

NEW JERSEY MINING CO  
Form 10-Q  
August 13, 2010

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended June 30, 2010

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**

(State or other jurisdiction  
of incorporation or organization)

**82-0490295**

(I.R.S. employer identification No.)

**89 Appleberg Road, Kellogg, Idaho 83837**

(Address of principal executive offices) (zip code)

**(208) 783-3331**

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  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  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 and small reporting

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company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer \_\_\_\_\_.

Accelerated Filer \_\_\_\_\_.

Non-Accelerated Filer \_\_\_\_\_.

Smaller reporting company .

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 August 3, 2010, 42,438,362 shares of the registrant's common stock were outstanding.

**NEW JERSEY MINING COMPANY  
QUARTERLY REPORT ON FORM 10-Q  
FOR THE QUARTERLY PERIOD  
ENDED JUNE 30, 2010**

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**PART I-FINANCIAL INFORMATION****Item 1: FINANCIAL STATEMENTS**

**New Jersey Mining Company**  
*(A Development Stage Company)*  
**Balance Sheets (Unaudited)**  
**June 30, 2010 and December 31, 2009**

**ASSETS**

	June 30, 2010	December 31, 2009
Current assets:		
Cash and cash equivalents	\$ 91,182	\$ 34,087
Investment in marketable equity security at market (cost-\$3,868)	9,672	21,665
Interest receivable	92	309
Miscellaneous receivable		919
Contract drilling receivable	12,085	
Prepaid claim fees	4,643	18,573
Inventory	22,760	1,833
Total current assets	140,434	77,386
Property, plant, and equipment, net of accumulated depreciation	1,349,615	1,353,369
Mineral properties, net of accumulated amortization	1,403,434	1,407,959
Reclamation bonds	121,133	121,088
Total assets	\$ 3,014,616	\$ 2,959,802

**LIABILITIES AND STOCKHOLDERS EQUITY**

Current liabilities:		
Accounts payable	\$ 52,878	\$ 62,858
Note and interest payable, related party	81,299	72,107
Accrued payroll and related payroll expenses	36,996	7,160
Deposit received on sale of mineral property		50,000
Obligations under capital lease, current	13,036	9,894
Notes payable, current	73,632	134,689
Total current liabilities	257,841	336,708
Asset retirement obligation	27,649	25,913
Obligations under capital lease, non-current	7,898	10,398
Notes payable, non-current	82,598	56,650
Total non-current liabilities	118,145	92,961
Total liabilities	375,986	429,669
Stockholders equity:		
Preferred stock, no par value, 1,000,000 shares authorized; no shares issued and outstanding		
Common stock, no par value, 50,000,000 shares authorized;	9,850,164	9,285,383

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June 30, 2010-42,412,887 and December 31, 2009-38,685,232 shares  
issued and outstanding

Deficit accumulated during the development stage	(7,217,337)	(6,773,046)
Accumulated other comprehensive income		
Unrealized gain in marketable equity security	5,803	17,796
Total stockholders' equity	2,638,630	2,530,133
Total liabilities and stockholders' equity	\$ 3,014,616	\$ 2,959,802

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

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**New Jersey Mining Company**  
*(A Development Stage Company)*  
**Statements of Operations and Comprehensive Loss (Unaudited)**  
**For the Three and Six Month Periods Ended June 30, 2010 and 2009,**  
**And from Inception (July 18, 1996) through June 30, 2010**

