NEW JERSEY MINING CO
Form 10-K
February 26, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2017

[ ] 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

(Name of small business issuer 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

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, No par value per share

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

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes [ ] No [X]

Indicate by check mark whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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[X] No [ ]

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and no disclosure will 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. [X]

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

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o	Smaller reporting company x
	Emerging Growth Company o

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

The aggregate market value of all common stock held by non-affiliates of the registrant, based on the average of the bid and ask prices on June 30, 2017 was $11,225,083.

On February 15, 2018 there were 112,310,372 shares of the registrant s Common Stock outstanding.

TABLE OF CONTENTS

Table of contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and the exhibits attached hereto contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements concern the Company s anticipated results and developments in the Company s operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. These statements include, but are not limited to, comments regarding:

.

the establishment and estimates of mineralization;

.

the grade of mineralization;

.

anticipated expenditures and costs in our operations;

.

planned exploration activities and the anticipated outcome of such exploration activities;

.

plans and anticipated timing for obtaining permits and licenses for our properties;

.

expected future financing and its anticipated outcome;

.

anticipated liquidity to meet expected operating costs and capital requirements;

.

our ability to obtain joint ventures partners and maintain working relationships with our current joint venture partners;

.

our ability to obtain financing to fund our estimated expenditure and capital requirements; and

.

factors expected to impact our results of operations.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as expects or does not expect , is expected , anticipates or does not anticipate , plans , estimates or inte stating that certain actions, events or results may , could , would , might or will be taken, occur or be achieved) are statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties, and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

.

risks related to our limited operating history;

.

risks related to our history of losses and our expectation of continued losses;

.

risks related to our properties being in the exploration or development stage;

.

risks related our mineral operations being subject to government regulation;

.

risks related to future legislation and administrative changes to mining laws;

.

risks related to future legislation regarding climate change;

.

risks related to our ability to obtain additional capital or joint venture partners;

.

risks related to land reclamation requirements and costs;

.

risks related to mineral exploration and development activities being inherently dangerous;

.

risks related to our insurance coverage for operating risks;

.

risks related to cost increases for our exploration and development projects;

.

risks related to a shortage of equipment and supplies adversely affecting our ability to operate;

.

risks related to mineral estimates;

.

risks related to the fluctuation of prices for precious and base metals, such as gold and silver;

.

risks related to the competitive industry of mineral exploration;

.

risks related to our title and rights in our mineral properties and mill;

.

risks related to joint venture partners and our contractual obligations therewith;

.

risks related to potential conflicts of interest with our management;

.

risks related to our dependence on key management;

.

risks related to the New Jersey Mill operations, management, and milling capacity;

.

risks related to our business model;

.

risks related to evolving corporate governance standards for public companies; and

.

risks related to our shares of common stock.

This list is not exhaustive of the factors that may affect our forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the sections titled Description of Business and Management s Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, believed, estimated, or expected. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events, except as required by law.

We qualify all the forward-looking statements contained in this Annual Report by the foregoing cautionary statements.

Table of contents

GLOSSARY OF SIGNIFICANT MINING TERMS

Ag-Silver.

Au-Gold.

Alluvial-Adjectivally used to identify minerals deposited over time by moving water.

Argillites-Metamorphic rock containing clay minerals.

Arsenopyrite-An iron-arsenic sulfide. Common constituent of gold mineralization.

Ball Mill-A large rotating cylinder usually filled to about 45% of its total volume with steel grinding balls. The mill rotates and crushed rock is fed into one end and discharged through the other. The rock is pulverized into small particles by the cascading and grinding action of the balls.

Bedrock-Solid rock underlying overburden.

Cu-Copper.

CIL-A standard gold recovery process involving the leaching with cyanide in agitated tanks with activated carbon. CIL means "carbon-in-leach."

Crosscut-A nominally horizontal mine passageway, generally driven at right angles to the strike of a vein.

Dip-Angle made by an inclined surface with the horizontal, measured perpendicular to strike.

Deposit-A mineral deposit is a mineralized body that has been intersected by sufficient closely-spaced drill holes or underground sampling to support sufficient tonnage and average grade(s) of metal(s) to warrant further exploration or development activities.

Drift-A horizontal mine opening driven on the vein. Driving is a term used to describe the excavation of a mine passageway.

Exploration Stage-As defined by the SEC-includes all issuers engaged in the search for mineral deposits (reserves), which are not in the production stage.

Fault-A fracture in the earth's crust accompanied by a displacement of one side of the fracture with respect to the other and in a direction parallel to the fracture.

Flotation-A physiochemical process for the separation of finely divided solids from one another. Separation of these (dissimilar) discrete solids from each other is affected by the selective attachment of the particle surface to gas bubbles.

GPT-grams per metric tonne.

Galena-A lead sulfide mineral. The most important lead mineral in the Coeur d'Alene Mining District.

Grade-A term used to assign the concentration of metals per unit weight of ore. An example-ounces of gold per ton of ore (opt). One troy ounce per short ton is 34.28 parts per million or 34.28 grams per metric tonne.

Mill-A general term used to denote a mineral processing plant.

Mineralization-The presence of minerals, usually of potential economic significance, in a specific area or geologic formation.

Net Smelter Return (NSR)-The Net Smelter Return from a processed ore is the value recouped from the mineral products less the costs associated with smelting, refining, and transport to the smelter. The NSR specifically does not permit the deduction of mining and milling costs.

Ore-A mineral or aggregate of minerals that can be mined and treated at a profit. A large quantity of ore that is surrounded by waste or sub-ore material is called an orebody.

Patented Claim-A mineral claim where the title has been obtained from the U.S. federal government through the patent process of the 1872 Mining Law. The owner of the patented claim is granted title to the surface and mineral rights.

Production Stage-As defined by the SEC-includes all issuers engaged in the exploitation of a mineral deposit (reserve).

Pyrite-An iron sulfide mineral that usually has no commercial value but is commonly associated with mineral deposits of gold, copper, and other metals.

Quartz-Crystalline silica (SiO_2). An important rock-forming and gangue material in veins or other types of mineral deposits.

4

Table of contents

Quartzites-Metamorphic rock containing significant amounts of quartz.

Raise-An underground opening driven upward, generally on the vein.

Ramp-An underground opening usually driven downward, but not always, to provide access to an orebody for rubber-tired equipment such as loaders and trucks. Typically ramps are inclined at a slope grade of approximately 15%.

Reserves-That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are subcategorized as either proven (measured) reserves, for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings, or drill holes, and grade and/or quality are computed from the results of detailed sampling, and (b) the sites for inspection, sampling, and measurement are spaced so closely and geologic character is so well defined that size, shape, depth, and mineral content are well-established; or probable (indicated) reserves, for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, yet the sites for inspection, sampling and measurement are farther apart.

Royalty or NSR Royalty-A mineral royalty is a percentage of the value extracted from an ore that is paid to an interest holding party, usually a claim owner. The NSR Royalty is calculated based on the value of the processed ore after deducting the costs of smelting, refining, and transport to a smelter. However, the cost of mining and milling is not deducted. Typical NSR Royalty rates in the United States are on the order of 1 5%.

Shoot A body of ore, usually of elongated form, extending downward or upward in a vein.

Stope-An underground void created by the mining of ore.

Strike-The bearing or azimuth of the line created by the intersection of a horizontal plane with an inclined rock strata, vein or body.

Tellurium-Relatively rare chemical element found with gold and silver that can form minerals known as tellurides.

Tetrahedrite-Sulfosalt mineral containing copper, antimony, and silver.

Vein-A zone or body of mineralized rock lying within boundaries separating it from neighboring wallrock. A mineralized zone having a more or less regular development in length, width and depth to give it a tabular form and commonly inclined at a considerable angle to the horizontal.

Unpatented Claim-A mineral claim staked on United States Public Domain (USPD) that is open for mineral entry. Unpatented lode claims can be no more than 1,500 feet long by 600 feet wide. The claimant owns the mineral rights, but does not own the surface, which is USPD. Any exploration or mining on the claim must first be submitted in a plan of operations (POO) for approval to the appropriate federal land management entity.

Wallrock-Usually barren rock surrounding a vein.

