satisfaction of performance obligations and the transaction price, and (iii) assets recognized for costs to obtain or fulfill contracts. See Note 3 for information on our sales of products.

In February 2016, the FASB issued ASU No. 2016-02 Leases (Topic 842). The update modifies the classification criteria and requires lessees to recognize the assets and liabilities on the balance sheet for most leases. The update is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the potential impact of implementing this update on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The update provides guidance on classification for cash receipts and payments related to eight specific issues. The update was effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. Adoption of the update on January 1, 2018 had no impact on the consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash. The update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The update was effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. Adoption of the update on January 1, 2018 had no impact on the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-01 Business Combinations (Topic 805): Clarifying the Definition of a Business. The update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The update was effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company will apply the provisions of the update to potential future acquisitions occurring after the effective date.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

**2.**

**Inventories**

At September 30, 2018 and December 31, 2017, the Company s inventories consisted of the following:

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Gold concentrate | $ 29,406 | $ 219,660 |
| Materials and supplies | 30,354 | 25,494 |
| Total | $ 59,760 | $ 245,154 |

At September 30, 2018, gold concentrate inventory is carried at estimated net realizable value based on current metal prices as it was lower than allocated production costs.

**New Jersey Mining Company**

**Notes to Consolidated Financial Statements (Unaudited)**

**3.**

**Sales of Products**

Our products consist of both gold floatation concentrates which we sell to a broker (H&H Metal), and an unrefined gold-silver product known as doré which we sell to a precious metal refinery. Revenue is recognized upon the completion of the performance obligations and transfer of control of the product to the customer, and the transaction price can be determined or reasonably estimated.

For gold flotation concentrate sales, the performance obligation is met when the transaction price can be reasonably estimated and revenue is recognized generally at the time when risk is transferred to H&H Metal based on contractual terms. Based on contractual terms, we have determined the performance obligation is met and title is transferred to H&H Metal when the Company receives its first provisional payment on the concentrate because, at that time, 1) legal title is transferred to the customer, 2) the customer has accepted the concentrate lot and obtained the ability to realize all of the benefits from the product, 3) the concentrate content specifications are known, have been communicated to H&H Metal, and H&H Metal has the significant risks and rewards of ownership to it, 4) it is very unlikely a concentrate will be rejected by H&H Metal upon physical receipt, and 5) we have the right to payment for the concentrate. Concentrates lots that have been sold are held at our mill from 30 to 60 days, until H&H Metal provides shipping instructions.

Judgment is required in identifying the performance obligations for our concentrate sales. We have determined that the individual performance obligation is satisfied at a point in time when control of the concentrate is transferred to H&H Metal which is when H&H Metal pays us the first provisional payment on the concentrate based on contractual terms.

Our concentrate sales sometimes involve variable consideration, as they can be subject to changes in metals prices between the time of shipment and their final settlement. However, we are able to reasonably estimate the transaction price for the concentrate sales at the time of shipment using forward prices for the estimated month of settlement, and previously recorded sales and accounts receivable are adjusted to estimated settlement metals prices until final settlement for financial reporting purposes. Also, it is unlikely a significant reversal of revenue for any one concentrate lot will occur. As such, we use the expected value method to price the concentrate until the final settlement date occurs, at which time the final transaction price is known. At September 30, 2018, metals contained in concentrates and exposed to future price changes totaled 1,026 ounces of gold.

Sales and accounts receivable for concentrate shipments are recorded net of charges for treatment and other charges negotiated by us with H&H Metal, which represent components of the transaction price. Charges are estimated by us upon transfer of risk of the concentrates based on contractual terms, and actual charges typically do not vary materially from our estimates. Costs charged by the customer include fixed treatment, refining and costs per ton of concentrate and may include penalty charges for lead and zinc content above a negotiated baseline as well as excessive moisture.

For sales of metals from doré, the performance obligation is met, the transaction price is known, and revenue is recognized at the time of transfer of control of the agreed-upon metal quantities to the customer. For sales of doré, the performance obligation is met, the transaction price is known, and revenue is recognized at the time of transfer of title and control of the doré containing the agreed-upon metal quantities to the customer.