	June 30, 2010		June 30, 2009		From Inception (July 18, 1996) Through June 30, 2010
	Three Months	Six Months	Three Months	Six Months	
Income earned during the development stage:					
Sales of gold	\$ 6,067	\$ 6,067	\$ 52,338	\$ 163,659	\$ 431,779
Sales of concentrate					601,168
Drilling and exploration contract income	12,085	12,085	66,472	66,472	210,696
	18,152	18,152	118,810	230,131	1,243,643
Costs and expenses:					
Direct production costs	22,443	40,920	45,268	172,272	1,308,121
Drilling and exploration contract expense	15,489	20,609	28,161	28,161	109,295
Management	60,158	127,026	90,787	187,070	1,823,057
Exploration	82,369	113,628	33,221	49,545	2,363,635
Gain on sale of mineral property					(90,000)
Gain on default of mineral property sale		(50,000)			(320,000)
Depreciation and amortization	20,249	33,443	38,080	85,603	703,536
General and administrative expenses	91,333	175,011	53,589	135,817	2,566,569
Total operating expenses	292,041	460,637	289,106	658,468	8,464,213
Other (income) expense:					
Timber sales					(54,699)
Timber expense					14,554
Royalties and other income	(1,811)	(1,811)	(2)	(2)	(73,887)
Royalties expense			2,484	3,597	44,089
Gain on sale of marketable equity security			(1,912)	(1,912)	(92,269)
Interest income	(397)	(611)	(103)	(437)	(47,704)
Interest expense	1,225	4,227	5,289	11,015	85,732
Write-off of goodwill					30,950
Write-off of investment					90,000
Total other (income) expense	(983)	1,805	5,756	12,261	(3,234)
<b>Net loss</b>	<b>272,906</b>	<b>444,290</b>	<b>176,052</b>	<b>440,598</b>	<b>7,217,336</b>
Other comprehensive (income) loss:					
Unrealized (gain) loss on marketable equity security	11,606	11,993	(10,821)	(4,290)	(5,803)
<b>Comprehensive loss</b>	<b>\$ 284,512</b>	<b>\$ 456,283</b>	<b>\$ 165,231</b>	<b>\$ 436,308</b>	<b>\$ 7,211,533</b>
Net loss per common share basic	\$ Nil	\$ 0.01	\$ Nil	\$ 0.01	\$ 0.34
Weighted average common					

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Shares outstanding basic	42,364,989	41,684,480	37,506,523	37,347,938	20,995,253
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*The accompanying notes are an integral part of these financial statements.*

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**New Jersey Mining Company**  
*(A Development Stage Company)*  
**Statements of Cash Flows (Unaudited)**  
**For the Six Month Periods Ended June 30, 2010 and 2009,**  
**And from Inception (July 18, 1996) through June 30, 2010**

	June 30,	June 30,	From Inception (July 18, 1996) through June 30, 2010
	2010	2009	
Cash flows from operating activities:			
Net loss	\$ (444,290)	\$ (440,598)	\$ (7,217,336)
Adjustments to reconcile net loss to net cash			
Used by operating activities:			
Depreciation and amortization	33,443	85,603	703,536
Loss on equipment	400		11,672
Write-off of goodwill and investment			120,950
Gain on sale of mineral properties	(50,000)		(410,000)
Gain on sale of marketable equity securities		(1,912)	(92,269)
Accretion of asset retirement obligation	1,736		3,179
Common stock issued for:			
Management and directors fees		145,698	1,109,335
Services and other	1,675	12,285	224,083
Exploration		7,500	95,521
Mineral property agreement			15,000
Change in:			
Prepaid claim fees	13,930		(4,643)
Inventory	(20,927)	(41,680)	(22,760)
Miscellaneous receivable	919	5,516	
Interest receivable	217	221	(92)
Contract drilling receivable	(12,085)	(61,043)	(12,085)
Other assets			(778)
Accounts payable	(9,981)	10,671	62,115
Accrued payroll and related payroll expenses	29,837	(28,102)	36,996
Accrued reclamation costs			(1,443)
Net cash used by operating activities	(455,126)	(305,841)	(5,379,019)
Cash flows from investing activities:			
Purchases of property, plant, and equipment	(20,940)	(4,392)	(1,105,188)
Purchase of mineral property			(20,904)
Proceeds from sale of mineral property			120,000
Deposit received on sale of mineral property			320,000
Proceeds on sale of equipment	1,000		1,000
Purchases of or increase in reclamation bonds	(45)	(235)	(121,133)
Purchase of marketable equity security			(7,500)
Proceeds from sales of marketable equity securities		2,112	95,901
Cash of acquired companies			38,269
Deferral of development costs			(759,209)
Net cash used by investing activities	(19,985)	(2,515)	(1,438,764)
Cash flows from financing activities:			
Exercise of stock purchase warrants	33,936		2,571,536
Sales of common stock, net of issuance costs	529,170		4,790,246