Table of contents

PART I

ITEM 1. DESCRIPTION OF THE BUSINESS

Form and Year of Organization

New Jersey Mining Company (the Company   or   NJMC) is a corporation organized under the laws of the State of Idaho on July 18, 1996. The Company was dormant until December 31, 1996, when all of the assets and liabilities of the New Jersey Joint Venture (a partnership) were transferred to the Company in exchange for 10,000,000 shares of common stock. The New Jersey Joint Venture, a partnership, was formed in 1994 to develop the New Jersey Mine.

Any Bankruptcy, Receivership or Similar Proceedings

There have been no bankruptcy, receivership, or similar proceedings.

Any Material Reclassification, Merger, Consolidation, or Purchase or Sale of a Significant Amount of Assets Not in the Ordinary Course of Business.

There have been no material reclassifications, mergers, consolidations, purchases, or sales not in the ordinary course of business for the past three years.

BUSINESS OF THE COMPANY

General Description of the Business

New Jersey Mining Company (NJMC) was incorporated in the State of Idaho on July 18, 1996. The Company has an established base in three historic mining districts in the western United States. Its overall business strategy is to build a mid-tier producer by starting small and reaching profitability, while reducing debt, growing its asset base over time, and being mindful of corporate overhead from a shareholder perspective. The Company s 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 a secondary focus on silver and base metals.

The Company s portfolio of mineral properties includes:

.

the Golden Chest Mine (where it has both open-pit and underground operations);

.

the Butte Highlands Mine (50% interest, carried to production);

.

the New Jersey Mine (historic mine, adjacent to the New Jersey Mill);

.

several exploration prospects including the McKinley, Eastern Star, and Toboggan projects.

In addition to mineral exploration and development, the Company is also the manager of the New Jersey Mill Joint Venture. The New Jersey Mill currently processes ore from the Golden Chest Mine and has capability to process both silver and gold ores through a 360 tonnes per day flotation plant.

The exploration focus for the Company is primarily gold with silver and base metals of secondary emphasis. NJMC has also sought joint venture partners or mineral lessees that bring mine development expertise, such that more advanced projects in the Company s portfolio may be put into production.

During the last two years, the Company has focused its efforts on the development and consolidation of ownership of the Golden Chest Mine and now has 100-percent ownership of the project. The Company began a ramp-up of open-pit mining in August of 2016 and recently began operations underground in November of 2017. Ore from both the open-pit and underground mining operations is being shipped to the New Jersey Mill.

Competitive Business Conditions

While there has been a market for gold and precious metals historically, the Company competes on several different fronts within the minerals exploration industry. The Company competes with other junior mining companies for the capital necessary to sustain its exploration and development programs. NJMC also competes with other mining companies for exploration properties and mining assets, mostly properties in the western United States. In recent years, the Company has been successful in resuming operations at the New Jersey Mill, consolidating 100% ownership of the Golden Chest Mine and acquiring a 50% interest in the Butte Highlands Joint Venture. Prior to consolidating 100% of the Golden Chest Mine the Company also received revenue on a per tonne basis for processing ores from the Golden Chest Mine in 2014 and 2015.

The year just ended, 2017, constitutes the first full year of consistent milling production for the refurbished New Jersey Mill. The mill commenced limited operations in December of 2014, concluded those operations in September 2015 and restarted milling in October 2016. The New Jersey Mill joint venture agreement contemplated NJMC entering the mineral processing sector of the mining business, both to support mining operations at its joint venture partner s Crescent Silver Mine and possibly to provide contract milling services to other regional mining companies and/or for its own properties.

Table of contents

Economic conditions and depressed commodity prices prevented the commercial start-up of mining operations at the Crescent Silver Mine, but the Golden Chest Mine continued to progress. In October 2016 production at the Golden Chest resumed with the Company as the sole owner and operator. While not its core business, the New Jersey Mill has little competition for contract milling within an approximate 175-mile radius; however, it is conceivable that fuel prices and other factors could expand the market to include mines outside of the area.

Generally, the Company is subject to the risks inherent to the mineral industry. A primary risk of mineral exploration is the low probability of finding a major ore deposit. The Company attempts to mitigate this risk by focusing its efforts in areas known to host significant mineral deposits, and also by relying on its experienced management team to drive analysis, evaluation, and acquisition of properties that it feels have a higher-than-average probability of success. In addition to deal essentials, such as cost, terms, timing, and market considerations, the Company s process of property acquisition involves screening target properties based on geological, economic, engineering, environmental, and metallurgical factors. In all of its operations the Company competes for skilled labor within the mining industry.

The risks associated with the Company s mining and milling operations include other risks typical of the mining industry, such as: operational effectiveness in the processing plan that could result in lower recovery of the economic metals, mechanical failure of equipment that could increase costs or decrease efficacy, ability to hire and retain qualified operators, and risks that the mining operations are unable to economically extract material to feed the milling operation. The Company manages these risks with detailed mine planning and extraction processes, a preventive maintenance program, and installing experienced and technically proficient management.

Another significant risk in the mining industry is the price of metals such as gold and silver. If the prices of these metals were to fall substantially it could lead to a loss of investor interest in the mineral exploration sector, which would make it more difficult to raise the capital necessary for the Company or other potential customers to move exploration and development plans forward.

Effect of Existing or Probable Governmental Regulations on the Business

The mining business is subject to extensive federal, state and local laws and regulations governing development, production, labor standards, occupational health, waste disposal, the use of toxic substances, environmental regulations, mine safety and other matters. The Company is subject to potential risks and liabilities occurring as a result of mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies in the minerals industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive.

All operating and exploration plans have been made in consideration of existing governmental regulations. Regulations that most affect operations are related to surface water quality and access to public lands. An approved plan of operations (POO) and a financial bond are usually required before exploration or mining activities can be conducted on public land that is administered by the United States Bureau of Land Management (BLM) or United States Forest Service (USFS).

The New Jersey Mine, Golden Chest Mine, and other nearby properties are part of the expanded Bunker Hill Superfund Site. Current plans for expanded cleanup do not include any NJMC projects. There is no known evidence that previous operations at the New Jersey Mine (prior to 1910) caused any groundwater or surface water pollution or discharged any tailings into the South Fork of the Coeur d'Alene River; however, it is possible that such evidence could surface. Should such a liability emerge for the Company, its exposure would likely be to clean up or cover old mine tailings that may have washed downstream from upstream mining operations. There are no mineral processing tailings deposits at the Golden Chest Mine. However, at least two old adits have small water discharges. The Company could conceivably be required to conduct cleanup operations at its own expense, however, the Environmental Protection Agency s (EPA) Record of Decision for the Bunker Hill Mining and Metallurgical Complex Operating Unit 3 does not include any cleanup activities at the Company s projects. Recently, the EPA has proposed a new cleanup plan that greatly increases the number of historic mine sites to be reclaimed, however, the plan has not been approved. NJMC has not received any notifications that it could be liable for any environmental cleanup.

Costs and Effects of Compliance with Environmental Laws (Federal, State and Local)

No major Federal permits are required for the Golden Chest and New Jersey Mines because the operations are on private land and there are no process discharges to surface waters. However, any exploration program conducted by the Company on unpatented mining claims, usually administered by the BLM or USFS, requires a POO to be submitted. The Company s exploration programs on public land can be delayed for significant periods of time (one to two years) because of the slow permitting process applied by the USFS. The Company believes that such permitting delays are caused by insufficient manpower, complicated regulations, competing priorities, and sympathy for environmental groups who oppose all mining projects. The Company does have an approved POO by the USFS for the Toboggan Project, however the Company must post an $82,000 bond for it to become effective and the Company has not posted the bond to date.

The Company is also subject to the rules of the U.S. Department of Labor, Mine Safety and Health Administration (MSHA) for the New Jersey and Golden Chest operations. When an underground mine or mill is operating, MSHA performs a series of regular quarterly inspections to verify compliance with mine safety laws, and can assess financial penalties for violations of MSHA regulations. A typical mine citation order for a violation that is not significant or substantial is about $200.

The New Jersey Mine and Mill have two important State of Idaho permits. The first is an Idaho Cyanidation Permit and the second is a reclamation plan for surface mining operations. No permit is required for the current flotation process as there is no discharge of water to surface waters and the tailings impoundment is less than 30 feet high from toe to crest. An Idaho cyanidation permit was granted October 10, 1995 [No. CN-000027]. Construction of the Concentrate Leach Plant (CLP) at the New Jersey Mill was completed in November of 2007. The Idaho Cyanidation permit requires quarterly surface water and groundwater monitoring during the operation of the CLP. NJMC estimates the cost of water-monitoring associated with the CLP to be approximately $6,000 per year.