Sales of products by metal for the three and nine month periods ended September 30, 2018 and 2017 were as follows:

| | September 30, 2018 | | September 30, 2017 | |
|---|---|---|---|---|
| | Three Months | Nine Months | Three Months | Nine Months |
| Gold | $ 1,122,291 | $ 2,891,607 | $ 1,337,687 | $ 3,314,613 |
| Silver | 2,346 | 7,233 | 3,869 | 11,305 |
| Less: Smelter and refining charges | (91,792) | (275,048) | (75,417) | (107,771) |
| Total | $ 1,032,845 | $ 2,623,792 | $ 1,266,139 | $ 3,218,147 |

Sales by significant product type for the three and nine month periods ended September 30, 2018 and 2017 were as follows:

| | September 30, 2018 | | September 30, 2017 | |
|---|---|---|---|---|
| | Three Months | Nine Months | Three Months | Nine Months |
| Concentrate sales to H&H Metal | $ 1,032,845 | $ 2,313,428 | $ 1,219,813 | $ 3,171,821 |
| Dore sales to refinery | - | 310,364 | 46,326 | 46,326 |
| Total | $ 1,032,845 | $ 2,623,792 | $ 1,266,139 | $ 3,218,147 |

**New Jersey Mining Company**

**Notes to Consolidated Financial Statements (Unaudited)**

At September 30, 2018 and December 31, 2017, our gold sales receivable balance related to contracts with customers of $46,550 and $307,796, respectively, consist only of amounts due from H&H Metal. There is no allowance for doubtful accounts.

We have determined our contracts do not include a significant financing component. For doré sales, payment is received at the time the performance obligation is satisfied. Consideration for concentrate sales is variable, and we receive payment for a significant portion of the estimated value of concentrate parcels at the time the performance obligation is satisfied.

We do not incur significant costs to obtain contracts, nor costs to fulfill contracts which are not addressed by other standards. Therefore, we have not recognized an asset for such costs as of September 30, 2018 or December 31, 2017.

**4.**

**Related Party Notes Payable**

At September 30, 2018 and December 31, 2017, the Company had the following notes and interest payable to related parties:

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Mine Systems Design ( MSD ), a company in which our Company s Vice President owns 10.4%, 12% interest, monthly payments of | $ 28,702 | $ 68,299 |

| | | | | |
|---|---|---|---|---|
| $4,910 through March 2019 | | | | |
| John Swallow, Company president, 5% interest, monthly payments of $5,834 with balloon payment of $322,367 in February 2020; paid in full in May 2018 | | - | | 441,163 |
| John Swallow, Company president, 5% interest, principal and interest due February 2020; paid in full in May 2018 | | - | | 192,677 |
| Ophir Holdings LLC, a company owned by three of the Company s Officers, 6% interest, monthly payments of $3,777 with a balloon payment of $183,559 in February 2020 | | 230,052 | | - |
| Margaret Bathgate, shareholder, 5% interest, principal and interest due January 2019; paid in full in May 2018 | | - | | 100,000 |
| | | 258,754 | | 802,139 |
| Accrued interest payable | | - | | 10,772 |
| Total | | 258,754 | | 812,911 |
| Current portion | | (61,109) | | (211,829) |
| Long term portion | $ | 197,645 | $ | 601,082 |

Related party interest expense for the three and nine month periods ended September 30, 2018 and 2017 is as follows:

| 2018 | | 2017 | |
|---|---|---|---|
| Three Months | Nine Months | Three Months | Nine Months |
| $ 4,663 | $ 36,491 | $ 13,001 | $ 41,970 |

Future principal payments of related party notes payable at September 30, 2018 are as follows:

| 12 months ended September 30, | | |
|---|---|---|
| 2019 | $ | 61,109 |
| 2020 | | 197,645 |
| Total | $ | 258,754 |

On January 1, 2018 Ophir Holdings agreed to convert their Forward Gold Contract (Note 12) which at that time had an outstanding balance of 419.5 ounces with a fair value of $492,783 to a conventional note payable for the same amount. The note bears interest at 6% and has monthly principal and interest payments of $3,777 with a balloon payment of $454,733 in February 2020. In May 2018 an additional payment of $244,208 of the principal outstanding was paid to Ophir Holdings reducing the balloon payment to $183,559.

On January 1, 2018, notes with Mr. Swallow were amended to extend the balloon payments on both notes to February 2020. In May 2018, both of these notes as well as accrued interest were paid in full.

In May 2018, the note payable to Margaret Bathgate and its associated accrued interest was paid in full.