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Principal payments on capital lease	(4,983)	(18,005)	(188,480)
Principal payments on notes payable	(35,109)	(57,460)	(345,636)
Note and interest payable, related party net	9,192	64,025	81,299
Net cash provided (used) by financing activities	532,206	(11,440)	6,908,965
Net change in cash and cash equivalents	57,095	(319,796)	91,182
Cash and cash equivalents, beginning of period	34,087	321,254	0
Cash and cash equivalents, end of period	<b>\$ 91,182</b>	<b>\$ 1,458</b>	<b>\$ 91,182</b>
Supplemental disclosure of cash flow information:			
Interest paid in cash, net of amount capitalized	\$ 4,227	\$ 10,190	\$ 73,711
Non-cash investing and financing activities:			
Common stock issued for:			
Property, plant, and equipment		\$	50,365
Mineral properties		\$	333,300
Payment of accounts payable		\$	12,205
Acquisitions of companies, excluding cash		\$	743,653
Capital lease obligation incurred for equipment acquired	\$ 5,625	\$	184,213
Notes payable for property and equipment acquired		\$	482,634

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

**New Jersey Mining Company**  
**Notes to Financial Statements**  
**(Unaudited)**

**1. Basis of Presentation:**

These unaudited interim 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, as well as the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete 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 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 six periods ended June 30, 2010, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2010.

For further information refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

The Company presents its financial statements in accordance with accounting guidance for development stage entities, as management believes that while the Company's planned principal operations have commenced, the revenue generated from them is not sufficient to cover all corporate costs. Additional development of the Company's properties is necessary before a transition is made to reporting as a production stage company.

**2. Description of Business**

The Company was incorporated as an Idaho corporation on July 18, 1996. The Company's primary business is exploring for and developing gold, silver, and base metal mining resources in Idaho.

**3. Related Party Transactions**

In the first and second quarter of 2010, an unsecured line of credit with 0% interest was extended to the Company by President Fred Brackebusch and Vice President Grant Brackebusch for the amount of stock due for management services in the quarter. Stock payments are made to Fred Brackebusch and Grant Brackebusch quarterly based on an hourly rate for management services above a predetermined amount and also in some cases in lieu of base salary. These payments have been deferred for the last 2 quarters. As of June 30, 2010, this amounted to \$79,799. In addition \$1,500 in office rent for the second quarter of 2010 is payable to Mine Systems Design, a related party.

**4. Equity**

**Warrants**

In the second quarter of 2010, 199,625 warrants were exercised; each warrant was exchanged for one unregistered share of the Company's stock, at \$0.17 per share resulting in proceeds of \$33,936. No warrants were exercised in the first quarter of 2010.

**Common Stock Issued for Cash, Goods, and Services**

During the three and six month periods ended June 30, 2010, the Company issued 5,000 and 7,500 shares, respectively, of unregistered common stock to individuals for goods and services at a fair value prices ranging from

\$0.17 to \$0.25 per share.

### 5. Fair Value Measurement

The table below sets forth our financial assets that were accounted for at fair value on at June 30, 2010 and December 31, 2009, and their respective hierarchy level. Hierarchy level is determined by segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3). We had no other financial assets or liabilities accounted for at fair value at June 30, 2010 and December 31, 2009.

	Balance at June 30, 2010	Balance at December 31, 2009	Hierarchy Level
Investments in marketable equity securities	\$ 9,672	\$21,665	Level 1

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## **6. Mining Venture Agreements**

### **Newmont Venture Agreement**

The Company entered into a venture agreement with Newmont North America Exploration Limited ("Newmont") in March 2008, relating to exploration of the Company's Toboggan Project. Newmont is conducting exploration in a 38 square mile area centered on the prospects that the Company has staked. To earn a participating interest in the Venture, Newmont is required to contribute \$2,000,000 in exploration expenditures as follows: \$300,000 on or before March 2009, an additional \$700,000 by March 2010, and an additional \$1,000,000 by March 2011. Newmont has completed two field seasons of exploration work and is currently conducting the third season in 2010. Newmont has made satisfactory progress toward completing their required expenditures under the agreement. NJMC has been providing drilling services on a per footage fee basis to Newmont for this project.

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

When we use the terms "New Jersey Mining Company," the "Company," "we," "us," or "our," we are referring to New Jersey Mining Company (the "Company") and its subsidiaries, unless the context otherwise requires.