The Idaho Department of Lands (IDL) approved a surface mining reclamation plan for the New Jersey Mine in 1993. The plan calls for grading of steep fill slopes and planting of vegetation on the area disturbed by the open-pit mine. NJMC pays an annual reclamation fee of $133 to the Idaho Department of Lands for surface disturbance associated with the New Jersey Mine open-pit. The Company has estimated its costs to reclaim the New Jersey Mine and Mill site to be $95,000. The Company submitted a reclamation plan to the IDL for its current open-pit mining operation at the Golden Chest Mine. The plan was approved and the Company was required to post a reclamation bond of $103,320. This plan also calls for the grading of steep fill slopes and re-vegetation of disturbed land as well as erosion control measures and best practices.

When the Company plans an exploration drilling program on public lands, it must submit a POO to either the BLM or USFS. Compilation of the plan can take several days of professional time and a reclamation bond is usually required to start drilling once the plan is approved. Bond costs vary directly with surface disturbance area, but a small, single set-up drilling program usually requires a bond amount of approximately $5,000. If a plan requires road building, the bond amount can increase significantly. Upon completion of site reclamation and approval by the managing agency, the bond is returned to the Company.

The Company complies with local building codes and ordinances as required by law.

Number of Total Employees and Number of Full Time Employees

The Company's total number of full time employees is 18.

REPORTS TO SECURITY HOLDERS

The Company is not required to deliver an annual report to shareholders, however, it plans to deliver an annual report to shareholders in 2018. The annual report will contain audited financial statements. The Company may also rely on the Internet to deliver annual reports to shareholders.

The Company filed a Form 10-SB with the Securities and Exchange Commission on January 11, 2000. The filing became effective on January 27, 2000. The Company has filed the required annual 10-K reports, quarterly 10-Q reports, and 8-K reports since that time up to the Form 10-K report that was filed for 2012. A Form 15 was filed on May 15, 2013 suspending Company filing for the 2013 filing year. A Form 10 was subsequently filed on July 2, 2014 to return the Company to reporting status.

The public may read a copy of any materials the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, NE., Washington, D.C. 20549, on official business days during the hours of 10 a.m. to 3 p.m. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission and SEC.

Table of contents

The Company maintains a website where recent press releases and other information can be found. A link to the Company s filings with the SEC is provided on the Company s website www.newjerseymining.com.

ITEM 2. DESCRIPTION OF PROPERTIES

Figure - Project Location Map

GOLDEN CHEST MINE

Figure - Photo of New Golden Chest Mine Portal in October 2014

Table of contents

Property Location

The Golden Chest Mine is comprised of an underground mine, an open-pit mine, and an exploration project located about 1.5 miles east of Murray, Idaho, comprised of 25 patented mining claims (280 acres) and 70 unpatented claims (990 acres). The site is along USFS Highway 9 and is accessible by several improved dirt roads from the paved highway. A three-phase power line was installed at the property in 2014 with power supplied by Avista Utilities.

Property Ownership

NJMC owns 100% of the Golden Chest LLC (owner of the Golden Chest Mine). The Company consolidated its ownership in December 2015, purchasing Marathon Gold Corporation s (Marathon) 52.22% stake in Golden Chest LLC (the Company already owned the other 47.78%) for $180,000 along with a 2% NSR on production from the Golden Chest property, as well as an adjacent Area of Interest. Golden Chest LLC purchased the mine from Metaline Contact Mines and J.W. Beasley Interests for $3.75-million. The purchase was financed through a promissory note of $3,250,000 after a down payment of $500,000. On October 25, 2017, NJMC paid off the remaining balance owed on the note.

Property History

The Golden Chest Mine was developed in the late-1800s or early-1900s as part of the early gold production from the Coeur d Alene Mining District. Historical accounts vary, but the district is believed to have produced approximately 300,000 ounces of gold from placer sources. It is estimated that the historic hard rock mining operations on the Golden Chest property produced approximately 75,000 ounces of gold, primarily from shallow, underground, high-grade veins. The Golden Chest is considered to be the largest historic lode producer of gold in north Idaho.

Modern exploration of the Golden Chest area began in the late-1970s with several companies, including Cominco-American and Golden Chest Inc. (GCI), targeting gold and massive sulfides. Drill tests by GCI included a 200-foot hole from surface that intersected a 60-foot zone containing multiple low-grade gold-bearing quartz veins.

Newmont Exploration Ltd. followed GCI s discovery by evaluating the veins for bulk mineable potential in the late-1980s. A geochemical survey yielded soil samples from the mine area that were anomalous in both gold and arsenic, indicating a well-developed vein system. Newmont then drilled 35 shallow reverse-circulation and five core holes, establishing an historic resource, most of which is related to the Idaho Vein system on the south end of the property.

Present Condition, Work Completed, and Exploration Plans

Exploration & Development by NJMC & Golden Chest LLC

NJMC first leased the property in 2003, then explored, drilled, and developed it over subsequent years, producing 8,400 tonnes of ore averaging 6.9 gpt gold, all of which was processed at its New Jersey Mill for total production of nearly 2,000 ounces of gold. From 2004 through 2008, the Company completed an exploration core-drilling program at the Golden Chest totaling 3,415 meters of core during that period, successfully extending the Idaho Vein below the No. 3 Level. NJMC connected the historic No. 3 Level to the surface by driving a 440-meter ramp (the North Ramp), which was completed in 2008.

In 2010, NJMC terminated its operating leases to form Golden Chest LLC with Marathon. NJMC contributed certain mining claims, all geological data, and mining equipment to the venture, while Marathon contributed $4-million cash. As Marathon is a Canadian issuer, the joint venture operated and issued technical disclosures in accordance with Canadian National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101).

In 2011, Golden Chest LLC completed the most aggressive exploration project in the history of the property, totaling 11,300 meters of surface drilling. Other work completed included the construction of a new core shed, construction of new roads, surface geological work, surface and underground surveying, underground exploration drifting, and mine rehabilitation. In 2012, Golden Chest LLC completed an additional 7,000 meters of drilling and exploration drifting on the Popcorn vein. Based on the results of those work programs, Golden Chest LLC delineated an updated gold resource and filed a technical report in compliance with NI 43-101.

As part of the Company s efforts to seek a listing on the Canadian Stock Exchange an updated National Instrument 43-101 Technical Report was completed and released. The report included current mining operations and activity that occurred in 2016 and 2017.

Table of contents

The Juniper Lease & Mine Modernization

In September 2013, the Skookum Shoot portion of the Golden Chest property was leased to Juniper, which later reassigned the lease to Gold Hill, an affiliate company. Gold Hill began construction in Q3 2014, spending an estimated $7 to $9-million on mine development and infrastructure, building a modern gold mine that reached production in May 2015. Mining activities continued until September 2015 when Gold Hill ceased operations and terminated its lease, forfeiting the mine and infrastructure back to Golden Chest LLC.

While in operation, NJMC processed Golden Chest ore at its New Jersey Mill, earning cash from milling fees and its share of a 2% net smelter return (NSR) royalty on gold production. In total, Gold Hill mined 40,840 dry metric tonnes of ore at an average grade of 6.70 gpt gold, resulting in production of approximately 8,000 ounces of gold.

The underground development performed by Gold Hill was based largely on prior exploration work done by Golden Chest LLC. Following lease termination, NJMC bought out Marathon s interest in Golden Chest LLC in December 2015 for $180,000 and a 2% NSR royalty on production from the property and an adjacent Area of Interest.

Plans to Resume Underground Operations

In late-2015, NJMC completed an internal study, outlining plans to resume production at the Golden Chest. The Company developed a two-year underground mine plan, focused on unmined ore from the Gold Hill mine plan and from other easily accessible zones, while retaining all upside potential of up-dip, down-dip, and on-strike extensions such as the Paymaster zone, as well as the larger, district-scale potential. The underground mine plan has a 3,000-tonne per month production target with all material to be processed at the New Jersey Mill.

In 2016, NJMC made and executed plans to resume underground mining at Golden Chest, purchasing an underground haul truck and loader, receiving long-lead electrical components, and ensuring necessary equipment and trained personnel are in place to advance anticipated 2017 development and underground operations.