**New Jersey Mining Company**

**Notes to Consolidated Financial Statements (Unaudited)**

**5.**

**Joint Ventures**

**New Jersey Mill Joint Venture Agreement**

The Company owns 65% of the New Jersey Mill Joint Venture and has significant influence in its operations. Thus the venture is included in the consolidated financial statements along with presentation of the non-controlling interest. At September 30, 2018 and December 31, 2017, an account receivable existed with Crescent Silver, LLC, the other joint venture participant ( Crescent ), for $3,714 and $4,682, respectively, for shared operating costs as defined in the JV agreement. Crescent s non-controlling interest in the JV changed during the three and nine months ended September 30, 2018 and 2017 as follows:

| | Nine months ended September 30, | |
|---|---|---|
| | 2018 | 2017 |
| Beginning balance | $ 3,112,294 | $ 3,142,312 |
| Contribution from non-controlling interest | 17,170 | 22,630 |
| Net loss attributable to non-controlling interest | (44,413) | (43,107) |
| Ending balance | $ 3,085,051 | $ 3,121,835 |

**Butte Highlands JV, LLC ( BHJV )**

On January 29, 2016, the Company purchased a 50% interest in Butte Highlands JV, LLC ( BHJV ) from Timberline Resources Corporation for $225,000 in cash and 3,000,000 restricted shares of the Company s common stock valued at $210,000 for a total consideration of $435,000. Highland Mining, LLC ( Highland ) is the other 50% owner and manager of the joint venture. Under the agreement, Highland will fund all future project exploration and mine development costs. The agreement stipulates that Highland is manager of BHJV and will manage BHJV until such time as all mine development costs, less $2 million are distributed to Highland out of the proceeds from future mine production. The Company has determined that because it does not currently have significant influence over the joint venture s activities, it accounts for its investment on a cost basis. The Company purchased the interest in the BHJV to provide additional opportunities for exploration and development and expand the Company s mineral property portfolio.

**6.**

**Earnings per Share**

Basic and diluted earnings (loss) per share are calculated by dividing net income (loss) by the weighted average number of common shares outstanding basic and diluted, respectively. The calculation of the weighted average number of common shares outstanding diluted includes the following common stock equivalents:

| | September 30, 2018 | | September 30, 2017 | |
|---|---|---|---|---|
| | Three Months | Nine Months | Three Months | Nine Months |

| | | | | |
|---|---|---|---|---|
| Stock options | - | 7,054,500 | 2,750,000 | 3,250,000 |
| Stock purchase warrants | - | 1,200,000 | 1,200,000 | 1,200,000 |
| Total | - | 8,254,500 | 3,950,000 | 4,450,000 |

For the three month period ending September 30, 2018, all outstanding stock options and warrants were excluded from the computation of diluted loss per share, as net loss for that period would cause their inclusion to have an antidilutive effect on the calculation of loss per share.

Excluded from the diluted earnings per share calculations for the nine months ending September 30, 2018 were 12,525,123 warrants. These warrants were excluded because the exercise prices were greater than the average trading prices of the Company s common stock for the periods.

Excluded from the diluted earnings per share calculations for both the three and nine months ending September 30, 2017 were 2,725,000 stock options and 6,387,500 warrants. These stock options and warrants were excluded because the exercise prices were greater than the average trading prices of the Company s common stock for the periods.

**New Jersey Mining Company**

**Notes to Consolidated Financial Statements (Unaudited)**

**7.**

**Property, Plant, and Equipment**

Property, plant and equipment at September 30, 2018 and December 31, 2017 consisted of the following:

| | | September 30, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| Mill | | | | |
| Land | $ | 225,289 | $ | 225,289 |
| Building | | 536,193 | | 536,193 |
| Equipment | | 4,192,940 | | 4,192,940 |
| | | 4,954,422 | | 4,954,422 |
| Less accumulated depreciation | | (523,054) | | (428,760) |
| Total mill | | 4,431,368 | | 4,525,662 |
| | | | | |
| Building and equipment at cost | | 1,664,306 | | 673,338 |
| Less accumulated depreciation | | (371,886) | | (222,648) |
| Total building and equipment | | 1,292,420 | | 450,690 |
| | | | | |
| Land | | | | |
| Bear Creek | | 266,934 | | 266,934 |
| Little Baldy | | - | | 47,139 |
| BOW | | 230,449 | | 230,449 |
| Eastern Star | | 250,817 | | 250,817 |
| Gillig | | 79,137 | | 79,137 |
| Highwater | | 40,133 | | 40,133 |
| Total land | | 867,470 | | 914,609 |
| Total | $ | 6,591,258 | $ | 5,890,961 |

**8.**

**Mineral Properties**

Mineral properties at September 30, 2018 and December 31, 2017 consisted of the following:

| | | September 30, 2018 | | December 31, 2017 |
|---|---|---|---|---|
| New Jersey | $ | 248,289 | $ | 248,289 |
| McKinley | | 250,000 | | 250,000 |
| Golden Chest | | 1,667,092 | | 1,649,142 |

| | | | | |
|---|---|---|---|---|
| Four Square | | 826,587 | | - |
| Butte Potosi | | 250,440 | | - |
| Toboggan | | - | | 5,000 |
| Less accumulated amortization | | (22,496) | | (16,475) |
| Total | $ | 3,219,912 | $ | 2,135,956 |

On March 2, 2018, the Company entered into an agreement with J-J Farms LLC and Achievement Holdings LLC ( Four Square ) to purchase a group of patented and unpatented mining claims. Per the agreement, future payments for the mineral property are as follows:

.