#### **Cautionary Statement about Forward-Looking Statements**

This Quarterly Report on Form 10-Q includes certain statements that may be deemed to be "forward-looking statements." All statements, other than statements of historical facts, included in this Form 10-Q that address activities, events or developments that our management expects, believes or anticipates will or may occur in the future are forward-looking statements. Such forward-looking statements include discussion of such matters as:

- The amount and nature of future capital, development and exploration expenditures;
- The timing of exploration activities; and
- Business strategies and development of our business plan.

Forward-looking statements also typically include words such as "anticipate," "estimate," "expect," "potential," "could" or similar words suggesting future outcomes. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, including such factors as the volatility and level of metal prices, currency exchange rate fluctuations, uncertainties in cash flow, expected acquisition benefits, exploration mining and operating risks, competition, litigation, environmental matters, the potential impact of government regulations, and other matters related to the mining industry, many of which are beyond our control. Readers are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those expressed or implied in the forward-looking statements.

The Company is under no duty to update any of these forward-looking statements after the date of this report. You should not place undue reliance on these forward-looking statements.

#### **Plan of Operation**

The Company is executing its strategy to conduct exploration for gold, silver and base metal deposits in the greater Coeur d'Alene Mining District of northern Idaho while concurrently conducting mining and mineral processing operations on ore reserves it has located on its exploration properties. The financial strategy is to generate cash from these operations to pay for corporate expenses and to provide additional funds for exploration, thus reducing the need to raise funds through financing activities including sale of common stock. The strategy includes finding and developing ore reserves in order to increase production of gold, silver, and base metals. In addition, the sale or joint venture of mineral properties is used as a source of funds and to reduce exploration costs.

The Company has several properties at which most exploration is being conducted; the Toboggan Project, the Niagara, the Golden Chest, the Silver Strand, and the Coleman. The Toboggan Project is a group of prospects in the

Murray, Idaho District that contain gold and silver telluride minerals. The Toboggan Project is being explored by Newmont North America Exploration Limited under a joint venture agreement. Newmont is conducting exploration in a 38 square mile area centered on the prospects that the Company has staked previously and on new claims staked by Newmont. Newmont has commenced drilling of certain targets in the second quarter of 2010. The Niagara copper-silver deposit, also located in the Murray, Idaho area, in the Revett formation was drilled in the 1970 s, and the Company drilled five holes since which expanded the resource. The Company is searching for joint venture opportunities in order to acquire funding to develop the reserves at the Golden Chest mine. An exploration drill hole was completed at the Golden Chest in the second quarter and a thin, high grade vein was intercepted. Production of silver-gold ore commenced at the Silver Strand mine in May 2010, but late in the second quarter crews were reassigned to exploration at the Golden Chest. At the Coleman underground mine, during the first quarter, a raise on the vein was started to help determine whether reserves can be calculated on the deeper parts of the Coleman vein.

The Company commenced core drilling operations at the Toboggan Project for Newmont under a service agreement in June 2010.

Improvements to the New Jersey mineral processing plant were made in the first quarter and the plant was operated in the second quarter processing a batch of custom ore, Coleman ore, and Silver Strand ore. The plant was idled at the end of the second quarter due to metallurgical problems with the Silver Strand ore.

**Changes in Financial Condition**

The Company maintains an adequate cash balance by increasing or decreasing its exploration expenditures as limited by availability of cash from operations or from financing activities. The cash balance at the end of the first quarter was \$91,182, and Figure 1 shows the corresponding balances for previous accounting periods.

The cash balance decreased during the second quarter due to lack of financing activities and limited revenue.

**Results of Operations**

Income Earned during the Development Stage (Revenue) for the second quarter of 2010 was \$18,152 as compared to \$118,810 for the comparable period of 2009. Revenue was lower in 2010 due to less production. Figure 2 shows a net loss for the second quarter of 2010 of \$272,906 compared to a loss of \$176,052 for the second quarter of 2009. The net loss for the second quarter of 2010 was greater than the second quarter of 2009 because of decreased revenue.

Gold production was 26 ounces in the first quarter of 2010 compared to 96 ounces in the comparable period of 2009. Gold production for the remainder of 2010 will depend on the success of an exploration crosscut at the Golden Chest

mine.