A significant amount of work was completed during 2017 to bring the underground mine back into production, including installation of an electrical circuit, installation of ventilation components, final installation of dewatering pumps, stope access development and construction of a backfill plant. Underground mining activities resumed in November of 2017 and are expected to continue to ramp up with full underground production levels expected by the end of 2018.

Modern exploration, including nearly 30,000 meters of drilling, reveals seven NW-trending ore shoots at Golden Chest that demonstrate strong periodicity, consistent width and spacing, along the Idaho Fault. Most historic production came from the northernmost of these shoots, the Katie-Dora and the Klondike. Excellent mineralization potential remains in unmined portions of the northern shoots as well as in the unmined Paymaster and Joe Dandy shoots to the south. The Company is targeting the Paymaster and Joe Dandy ore shoots as its top exploration priorities for future mine expansion.

Recent data compilation efforts by NJMC have integrated all available modern exploration data from the property and across the Murray area, including work by Cominco, Newmont, NJMC, Golden Chest LLC, and the recent information provided by Gold Hill. Based on these studies and the Company s own exploration results, Management believes the Golden Chest property has district-scale production potential for the longer term, not only near the recently constructed mine, but in areas of past exploration and historic production.

Open-Pit Gold Production at Golden Chest

In 2016, NJMC used its internal study, including tightly-spaced drill data in an outcrop area, to identify a mineable open-pit directly above the main Golden Chest portal. Following the receipt of necessary permits, the Company began pit excavation and resumed gold production in Q3 2016 and resumed shipping ore to the New Jersey Mill in Q4 2016.

During the first half of 2017, NJMC completed an engineering study to evaluate the potential of expanding the existing open-pit mining operations. Approximately 450 blast hole assays from the recently mined benches were used to supplement previous core drilling data to update the block model. The study concluded the pit can be widened further to the west and deepened, with the expanded pit design containing 180,000 tonnes of ore at the fold grade of 4.26 grams per tonne (gpt), totaling 24,600 ounces of gold. The pit expansion study also showed the potential for an additional starter pit near the surface of the Klondike-Katie Dora area, about 370 meters north of the current operations. A trenching and small core drilling program was completed in the third and fourth quarters of 2017 in the Klondike-Katie Dora area. Plans for 2018 call for an updated open-pit study using the new geologic information provided by this work. Open-pit mining operations continued to ramp up through 2017, producing approximately 3,525 ounces of gold for the year.

Table of contents

While significant modern drilling, underground development, and pit excavation have resulted in industrial scale mining and recovery of gold, there are no mineral reserves at the Golden Chest, as recognized by the SEC.

Present Condition of Plant & Equipment

During the lease, Gold Hill made many improvements to the Golden Chest property including approximately 1,000 meters of underground development at a nominal cross section of 4 meters by 4 meters, the establishment of a secondary escape-way and ventilation raises, the installation of three-phase power, and many surface improvements such as a septic field and major new haul road to keep mine traffic separate from employee and visitor traffic. NJMC constructed a 2,500 square-foot steel-clad pole building in 2011 which stands at the top of the most easterly driveway to the property and is used primarily for office space and core logging. A 600 square-foot steel-clad pole building, constructed by NJMC in 2005, is also present near the northern ramp portal.

Geology & Mineralization

Gold mineralization occurs in veins associated with multiple faulting and folding events in the Coeur d Alene Mining District. The gold mineralization is of a broad type known as orogenic gold, but it also appears to have an association with igneous rock activity. Hence, the vein deposits may be described as intrusion-related orogenic gold. The principal vein being exploited at the Golden Chest Mine is associated with the Idaho Fault, which juxtaposes the quartzites of the upper Prichard Formation against finer-grained argillites, also of the upper Prichard Formation.

Veins occur in the Idaho Fault and to a lesser extent in its hangingwall and footwall. The mineralization occurs in two types of quartz veins that are generally conformable to bedding of the Prichard Formation of Proterozoic age. Thin-banded veins, occurring in argillite, contain visible gold, pyrite, arsenopyrite, galena, and sphalerite. Thicker, massive veins occur in quartzite and contain pyrite, galena, chalcopyrite, sphalerite, scheelite and visible gold.

NEW JERSEY MILL

Property Location

The New Jersey Mill is a fully-permitted, 360-tonne per day, flotation mill and concentrate leach plant (CLP) located two miles east of Kellogg, Idaho, in the Coeur d'Alene Mining District. The mill is located on the same property as the New Jersey Mine, adjacent to U.S. Interstate Highway 90 and easily accessed by local roads year-round. Three-phase electrical power is supplied to the New Jersey Mill by Avista Utilities.

Project Ownership

In 2011, NJMC signed a joint venture (JV) agreement with United Mine Services (UMS), a wholly-owned subsidiary of United Silver Corporation, to increase the capacity of the New Jersey Mill. UMS funded the mill expansion in return for a 35% interest in JV assets plus the right to process 7,000 tonnes of its ore per month. NJMC is the JV manager and retains a 65% interest in JV assets as well as the right to process its own ore at the rate of 3,000 tonnes per month and to allocate unused and excess capacity in its role as manager. The property covered by the JV agreement includes the crushing circuit, grinding circuit, gravity circuit, flotation circuit, CLP, buildings and surface rights only over the patented mill site claim. Unpatented mill site claims are also part of the JV.

Present Condition of Plant & Equipment

Mill Expansion and Crescent Ore Processing

The mill expansion was completed in 2012, rendering the mill capable of processing 360 tonnes of sulfide ore per day (a four-fold increase) to produce a single flotation concentrate. The expansion cost approximately $3.2 million, all of which was funded by UMS under terms of the JV (Ex. 10.1). The expansion project included the installation of a new cone crusher, a new fine ore bin, new conveyors, a new 2.4-meter by 4.0-meter ball mill, additional flotation cells, a new paste thickener, associated pumps, and a new building. Subsequent to the mill expansion, the New Jersey Mill processed 8,470 dry tonnes of silver ore from the Crescent Mine before operations ended.

In April 2014, Hale Capital Partners, through its subsidiary Crescent Silver LLC (Crescent), acquired the assets of UMS, including its stake in the New Jersey Mill JV, in a consensual foreclosure process. Therefore, Crescent is now the NJMC s joint venture partner at the New Jersey Mill.

Mill Upgrades and Golden Chest Ore Processing

In September 2013, the Skookum Shoot portion of the Golden Chest Mine was leased to Juniper Resources LLC which, through its affiliate companies, developed a modern gold mine that reached full production in May 2015. NJMC processed Golden Chest ore at its New Jersey Mill, earning cash from milling fees and its share of a 2-percent net smelter return royalty on gold production.

Table of contents

Significant additional upgrades, including installation of a new gravity gold recovery circuit and a tune up of the crushing, grinding, flotation, and tailings circuits were completed in 2014 in anticipation of ore deliveries from the Golden Chest Mine. From December 2014 through September 2015, 40,840 dry tonnes from the Golden Chest mine were successfully processed at the New Jersey Mill producing approximately 8,000 ounces of gold.

In addition to producing concentrates in 2015, NJMC leached approximately 10 tonnes of flotation concentrate, produced from Golden Chest ore, in the CLP at the New Jersey Mill. An improved leaching process that employs a Carbon-in-Leach finishing tank was tested, with objectives of reduced process time and increased gold recovery. Test results provided an understanding of which capital improvements to the leach circuit will be necessary to reach these objectives and also, as expected, confirmed that Golden Chest concentrates are amenable to leaching.

Current Ore Processing Operations

NJMC now has 100-percent ownership of the Golden Chest Mine. In October 2016, the Company resumed operations at the New Jersey Mill, processing ore extracted from open-pit development at the Golden Chest.

The mill recycles process water and utilizes a paste tailings disposal process patented by NJMC founder Fred Brackebusch to minimize impact on the environment. By implementing paste tailings processing methods, NJMC is able to recycle process water and prevent the discharge of process water to surface waters. At full capacity, this method saves more than 50 million gallons of water per year. NJMC was recognized as a Pollution Prevention Champion by the Idaho Department of Environmental Quality in 2014 for its efforts to reduce pollution at the mill.

As of December 31, 2017, the Company had a net capital cost of $4,525,662 associated with the New Jersey Mill.