Shares of the Company s common stock: 1,333,333 (paid upon closing), and 1,333,333 shares on September 30, 2019. These shares had a fair value of $466,666 based on the closing price of the Company s stock on the date of the agreement.

.

Cash payments: $100,000, $100,000, and $200,000 on September 30, 2018, 2019, and 2020, respectively, for a total of $400,000. The payments are non-interest bearing. Using an implied discount rate of 6.0%, the fair value of these future payments is $359,921 on the date of the agreement.

Total purchase price is $826,587. A mineral purchase property payable was recorded representing the future payments of shares of common stock and cash which total $633,333 less discount of $40,079 which is being amortized over the term of the payment obligation.

In the second quarter of 2018 the Company sold property including the Little Baldy and Toboggan to Hecla Mining Company for $3,000,000. This sale resulted in a net gain of $2,947,862 which was recognized in the second quarter of 2018.

**New Jersey Mining Company**

**Notes to Consolidated Financial Statements (Unaudited)**

In the second quarter of 2018, the Company purchased the Butte Potosi property near its Golden Chest mine for $250,440 and a 2% net smelter return on all ores mined and shipped from the property. This property consist of patented mining claims some of which include both the surface and mineral rights and some of which include only the mineral rights.

**9.**

**Notes Payable**

At September 30, 2018 and December 31, 2017, notes payable are as follows:

| | September 30, 2018 | | December 31, 2017 | |
|---|---|---|---|---|
| Property with shop, 36 month note payable, 4.91% interest rate payable monthly, remaining principal of note due in one payment at end of term in June 2019, monthly payments of $459 | $ | 32,360 | $ | 35,416 |
| Property, 120 month note payable, 11.0% interest rate payable monthly, remaining principal of note due in one payment at end of term in March 2021, collateralized by property, monthly payments of $1,124; paid in full in May 2018 | | - | | 91,155 |
| Tailings pump, 35 month note payable, 17.5% interest rate payable monthly through May 2018, monthly payments of $3,268, collateralized by equipment | | - | | 14,641 |
| Haul truck, 20 month note payable, 10.0% interest rate payable monthly through May 2019, monthly payments of 6,020, collateralized by equipment | | 48,640 | | 97,126 |
| Compressor, 48 month note payable, 5.25% interest rate payable monthly through November 2021, monthly payments of $813, collateralized by equipment | | 29,696 | | 34,452 |
| Jumbo drill and 1 yrd. LHD, 12 month note payable, 8% interest rate payable monthly through January 2019, monthly payments of $10,874, collateralized by equipment | | 42,779 | | - |
| Atlas Copco loader, 60 month note payable, 10.5% interest rate payable monthly through June 2023, monthly payments of $3,550 | | 158,651 | | - |
| Caterpillar excavator and skid steer, 48 month note payable, 6.8% interest rate payable monthly through June 2022, monthly payments of $2,392 | | 94,796 | | - |
| 2018 pick-up, 72 month note payable, 9% interest rate payable monthly through June 2024, monthly payments of $701 | | 37,499 | | - |
| 2008 pick-up, 60 month note payable, 9% interest rate payable monthly through June 2023, monthly payments of $562 | | 25,911 | | |

| | | | | |
|---|---|---|---|---|
| Haul truck, 13 month note payable, 8.0% interest rate payable monthly through July 2019, monthly payments of 5,000, collateralized by equipment | | 48,215 | | |
| Caterpillar 938 loader, 60 month note payable, 6.8% interest rate payable monthly through August 2023, monthly payments of $3,751 | | 187,660 | | - |
| Total notes payable | | 706,207 | | 272,790 |
| Due within one year | | 273,744 | | 95,988 |
| Due after one year | $ | 432,463 | $ | 176,802 |

Future principal payments of debt at September 30, 2018 are as follows:

| 12 months ended September 30, | | |
|---|---|---|
| 2019 | $ | 273,744 |
| 2020 | | 110,083 |
| 2021 | | 119,136 |
| 2022 | | 114,671 |
| 2023 | | 82,725 |
| 2024 | | 5,848 |
| Total | $ | 706,207 |

**New Jersey Mining Company**

**Notes to Consolidated Financial Statements (Unaudited)**

**10.**

**Stockholders Equity**

The Company offered private placements in 2018. Under the private placements, the Company sold 8,858,577 units for net proceeds of $1,107,571. Each unit consisted of one share of the Company s stock and one half of one stock purchase warrant with each whole warrant exercisable for one share of the Company s stock at $0.22 for 24 months.