At the Golden Chest mine, production depends upon the ability to complete development of reserves. If the Idaho vein ramp development can be completed there will be more than 200,000 tonnes available. There are no plans in 2010 to commence ramp development unless a joint venture partner or other means of financing can be arranged.

Ore production started at the Silver Strand mine in the second quarter of 2010 but was suspended due to low metallurgical recovery in the concentrate leach plant. While management expects that it can solve the metallurgical problems with Silver Strand ore, no production will be possible for the remainder of the operating season.

The amount of money to be spent on exploration at the Company's mines and prospects will depend upon the amount of gross profit generated by operations and the amount of money raised by financing activities. Management expects that minimal work will be done at the Company's mines for the remainder of 2010 and that the mineral processing plant will remain idle the remainder of the year.

The Company will continue to look for a joint venture partner at the Golden Chest mine and to pursue equity financing. The Company is drilling for Newmont at the Toboggan Project on a contract basis during the 2010 summer and fall season. Newmont currently pays for all exploration activities on the Toboggan Project. We expect to receive cash flow by providing drilling services to Newmont on our joint venture (see note 6. Mining Venture Agreements Newmont Venture Agreement).

***Changes in Direct Production Costs***

Direct production costs decreased for the three and six month periods ending June 30, 2010 compared to the comparable periods last year because the mining and milling properties were shut down for the majority of the first quarter and only resumed operations in March of 2010.

***Changes in Management Costs***

Management expenses decreased for the three and six month periods ending June 30, 2010 compared to the comparable periods last year because of limited activity in 2010. Management continues to receive a portion of payment in stock.

***Changes in Exploration Costs***

Exploration expenses increased for the three and six month periods ending June 30, 2010 compared to the comparable period last year. Exploration projects were put on hold in 2009 while production occurred at the Golden Chest property. In March of 2010 exploration activities were resumed at the Coleman property.

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

Not required for small reporting companies.

**Item 4: CONTROLS AND PROCEDURES**

**Disclosure Controls and Procedures**

The Company's President and Chief Executive Officer who also serves as the Company's principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934 (the Exchange Act), as of the end of the period covered by this report. Based on such evaluation, the Company's President, Chief Executive Officer, and principal financial officer has concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective in recording, processing, summarizing, and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files under the Exchange Act.

**Changes in internal control over financial reporting.**

The President, Chief Executive Officer, and principal financial officer conducted evaluations of the Company's internal controls over financial reporting to determine whether any changes occurred during the quarter ended June 30, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. No material changes in internal control over financial reporting occurred in the quarter ended June 30, 2010.

**Item 4T.: CONTROLS AND PROCEDURES**

Information regarding internal control over financial reporting has been set forth in Item 4.

**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 second quarter of 2010 the Company issued 199,625 shares of unregistered common stock for net proceeds of \$33,936 to certain accredited and sophisticated individuals in exchange for warrants held by those individuals. In management's opinion, the sale of the restricted shares, as defined under Rule 144, was made in reliance on exemptions from registration provided by Section 4(2) and Rule 506 of Regulation D of the Securities Act of 1933, as amended and other applicable Federal and state securities laws.

During the second quarter of 2010 the Company issued 5,000 shares of unregistered common stock at an average price of \$0.25 to other accredited and sophisticated individuals for goods and services. In management's opinion, the securities were issued pursuant to exemptions from registration under Section 4(2) of the Securities Act of 1933, as amended.

**Item 3. DEFAULTS UPON SENIOR SECURITIES**

The Company has no outstanding senior securities.

**Item 4. REMOVED AND RESERVED**

**Item 5. OTHER INFORMATION**

None

**Item 6. EXHIBITS**

Number   Description

3.1      Articles of Incorporation. Filed as an exhibit to the registrant's registration statement on Form 10-SB (Commission File No. 000-28837) and incorporated by reference herein.

3.2      Bylaws. Filed as an exhibit to the registrant's registration statement on Form 10-SB (Commission File No. 000-28837) and incorporated by reference herein.

31.1    Certification pursuant to Section 302 of the Sarbanes-Oxley act of 2002.

32.1    Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**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/ Fred W. Brackebusch

Fred W. Brackebusch, its  
President, Treasurer & Director  
Date August 13, 2010

By: /s/ Grant A. Brackebusch

Grant A. Brackebusch, its  
Vice President & Director  
Date: August 13, 2010