BUTTE HIGHLANDS PROJECT

Property Location

In January 2016, NJMC purchased a 50% interest in Butte Highlands Joint Venture LLC (BHJV) from Timberline Resources Corporation (Timberline). BHJV owns the Butte Highlands Gold Project, located 15 miles south of Butte, Montana, within a gold-producing region that includes several large gold deposits. The property can be accessed via State Highway 2 and county and USFS roads. Electricity and water are available on the property.

Property Ownership

The Butte Highlands property covers approximately 1,310 acres and includes 11 patented claims, 65 unpatented lode mining claims, and 20 unpatented mill-site claims. BHJV owns all of the unpatented lode mining claims and unpatented mill-site claims, along with mineral and/or surface rights to certain of the patented claims.

All of the private lands within the Butte Highlands property are patented lode and placer claims. BHJV is responsible for paying Montana state property taxes on all patented lands and for paying annual BLM maintenance fees on all unpatented mining claims.

Butte Highlands Joint Venture

In 2009, Timberline formed a 50/50 joint venture, the BHJV, with Highland Mining LLC (Highland) for the purpose of developing and mining the Butte Highlands property, with Highland to fund all mine development costs through to commercial production. In 2012, Montana State Gold Company LLC (MSGC) purchased Highland, assuming its project loan and its funding commitment.

NJMC purchased Timberline s 50% carried to production interest in BHJV in 2016, with Highland funding all development costs and NJMC s 50% share of costs to be paid from proceeds of future mine production. Proceeds are to be split on an 80/20 basis (to Highland and NJMC, respectively) until payback is reached, after which proceeds will be split evenly.

Property History

The Butte Highlands gold mine was an historic lode mine that produced an estimated 60,000 ounces of gold from 1937 until the War Production Board forced its closure at the onset of WWII. The property was later explored by Battle Mountain, Placer Dome, ASARCO, and Orvana in the 1980s and 1990s which, in total, drilled more than 30,000 meters at Butte Highlands, prior to its acquisition by Timberline in 2007.

Table of contents

In 2009, Timberline formed a 50/50 joint venture with Highland to create BHJV for the purpose of developing and mining the property. In 2009 and 2010, Timberline conducted surface exploration, drilling, and permitting work as Highland began building surface and underground infrastructure.

In 2011, BHJV completed an underground exploration ramp and a 16,000-meter underground core drilling program to support mine modeling, focusing on the upper portion of the Old Mill Block which has dimensions of approximately 85 meters along strike, 335 meters down dip, and a mineralized thickness of 2.5 to 4.5 meters. The program returned many significant mineralized intercepts, including a highlight of 4.4 meters grading 232 gpt gold.

A NI 43-101 compliant technical report for Butte Highlands was completed in May 2013 by Mine Development Associates of Reno, Nevada.

The project has experienced significant timeline delays due, in part, to miscalculations of the permitting process and other technical issues. Permitting advanced more effectively from 2013 to 2015 with the following critical milestones successfully achieved:

In July 2013, the Montana Department of Environmental Quality (DEQ) issued the final Montana Pollutant Discharge Elimination System (MPDES) water discharge permit;

In January 2015, the Montana DEQ authorized BHJV to construct and operate an underground gold mine by publishing positive Record of Decision (ROD) on Final Environmental Impact Statement (EIS);

In October 2015, the U.S. Forest Service (USFS) released its Final Decision Notice on haul road with a Finding of No Significant Impacts.

These milestones represent the final major hurdles to the receipt of necessary permits allowing the project to proceed. Final construction designs and completion of work will be required, along with bond payments, before final authority is granted to proceed with the proposed operation. Once final designs and road construction are complete, the USFS will grant authority to use local USFS roads for material haulage. Upon payment of the reclamation bond, the Hard Rock Operating Permit will be granted by the Montana DEQ.

Present Condition, Work Completed, and Exploration Plans

Prior to NJMC s purchase of its stake in BHJV, the BHJV partners envisioned a 4 to 5-year mine life with estimated annual production of 30,000 to 35,000 ounces of gold. Mining was proposed to be conducted by cut and fill methods at a rate of 400 tons per day with a cut-off grade estimated at 4.8 gpt gold. Waste rock will be replaced underground as cemented rock backfill in the mined ore zones to supply geotechnical stability. Preliminary metallurgical testwork indicates recoveries of approximately 85% of the contained gold in a flotation concentrate. Based on a draft internal scoping study produced by Timberline, NJMC Management purchased the Company s interest in Butte Highlands with a belief that the deposit has the potential to contain 300,000 to 500,000 ounces of gold.

NJMC is working to advance an agreement to assume management control of the Butte Highlands project. If successful in negotiating a definitive agreement, NJMC will evaluate the possibility of building an on-site mill, which will require additional permitting but may improve overall economics of the project.

Present Condition of Plant & Equipment

Highland has invested nearly $40-million at Butte Highlands building a modern gold mine, including nearly a mile of underground mine development and construction of surface facilities, all of which are located on private lands owned by BHJV. Most surface facilities and infrastructure required for mining operations are already in place.

Geology & Mineralization

Gold mineralization at Butte Highlands is hosted primarily in lower Paleozoic Wolsey shale with higher-grade mineralization occurring within the sediments proximal to diorite sills and dikes. The project is within a favorable geologic domain that has hosted several multi-million-ounce gold deposits.

NEW JERSEY MINE PROJECT

Property Location

The New Jersey Mine is an underground gold mine located two miles east of Kellogg, Idaho, in the Coeur d'Alene Mining District. The mine is adjacent to U.S. Interstate Highway 90 and is easily accessed by local roads year-round. The New Jersey Mill is located on the same property, providing a unique opportunity for small-scale production. Three-phase electrical power is supplied to the New Jersey Mill by Avista Utilities.

Table of contents

Property Ownership

At the New Jersey Mine and Mill complex, the Company owns 102 acres of private land with surface and mineral rights, 108 acres of private land with mineral rights only, 40 acres of private land with surface rights only, and approximately 130 acres of unpatented mining claims. The unpatented claims are on federal land administered by the BLM. The gold-bearing Coleman vein system, including the underground workings and the Coleman pit, are located on the patented mining claims that are wholly-owned by the Company and not part of the Mill Joint Venture.

Property History

In the late-1800s and early-1900s, New Jersey Mining and Milling (an unrelated company) drove more than 760 meters of development workings on the Coleman Vein and its northwest branch, including drifts, crosscuts, shafts, and raises. The historic development also included a 10-stamp gravity mill that was operated for a short period.

Present Condition, Work Completed, and Exploration Plans

Since 2001, NJMC has drilled 14 holes totaling 1,765 meters to explore the Coleman vein and associated zones. Drilling confirmed vein system continuity and resulted in the discovery of the broad, low grade (averaging about 0.70 gpt gold) Grenfel zone. The Company s best intercept assayed 2.76 gpt gold over 12.5 meters, which included 6.80 gpt gold over 2.5 meters.

In 2008, the Company performed underground exploration on the Coleman vein at the 740 level, including 84 meters of drifting, with 20 meters along the vein before it was displaced by a fault. The Company also drill-tested the Scotch Thistle prospect, but a 400-meter program encountered only silicification and alteration with no significant gold mineralization. There are at least 14 gold prospects within or near the New Jersey Mine.

In 2010, a raise was driven upward on the 740 level to explore a narrow high-grade vein that crosscut the main Coleman vein. This raise was driven 12 meters vertically, leading to the extraction of 367 dry tonnes that assayed 2.68 gpt gold in processing at the New Jersey Mill.

NJMC has not conducted material work at the New Jersey Mine since 2010, but Company geologists are again evaluating the known gold-bearing veins and historic targets. With the New Jersey Mill actively processing ores from the Golden Chest Mine, the potential economics of nearby gold prospects may have improved materially.

While the Company has conducted significant drilling, underground development, and even limited gold production from the New Jersey Mine, the project has no mineral reserves as recognized by the SEC.

As of December 31, 2017, the Company had a capitalized development plus investment cost of $248,289 associated with the mine.

Geology & Mineralization

The New Jersey Mine area is underlain by argillites and quartzites of the Prichard Formation [member of Belt Supergroup], which commonly hosts gold mineralization. The property occurs adjacent to and north of the major Osburn Fault, a major geological structure of the Coeur d Alene Mining District. The Prichard Formation is divided into nine units of alternating argillites, siltites, and quartzites; the units exposed in the New Jersey Mine area appear to belong to the lower members. Gold mineralization is associated with sulfide-bearing quartz veins that cut the bedding in Prichard argillite and quartzite. Associated sulfides are pyrite, arsenopyrite, chalcopyrite, low-silver tennantite, galena, and sphalerite.