Stock Purchase Warrants Outstanding

The activity in stock purchase warrants is as follows:

| | Number of Warrants | Exercise Prices |
|---|---|---|
| Balance December 31, 2016 | 10,737,500 | 0.10-0.20 |
| Issued in connection with private placements | 7,558,334 | 0.20 |
| Expired | (9,000,000) | 0.15-0.20 |
| Balance December 31, 2017 | 9,295,834 | $0.10-0.20 |
| Issued in connection with private placement | 4,429,289 | 0.22 |
| Balance September 30, 2018 | 13,725,123 | $0.10-0.22 |

These warrants expire as follows:

| Shares | Exercise Price | Expiration Date |
|---|---|---|
| 1,200,000 | $0.10 | August 11, 2019 |
| 2,137,500 | $0.20 | February 28, 2020 |
| 4,250,000 | $0.20 | March 28, 2020 |
| 1,708,334 | $0.20 | November 3, 2020 |
| 4,429,289 | $0.22 | March 30, 2020 |
| 13,725,123 | - | - |

**11.**

**Stock Options**

In 2017, the Company granted a total of 662,500 options to consultants and employees of the Company. These options vest in 2018. The options had a fair value of $66,539 which is being recognized ratably over the vesting period. Compensation cost of $34,580 was recognized in the first nine months of 2018. The remaining unrecognized compensation cost of $7,440 is expected to be recognized in the remainder of 2018.

Stock based compensation costs are included in management, production, exploration, and general and administrative expenses where applicable.

| | Number of Options | | Exercise Prices |
|---|---|---|---|
| Balance December 31, 2016 | 7,500,000 | | 0.10-0.15 |
| Expired | (500,000) | | 0.10 |
| Issued | 662,500 | | 0.15-0.18 |
| Balance December 31, 2017 | 7,662,500 | | 0.10-0.18 |
| Expired | (500,000) | | 0.10 |
| Exercised | (108,000) | | 0.15 |
| Balance September 30, 2018 | 7,054,500 | | 0.10-0.18 |
| Exercisable at September 30, 2018 | 6,792,000 | $ | 0.10-0.15 |

At September 30, 2018, outstanding stock options have a weighted average remaining term of one and one half years and an intrinsic value of approximately $160,000. During the nine months ended September 30, 2018, stock options for 108,000 shares of common stock with an exercise rate of $0.15 were exercised for total proceeds of $16,200. The intrinsic value of the options on the date of exercise was $1,340.

**New Jersey Mining Company**

**Notes to Consolidated Financial Statements (Unaudited)**

**12.**

**Forward Gold Contracts**

On July 13, 2016, the Company entered into a forward gold contract with Ophir Holdings LLC ("Ophir"), a company owned by three of the Company s officers, for net proceeds of $467,500 to fund startup costs at the Golden Chest. The contract called for the Company to deliver a total of 500 ounces of gold to the purchasers with quarterly payments equivalent to $25,000 in ounces starting February 1, 2017. The equivalent of 80.5 ounces were delivered to Ophir Holdings in 2017. On January 1, 2018 Ophir agreed to convert their Forward Gold Contract which at that time had an outstanding balance of 419.5 ounces with a fair value of $492,783 to a conventional debt structure at 6% interest (see Note 4).

On July 29, 2016, the Company entered into forward gold contracts through GVC Capital LLC ( GVC ) for net proceeds of $772,806 to fund startup costs at the Golden Chest. The agreement calls for the Company to deliver a total of 904 ounces of gold to the purchasers in quarterly payments starting December 1, 2016 for a period of two years as gold is produced from the Golden Chest Mine and New Jersey Mill. The December 1, 2016 payment, 4 payments in 2017, and three payments in 2018 were paid with an ounce equivalent of 904 ounces. The final payment was made in September 2018.

The gold to be delivered does not need to be produced from the Golden Chest property. In addition, the counterparties can request cash payment instead of gold ounces for each quarterly payment. The cash payments are based on average gold prices for the applicable quarter. The contracts are accounted for as derivatives requiring their value to be adjusted to fair value each period end. The change in balance for the forward gold contracts is as follows:

| | Nine months ended September 30, | | | |
|---|---|---|---|---|
| | | 2018 | | 2017 |
| Beginning balance | $ | 920,579 | $ | 1,386,228 |
| Conversion to note payable | | (492,783) | | - |
| Payments in cash | | (185,798) | | (270,755) |
| Payments in gold purchased by the Company | | (257,981) | | (232,037) |
| Change in fair value | | 15,983 | | 218,461 |
| Ending balance | $ | - | $ | 1,101,897 |

The fair value was calculated using the market approach with Level 2 inputs for forward gold contract rates and a discount rate of 10%.

**13.**

**Asset Retirement Obligation**

The Company has established asset retirement obligations associated with the ultimate closing of its mineral properties where there has been or currently are operations. Activity for the nine months ended September 30, 2018 and 2017 is as follows:

| | Nine Months Ended September 30, 2018 | 2017 |
|---|---|---|
| Balance at beginning of period | $ 121,560 | $ 72,218 |
| Accretion expense | 9,028 | 6,327 |
| Revision of estimated reclamation costs | 10,771 | 23,597 |
| Balance at end of period | $ 141,359 | $ 102,142 |

During the nine period ended September 30, 2018 and 2017, the estimated retirement obligation for the Golden Chest mineral property was revised in consideration of additional disturbance activity during the period. The estimated costs were discounted using credit adjusted, risk-free interest rate of 6.0% from the time the obligation was incurred to the time management expects to pay the retirement obligation.

**14.**

**Note Receivable**

On June 6, 2018, the Company loaned $250,000 to West Materials, Inc. and William J. West (collectively West ) which bears interest at 8% and has a term of fifteen months. Five payments are due quarterly with the first payment due and received in cash September 30, 2018. For each payment, the Company has the option of receiving payment in cash or 48.45 troy ounces of gold. The Company plans to opt for cash payment unless the price of gold increases to a level where it would be more beneficial. In the second quarter of 2018, the Company purchased the Butte Potosi mineral property from West (see Note 8). The note receivable is collateralized by a mortgage on the Butte Gulch real property and a related net smelter royalty rights.

**Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Plan of Operation**

New Jersey Mining Company is a gold producer focused on diversifying and building its asset base and cash flows through a portfolio of mineral properties located in historic producing gold districts in Idaho and Montana.

The Company s plan of operation is to generate positive cash flow, while reducing debt and growing its production and asset base over time while being mindful of corporate overhead. The Companies management is focused on utilizing its in-house skillsets to build a portfolio of producing mines and milling operations with a primary focus on gold and secondary focus on silver and base metals.

The Company s properties include: the Golden Chest Mine (currently in production), the New Jersey Mill (majority ownership interest), and a 50% carried to production interest in the past producing Butte Highlands Mine located in Montana. In addition to its producing and near-term production projects, New Jersey Mining Company has additional exploration prospects, including the McKinley and Eastern Star located in Central Idaho, and additional holdings near the Golden Chest in the Murray Gold Belt.

**Highlights during the third quarter of 2018 include:**

.

For the quarter ending September 30, 2018 approximately 8,390 dry metric tonnes (dmt) were processed at the Company s New Jersey mill at a head grade of 2.40 grams per tonne (gpt) with gold recovery of 88.0%. Gold sales for the quarter were 847 ounces.

.

Open pit mining progressed from the 1027 bench to the 1018 bench as we continued to advance through the low grade. Open pit mine production averaged 1,380 tonnes per day (mineralized material and waste).

.

Placement of cemented rock fill (CRF) into the 851 stope was completed during the quarter and the new CRF batch plant performed well. Mining under the new backfill will commence in the fourth quarter. A second crew of miners was added to the underground mine and work began on the attack ramps to the 857 and 848 stopes. Production from these higher grade underground stopes will ramp up in the fourth quarter.

.

Focused drilling on the [Katie-Dora] area of the Golden Chest for a possible expansion of the surface mining operation.

.

Enhanced its Murray Gold Belt portfolio by adding the Giant Ledge Claim Group located southeast of the Golden Chest Mine. The Giant Ledge Project consists of 37 un-patented claims and covers the historic Giant Ledge and Raven mines.

.

Continued trenching and sampling on our other holdings within the Murray Gold Belt in preparation for 2019/2020 exploration programs.

.

In September the final payment was made on forward gold contracts entered into in July 2016 to resume operations at the Golden Chest mine. These payments were made quarterly including both cash and physical payments for a total equivalent of 904 ounces of gold paid over the two-year term.