TOBOGGAN PROJECT

Property Location

The Toboggan project is comprised of 106 unpatented mining claims, more than 2,100 acres, north and northwest of Murray, Idaho. The property covers an orogenic gold system with structurally-controlled zones occurring primarily along a northwest-trending corridor, approximately 3 miles north of the Company s Golden Chest Mine. The claims can be accessed seasonally via a USFS dirt road.

Property Ownership

The project is comprised of 106 unpatented mining claims and is wholly-owned by NJMC.

The Little Baldy prospect is under lease to Hecla Silver Valley, a subsidiary of Hecla. The lease covers 39 unpatented claims owned by NJMC that surround 139 acres of patented claims owned by Hecla, but for which NJMC owns the surface rights.

Table of contents

The lease is in the 6th year of a 20-year term and calls for annual Advanced Minimum Royalty payments to NJMC of $15,000 from 2017 through 2019, $20,000 in 2020 and $48,000 in subsequent years. The lease also calls for a work commitment of $200,000 by the end of the 5th year (completed), and additional $200,000 by the end of the 8th year, and an additional $300,000 by the end of the 11th year. A 2% net smelter return (NSR) is due NJMC on any gold production from the leased claims.

Property History

For the 2008 through 2010 exploration seasons, Toboggan was a joint venture between Newmont Mining Corporation (Newmont) and NJMC. Newmont generated and/or explored multiple prospects during the joint venture, including Little Baldy, Gold Butte, Mineral Ridge, Golden Reward, CA, Snowslide, Independence, and Progress. The Little Baldy prospect is under lease to Hecla Mining Company (Hecla).

The Little Baldy prospect was discovered when soil sampling by Newmont revealed a 700-meter by 300-meter gold anomaly. Follow-up rock sampling returned values of up to 2,130 gpt gold and more than 500 gpt tellurium, typical of the association of gold and tellurium found elsewhere at Toboggan. Five other surface rock samples from different locations averaged 26.6 gpt gold and 165 gpt tellurium.

The Gold Butte prospect has historic workings that include seven adits connected by a system of narrow roads. In 1941, ASARCO collected nine samples from within the workings, yielding an average grade of 6.4 gpt gold. The mineralized zone at Gold Butte outcrops over a strike length of at least 200 meters with a vertical extent of 120 meters. Soil sampling indicates the zone may continue north for at least another 400 meters, with a 75 to 90 meter width. Rock chip samples from Gold Butte have assayed up to 32.6 gpt gold in quartz vein and sulfidic breccia.

Historic workings at the Mineral Ridge prospect include six adits and several pits and trenches. In 1991, soil sampling by Nord-Pacific led to the discovery of a 1,650-meter by 240-meter gold anomaly. In 1992, a 9-hole, 850-meter RC drill program was completed with each hole intercepting mineralization ranging from anomalous gold to a 1.5-meter intercept of 18.9 gpt gold. More recently, NJMC discovered and mapped a new eastern zone, a sample of quartz-pyrite float from which assayed 38.4 gpt gold, 19.6 gpt silver, and 61.4 ppm tellurium.

The Golden Reward prospect was identified by soil sampling that outlined a 400-meter by 240-meter gold anomaly. A second mineralized zone (along with several smaller gold-in-soil anomalies) was discovered by soil sampling east of the main zone. High grade float contained visible gold and telluride minerals, assaying up to 67.6 gpt gold and more than 100 gpt silver.

In the 1980s, Cominco-American discovered a large geophysical anomaly, the CA prospect, covering about two square kilometers at a depth of 450 to 670 meters below surface. In 1987, Cominco-American drilled a 500-meter hole on the eastern edge of the anomaly, though it appears that the hole was too far east and to insufficient depth to intersect the anomaly.

The Progress prospect features historic workings and prospect pits on outcropping mineralization. The 40 samples taken at Progress included up to 73.7 gpt gold and 54.6 gpt tellurium from mine dumps and up to 42.0 gpt gold from prospect pits. A drill program planned by Newmont for 2010 was canceled due to permitting delays.

Present Condition, Work Completed, and Exploration Plans

Toboggan was an exploration joint venture between Newmont and the Company from March 2008 until March 2011. Newmont spent approximately $2-million and then exited the joint venture, quitclaiming all claims back to the Company, and returning the data generated from three seasons of exploration.

In 2008, Newmont completed a comprehensive early-stage exploration program including claim staking, soil sampling, rock sampling, geologic mapping, a ground-based geophysical survey at Gold Butte, and an airborne geophysical survey over the entire joint venture area.

In 2009, Newmont completed a 6-hole, 1,359-metre core drill program including two holes each at the Gold Butte, Mineral Ridge, and Golden Reward prospects. The best intercept occurred at Gold Butte where a near-surface pyritic quartz vein assayed 2.5 gpt gold over 4.0 meters, just 24 meters below surface. Thick intercepts of anomalous gold mineralization were drilled at Mineral Ridge and Golden Reward.

In 2010, Newmont completed eight shallow core holes and seven shallow RC holes. Six core holes were drilled at Gold Butte, intercepting a fault with anomalous gold mineralization. Two core holes were drilled at Mineral Ridge but were terminated due to difficult ground conditions. The RC holes were drilled at various locations near Toboggan Creek, on the Golden Reward, CA, and Snowslide, prospects, also returning anomalous gold.

After the 2010 exploration season, Newmont finally obtained the USFS permit necessary to drill its best targets, but terminated the joint venture before proceeding. No significant exploration has occurred at Toboggan since 2010.

With the resumption of mining operations at the Company s nearby Golden Chest Mine, NJMC is re-evaluating the potential of the Toboggan project, but has no specific work plans at Toboggan for the upcoming year.

Toboggan is an early-stage exploration project with no mineral reserves as recognized by the SEC.

Geology & Mineralization

Gold mineralization at Toboggan is primarily hosted in the Prichard Formation. The gold is structurally-controlled in nature, occurring in discrete high-grade quartz veins or within wider zones of brecciation. There is a spatial relationship between the richest gold values and major structures within the district, such as the Murray Peak, Bloom Peak Fault, and Niagara faults. Some of the controlling structures may be related to the Idaho Fault, which hosts the gold veins at the Company s Golden Chest Mine, further south. Geochemical analysis has revealed high tellurium levels associated with zones of higher-grade gold. The presence of telluride minerals along with alkaline intrusive rocks and areas of potassic alteration are consistent with alkalic-related orogenic gold systems.

McKINLEY PROJECT

Property Location

The McKinley property encompasses several historic mines and prospects in central Idaho, extending from just north of Riggins northward for nearly five miles. The property is easily accessible via public and private dirt roads off of US Highway 95.

Property Ownership

In 2013, NJMC acquired the McKinley property through its acquisition of Idaho Champion Resources (ICR). The total property position is approximately 4,368 acres.

NJMC is currently working to finalize an exploration and mining lease option on the McKinley project for five years. Terms of the lease may require certain property improvements and road repairs. If a mineable resource is found a $12,000 per year Advance Royalty Payment will be made as an advance against a future 2% Net Smelter Return of all ores or concentrates.

A prior lessee of the McKinley Mine (Ex. 10.5) is due a 1.0% to 2.0% NSR sliding scale royalty based on the price of gold, which is capped at a total of $500,000.

The Rupp Lease (Ex. 10.7), which consists of a much larger mineral lease (1,728 acres) and additional lands with certain rights for access and surface disturbance (1,518 acres). An additional 3,246 acres is held through the Rupp Lease, including total surface and some mineral rights, that requires an annual rental payment of $6,100. If an ore reserve of 250,000 ounces of gold is achieved within the Rupp Lease, there is a 1% NSR royalty on future production less recoupment of capital costs. About 780 acres of the mineral rights subject to the Rupp Lease royalty are held through unpatented claims that also require an annual claim fee payment to the BLM.

A group of unpatented mining claims (1,060 acres). These claims require an annual claim fee payment to the BLM.

Property History

The McKinley project is located in the Simpson Mining District, which is mainly known for placer gold production although it also hosts several historic lode mines. The area was first worked in 1891 with intermittent activity and mine development over the following decades by unknown operators. After the Patent for the mine was granted in 1909, sporadic activity continued until the mine was shut down by the War Production Board at the onset of WWII.