**Results of Operations**

Our financial performance during the quarter and year to date is summarized below:

.

The Company had a net loss of $588,275 in the three months ending September 30, 2018 compared to a net income of $128,608 in 2017. For the nine month period ending September 30, 2018 the Company had a net income of $1,134,856 compared to a net income of $38,828 for the same period in 2017.

.

Revenue was $1,032,845 and $2,623,792 for the three and nine month periods ending September 30, 2018 compared to $1,266,139 and $3,218,147 for the comparable periods in 2017. The decrease in revenue from mining operations in 2018 is the result of lower grade mineralized material in the second and third quarter of 2018 as the open pit progressed between the Golden Chest and Skookum shoots.

.

The consolidated net income for the first nine months included non-cash charges as follows: depreciation and amortization of $249,551 ($100,588 in 2017), amortization of discount on debt of $8,016 ($35,200 in 2017), accretion of asset retirement obligation of $9,028 ($6,327 in 2017), stock based compensation of $34,580 ($115,836 in 2017), change in fair value of forward gold contracts of $15,983 ($218,461 in 2017), and gain on sale of mineral property $2,947,862 (none in 2017).

.

Net income (loss) attributable to New Jersey Mining Company was ($573,478) and $1,179,269 in the three and nine months period ended September 30, 2018 respectively, compared to a net income attributable to New Jersey Mining Company of $144,407 and $81,935 in the three months and nine month periods ended September 30, 2017.

**Financial Condition and Liquidity**

| | For the Nine Months Ended September 30, | |
|---|---|---|
| Net cash provided (used) by: | **2018** | **2017** |
| Operating activities | $ (968,972) | $ 231,785 |
| Investing activities | 2,265,042 | (75,914) |
| Financing activities | (714,951) | (61,441) |
| Net change in cash and cash equivalents | 581,119 | 94,430 |
| Cash and cash equivalents, beginning of period | 124,617 | 154,833 |
| Cash and cash equivalents, end of period | **$ 705,736** | **$ 249,263** |

The Company is currently producing from the open-pit at the Golden Chest Mine and began underground operations in early November 2017. Since 2017, with the exception of the second and third quarters of 2018, production has generated positive cash flow from operations and planned production for the next 18 months indicates the trend should improve. The Company has also been successful in raising required capital to continue production and fund ongoing operations, completing a forward gold sale of $1.2 million in 2016, common stock and warrants sales of $1,391,000 in 2017, and an additional $1,107,571 in common stock and warrant sales in the first half of 2018. The Company also sold mineral property in the second quarter of 2018 for proceeds of $3,000,000. The Company has utilized the proceeds for acquisition of mineral properties, equipment purchase, and debt reduction.

As a result of its planned production, equity sales and ability to restructure debt, management believes cash flows from operations and existing cash are sufficient to conduct planned operations and meet contractual obligations for the next 12 months.

**Item 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not required for small reporting companies.

**Item 4:**

**CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

At September 30, 2018, our President who also serves as our Chief Accounting Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) of the Securities Exchange Act of 1934 (the Exchange Act ), which disclosure controls and procedures are designed to insure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized, and reported within required time periods specified by the Securities & Exchange Commission rules and forms.

Based upon that evaluation, it was concluded that our disclosure controls were effective as of September 30, 2018, to ensure timely reporting with the Securities and Exchange Commission. Specifically, the Company s corporate governance and disclosure controls and procedures provided reasonable assurance that required reports were timely and accurately reported in our periodic reports filed with the Securities and Exchange Commission.

**Changes in internal control over financial reporting**

There was no material change in internal control over financial reporting in the quarter ended September 30, 2018.

**PART II - OTHER INFORMATION**

**Item 1.**

**LEGAL PROCEEDINGS**

None

**Item 2.**

**UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.**

Neither the constituent instruments defining the rights of the Company s securities filers nor the rights evidenced by the Company s outstanding common stock have been modified, limited or qualified.

During the first quarter of 2018 the Company issued 5,012,423 shares of unregistered common stock at $0.13 per share for net proceeds of $607,570 net of commission and brokerage costs as a result of a private placement offering. During the second quarter of 2018 the Company issued 3,846,154 shares of the Company s stock at $0.13 per share for net proceeds of $500,000 net of commission and brokerage costs as a result of a private placement offering. In the second quarter of 2018 8,000 shares of unregistered common stock were issued in exchange for options which were exercised at $0.15 and an additional 100,000 shares of unregistered common stock were issued in exchange for options which were exercised at $0.15 in the third quarter of 2018. No additional shares were issued in 2018.

During the first quarter of 2017 the Company issued 11,700,000 shares of unregistered common stock at $0.10 per share for net proceeds of $850,000 net of commission and brokerage costs as a result of two private placement offerings. No additional shares were issued by the Company in the second or third quarter of 2017.

The Company relied on the transaction exemption afforded by Section 4(a)(2) of the Securities Act of 1933, as amended, and Regulation D Rule 506(b). The common shares are restricted securities which may not be publicly sold unless registered for resale with the Securities and Exchange Commission or exempt from the registration requirements of the Securities Act of 1933, as amended.

**Item 3.**

**DEFAULTS UPON SENIOR SECURITIES**

The Company has no outstanding senior securities.

**Item 4.**

**MINE SAFETY DISCLOSURES**

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act ), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the quarter ended September 30, 2018, the Company had no citations for a violation of mandatory health or safety standards that could significantly and substantially (S&S citation) contribute to the cause and effect a mine safety or health hazard under section 104 of the Federal Mine Safety and Health Act of 1977. There were no legal actions, mining-related fatalities, or similar events in relation to the Company s United States operations requiring disclosure pursuant to Section 1503(a) of the Dodd-Frank Act.

**Item 5.**

**OTHER INFORMATION**

None

Item 6.

EXHIBITS

| | |
|---|---|
| 3.0* | Articles of Incorporation of New Jersey Mining Company filed July 18, 1996 |
| 3.1* | Articles of Amendment filed September 29, 2003 |
| 3.2* | Articles of Amendment filed November 10, 2011 |
| 3.3* | Bylaws of New Jersey Mining Company |
| 10.1* | Venture Agreement with United Mine Services, Inc. dated January 7, 2011. |
| 10.2* | Idaho Champion Resources Lease with Cox dated September 4, 2013 |
| 10.3** | Rupp Mining Lease dated May 3, 2013 |
| 10.4** | Mining Lease with Hecla Silver Valley, Inc. Little Baldy prospect dated September 12, 2012 |
| 10.5*** | Consent, Waiver and Assumption of Venture Agreement by Crescent dated February 14, 2014 |
| 10.6 | Form of Forward Gold Purchase Agreement dated July 13, 2016 between the Registrant and Ophir Holdings LLC and incorporated by reference to the Company s Form 8-K as filed with the Securities and Exchange Commission on July 18, 2016. |
| 10.7 | Form of Forward Gold Purchase Agreement dated July 29, 2016 between the Registrant and Investors and incorporated by reference to the Company s Form 8-K as filed with the Securities and Exchange Commission on August 2, 2016. |
| 10.8 | Registrant s Grant of Options to Directors and Officers dated December 30, 2016, incorporated by reference to the Company s Form 8-K as filed with the Securities and Exchange Commission on January 4, 2017. |
| 10.9 | Form of Agreement to Purchase the Four Square Property Group of Patented and Un-Patented Mining Claims dated March 2, 2018, incorporated by reference to the Company s Form 8-K as filed with the Securities and exchange Commission on March 7, 2018 |
| 10.10 | Asset Purchase Agreement with Hecla Silver Valley, Inc. to Sell Patented and Un-Patented Mining Claims dated May 18th, 2018 and reported on the Company s Form 8-K filed with the Securities and Exchange Commission on May 24, 2018. |
| 14* | Code of Ethical Conduct. |
| 21* | Subsidiaries of the Registrant |
| 31.1**** | Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 31.2**** | Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.* |
| 32.1**** | Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.* |
| 32.2**** | Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.* |
| 99(i) | Audit Committee Pre-Approval Policies-Filed as an exhibit to the registrant s annual report on Form 10-KSB for the year ended December 31, 2003 and incorporated by reference herein |
| 101.INS**** | XBRL Instance Document |

| | |
|---|---|
| 101.SCH**** | XBRL Taxonomy Extension Schema Document |
| 101.CAL**** | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF**** | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB**** | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE**** | XBRL Taxonomy Extension Presentation Linkbase Document |

*

Filed with the Registrant s Form 10 on June 4, 2014.

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Filed July 2, 2014

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Filed March 31, 2015.

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Filed herewith.

**SIGNATURES**

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

**NEW JERSEY MINING COMPANY**

By: /s/ John Swallow

John Swallow,

its: President and Chief Executive Officer

Date November 14, 2018

By: /s/ Grant Brackebusch

Grant Brackebusch,

its: Vice President and Chief Financial Officer

Date: November 14, 2018