While Hunt Energy performed limited sampling in the late-1970s and 1980s and Kennecott Exploration evaluated the property in the early-1990s, no other modern exploration is known to have occurred on the property before ICR started evaluating it in 2012. ICR began assembling the McKinley land package in 2013, acquiring its larger components and entering into an Memorandum of Understanding for an option to purchase the McKinley Mine. ICR was then acquired by NJMC under an Exchange Agreement in late-2013.

Table of contents

Present Condition, Work Completed, and Exploration Plans

ICR previously conducted surface exploration, including a ground magnetic survey over a large portion of the property, approximately 2.4 by 5.6 kilometers. The survey indicates that potentially major structures passing through the district are associated with some degree of demagnetization. It also appears to indicate the mineralization at the McKinley Mine along with several potential target areas, including historic mines and prospects that extend for several miles along the known trend.

Subsequent rock chip sampling by NJMC identified two areas, outside the McKinley Mine area and along this trend, with significant gold mineralization in outcrop: the Monarch Zone, about one kilometer S-SW of the McKinley Mine, and along Fiddle Creek, which crosses the southern portion of the property. Both areas have had historic prospecting but no significant development and both areas exhibit carbonatization and quartz-carbonate veining along with visible gold and auriferous pyrite mineralization, similar to the McKinley Mine. Much of the ground between these prospects remains completely unexplored.

Of 285 rock chip samples collected by ICR and NJMC at the McKinley property, 49 samples returned gold values that exceeded 1 gpt, 32 samples exceeded 3 gpt, and 14 samples exceeded 10 gpt. Samples were collected over a broad area of the property, from both surface and underground, but primarily focused on its northern end, near the McKinley Mine. At the Monarch Zone, several samples returned high-grade gold with values up to 26 gpt. At Fiddle Creek, 10 of 20 samples exceeded 3 gpt gold with one sample exceeding 50 gpt gold.

NJMC also conducted geologic mapping at McKinley, both surface and underground. On the main level of the McKinley Mine, underground mapping depicts a series of coalescing mineralized faults. These intersecting structural features indicate the potential for hosting large, continuous blocks of high-grade gold mineralization.

In 2014, NJMC conducted a channel sampling program, cutting more than 150 meters of channel from mine ribs and stoped areas in three separate zones on the main mine level. Highlights included a 4.27-meter continuous channel that returned a weighted average of 47.0 gpt gold and a 1.74-meter continuous channel that returned a weighted average of 72.3 gpt gold. The Company used these results to guide an initial drill program.

Also in 2014, NJMC drilled 21 short, small-diameter (B sized) core holes totaling 388 meters from the main level of the McKinley Mine, where most of the historic production occurred. The holes were relatively short because of the use of a portable drill rig which NJMC custom engineered for the confined spaces of historic mine workings. While the custom drill has depth and angle limitations, it is also highly portable and does not require the construction of drill roads, realizing significant cost savings.

Eleven of the 21 drill holes encountered significant mineralization, including the following highlights:

DDH-02, which returned an 2.56-meter interval with a weighted average grade of 43.9 gpt gold

DDH-10, which returned an 3.44-meter interval with a weighted average grade of 18.5 gpt gold.

All channel sample and drill intervals reported are core length, not true thickness.

Although no significant work was performed at McKinley in 2017, the Company is preparing to resume exploration efforts in 2018. With historic production, widespread gold mineralization, and a mineralized trend that appears to be nearly three miles long, the Company s exploration objective at its McKinley project is to evaluate its potential to host one or more high-grade gold deposits.

McKinley is an early-stage exploration project with no mineral reserves as recognized by the SEC.

Present Condition of Plant & Equipment

The McKinley Mine has four levels and approximately 1,190 meters of accessible underground workings that remain in good condition. The workings include two main levels separated vertically by approximately 90 meters with two intermediate sublevels, all of which are connected by a series of sub-vertical raises. There are other small historic mines on the property, one of which includes more than 360 meters of underground workings. There is no usable equipment at the various historic mine sites.

Table of contents

Geology and Mineralization

The McKinley Project is located within the rocks of the Riggins and Seven Devils Groups of the Blue Mountains Island-Arc Complex. Rocks of the accreted Riggins Group and Seven Devils Terrane are widely considered to be the source of coarse gold found in the extensive historic placer operations near Lucile. The types of gold mineralization encountered in the rock samples, channel samples, and drill core from McKinley contain both coarse and microscopic gold, which is associated with low to moderate levels of geochemical pathfinder elements such as silver, arsenic, copper, cobalt, nickel, and others. The McKinley Project covers an extensive area of alteration and mineralization that can be classified as an orogenic gold model, also known as quartz-carbonate vein type deposits.

EASTERN STAR PROJECT

Property Location

In 2014, NJMC acquired the Eastern Star property which consists of 11 patented lode mining claims about four miles west of Elk City in central Idaho. The property is easily accessible via improved dirt roads off of Idaho State Highway 14.

Property Ownership

NJMC acquired fee simple title to the property from Premium Exploration Inc. (Premium) for a purchase price of $250,818. In accordance with the note, the Company made two payments totaling $250,818 to complete the purchase. As part of the purchase agreement, an additional parcel was available to the Company with a final payment due in July 2015, but that option was not exercised by NJMC.

Property History

The Elk City Mining District is an historic gold mining region dating back to the 1860s that once supported more than 20 underground mines, including the Eastern Star, along with placer dredging operations. Modern exploration in the district by companies including Cypress-Amax, Kinross Gold, and Bema Gold has focused on near-surface bulk tonnage gold potential, while the many smaller-scale high-grade gold occurrences have largely been ignored.

In recent years, prior operator Premium collected grab samples from three separate locations, representing nearly one-half mile of mineralized trend. Of 25 grab samples, nine returned gold values greater than 16.9 gpt. Premium then drilled three core holes at Eastern Star, targeting a bulk mineable gold deposit.

Present Condition, Work Completed, and Exploration Plans

After acquiring the property in 2014, NJMC completed initial mapping and sampling programs, following up with a trenching program to help trace structures and map vein locations as there is little exposed outcrop on the property.

Company geologists identified several quartz veins that had been exploited by historic prospect pits and small shafts. Surface grab samples from these veins confirmed the widespread presence of high-grade gold within mineralized quartz vein material. Of 27 samples collected by the Company over multiple vein zones, 12 returned gold values exceeding 5.5 gpt with five of those exceeding 17.0 gpt. Individual samples from five of the zones assayed greater than 6.5 gpt gold. Two samples from a previously un-prospected area returned gold values of 53.8 gpt and 68.9 gpt. A sample from another previously un-prospected area returned 12.3 gpt gold.

As the rocks on the property are deeply weathered, the Company performed an 880-meter trenching program to access fresher rock. The channel samples intercepted notable gold mineralization including contiguous samples up to 10.4 meters of 2.25 gpt gold and 6.4 meters of 7.97 gpt gold (which included 4.3 meters of 11.34 gpt gold). Grab samples from within the trenched material returned values of up to 35.9 gpt gold.

In 2015, NJMC continued with limited mapping and sampling at Eastern Star, with the intent of extending known vein systems generating additional targets for a comprehensive core drill program. Although no significant work was performed at Eastern Star in 2016 or 2017, the Company is preparing to resume exploration efforts in 2018. The Company s exploration objective at Eastern Star is to evaluate its potential for high-grade gold-bearing quartz veins, similar to those that led to limited historic production and patenting of the mineral claims.

Eastern Star is an early-stage exploration project with no mineral reserves as recognized by the SEC.

ITEM 3. LEGAL PROCEEDINGS

None

Table of contents

ITEM 4. MINE SAFETY DISCLOSURES

Pursuant to Section 1503(a) of the recently enacted 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 fiscal year ended December 31, 2017, the Company did not have a citation for a violation of mandatory health or safety standards that could significantly and substantially (S&S citation) contribute to the cause and affect 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.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's Common Stock currently trades on the OTCQB tier of the OTC Market under the symbol "NJMC". The following table sets forth the range of high and low bid prices as reported by the OTCQB for the periods indicated. These quotations represent inter-dealer prices, without retail mark-up, markdown or commission and may not represent actual transactions.

Year Ending December 31, 2017
First Quarter
Second Quarter
Third Quarter
Fourth Quarter
Year Ending December 31, 2016
First Quarter
Second Quarter
Third Quarter
Fourth Quarter

Shareholders

As of February 15, 2018, there were approximately 1,200 shareholders of record of the Company's Common Stock.

Dividend Policy

The Company has not declared or paid cash dividends or made distributions in the past and the Company does not anticipate that it will pay cash dividends or make distributions in the foreseeable future. The Company currently intends to retain and reinvest future earnings, if any, to finance its operations.

Transfer Agent

The transfer agent for the Company's Common Stock is Columbia Stock Transfer Company, 1869 E. Seltice Way Suite 292, Post Falls, Idaho 83854.

Securities Authorized for Issuance Under Equity Compensation Plans

In April 2014 the Board of Directors of the Company established a stock option plan to authorize the granting of stock options to officers and employees. Upon exercise of the options shares are issued from the available authorized shares of the Company.

No additional fees are paid for attendance at Board of Directors meetings, committee membership or committee chairmanship

Equity Compensation Plan Information

Plan Category	
Equity compensation plans approved by security holders	7,662,500
Equity compensation plans not approved by security holders	0
Total	7,662,500

Table of contents

Recent Sales of Unregistered Securities

Occasionally, we pay for goods and services with restricted common stock. Our policy is to determine the fair value of the goods or services, and then issue the number of corresponding shares using an agreed upon price for our common stock that considers the bid/offer price as quoted by the OTC Market.

For the year ended December 31, 2016, the Company issued 1,075,000 shares of restricted common stock for cash resulting in net proceeds of $92,500 and an average net proceed price of $0.086 per share. The transactions were strictly limited to persons in the United States who met certain minimum financial (accredited investors) or sophistication requirements. In management s opinion, the securities were issued pursuant to exemption from registration under Section 4(2) of the Securities Act of 1933, as amended.

For the year ended December 31, 2017 the Company issued 13,616,668 shares of restricted common stock for cash resulting in net proceeds of $1,391,000 and an average net proceed price of $0.102 per share. The transactions were strictly limited to persons in the United States who met certain minimum financial (accredited investors) or sophistication requirements. In management s opinion, the securities were issued pursuant to exemption from registration under Section 4(2) of the Securities Act of 1933, as amended.

For the year ended December 31, 2016 the Company issued 500,000 shares pursuant to the exercise of options at $0.10 per share for $50,000. During the year ended December 31, 2016 the Company issued 3,000,000 shares of common stock for the purchase of Butte Highlands at $0.07 per share for a value of $210,000 and 175,760 shares of common stock for the acquisition of GF&H at $0.15 per share for a value of $26,364. The Company did not issue any shares pursuant to the exercise of options or for property in 2017.

During the year ended December 31, 2016, the Company issued 682,796 shares of its common stock valued at $71,507 for professional services. Fair value was based on the trading price of the Company s stock on the dates of each transaction. The Company did not issue any shares for professional services in 2017.

For the year ended December 31, 2017 the Company issued 1,500,000 shares of restricted common stock in exchange for debt owed to a related party at an average net proceed price of $0.11 per share for payment of $160,000 in debt and accrued interest. The Company did not issue any shares for the payment of debt in 2016.

ITEM 6. SELECTED FINANCIAL DATA

Not required for smaller reporting companies.

ITEM 7. 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 of 2017 include:

.

For the year ending December 30, 2017 approximately 31,350 dry metric tonnes (dmt) were processed at the Company s New Jersey Mill with an average gold head grade of 4.11 grams per tonne (gpt)

.

NJMC produced a total of 3,525 ounces of gold.

Table of contents

.

Open-pit mining operations progressed from the 1081 bench to the 1042 bench during the year. Mine production averaged 1,440 tonnes per day (ore and waste). A low-grade stockpile was established and contains 17,000 tonnes at an estimated grade of 0.75 gtp.

.

A pit expansion study was completed early in 2017 which contained 180,000 tonnes of ore at a projected grade of 4.26 gpt for a total of 24,600 ounces of gold. Permitting of the pit expansion was completed in June and mining began immediately thereafter.

.

Underground mining of NJMC s first stope (849 sublevel) on Skookum Shoot began in December of 2017. A significant amount of work was completed during the year to bring the underground mine back into production including the installation of an electrical circuit, the final installation of dewatering pumps, stope access development and the construction of a backfill plant.

.

Evaluation for potential pit expansion at the Golden Chest was identified in the Katie-Dora area, assay results from drilling are expected in early 2018.

.

Closed private placements for net proceeds of $1,391,000 in cash in addition to $160,000 in debt reduction with participation from management and strategic shareholders including the Company s concentrate broker H&H Metals Corp.

.

Reduced total liabilities $1,179,708 as compared to December 31, 2016.

The Company has made a variety of equipment purchases in 2017 as the open-pit continues to evolve and in preparation for underground production which commenced in November. Included in these equipment purchases was a Wagner 14-ton underground haul truck purchased in September 2017 for $125,000 of which $112,500 was financed with a 20 month note payable and $6,020/month payments.

Results of Operations

During 2017 the most significant event affecting our financial performance was an increase in revenue as a result of increasing production from the Golden Chest Mine and an overall reduction in debt. Changes in our financial performance are summarized below:

.

Our revenues from gold concentrate sales increased in 2017 due to increased production from the Golden Chest Mine. During 2017 revenue was $4,281,571 as production continued from the open-pit area compared to 2016 revenues of $544,751, most of which was achieved after production resumed the 4th quarter of 2016.

.

Our percentage of costs of sales to revenue decreased from 87.29% in 2016 to 72.23% in 2017 as we continued to refine our operations through 2017.

.

Gross profit and net income also improved during 2017 compared to 2016 as a result of production and concentrate sales from the Golden Chest mine. Gross profit was $1,189,027 in 2017 compared to $69,222 in 2016. The consolidated net loss for 2017 was $22,124 compared to a net loss of $1,361,027 in 2016. Consolidated net loss included non-cash charges as follows: depreciation and amortization of $156,041 ($30,191 in 2016), amortization of discount on note payable of $44,272 ($84,370 in 2016), accretion of asset retirement obligation of $8,456 ($5,291 in 2016), stock based compensation of $141,407 ($292,241 in 2016), and change in fair value of forward gold contracts of $211,461 ($296,098 in 2016). Net income attributable to New Jersey Mining Company was $39,154 in 2017 compared to a net loss attributable to New Jersey Mining Company of $1,376,716 in 2016.

.

Pre-development expense increased to $234,624 in 2017 compared to $106,099 in 2016 due to activities directly related to the preparations of underground mining and operations at the Golden Chest which commenced in November 2017.

.

Exploration expense decreased for 2017 compared to 2016 due to the Company s focus on production and operations at the Golden Chest property.

.

From time to time, the Company may take advantage of available timber harvesting opportunities at its properties. During 2017, minimal harvesting actives occurred and therefore revenues decreased from $130,574 recognized in 2016 to $4,887 recognized in 2017.

Table of contents

Financial Condition and Liquidity

	For the Years Ended December 31			
Net cash provided (used) by:		**2017**		**2016**
Operating activities		337,619		(672,941)
Investing activities		(176,792)		(448,946)
Financing activities		(191,043)		1,214,445
Net change in cash and cash equivalents		(30,216)		92,558
Cash and cash equivalents, beginning of year		154,833		62,275
Cash and cash equivalents, end of year	**$**	**124,617**	**$**	**154,833**

The Company is currently producing from the open-pit at the Golden Chest Mine and began underground operations in early November 2017. In addition, during 2017, production has generated cash flow from operations of $337,619 and the Company s working capital position has improved approximately $1.3 million from December 31, 2016 to December 31, 2017. Planned production for the next 18 months indicates the trend to improve. The Company has also been successful in raising required capital to commence production and fund ongoing operations, completing a forward gold sale of $1.2 million in 2016 and common stock and warrants sales of $1,391,000 in 2017. The Company has utilized the proceeds for equipment purchase, to reduce debt, and pay off the remaining note balance on the Golden Chest Mine project.

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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

Table of contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the board of directors of New Jersey Mining Company

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of New Jersey Mining Company (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, changes in stockholders equity and cash flows for each of the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company *as of* December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

DeCoria, Maichel & Teague, P.S.

We have served as the Company's independent auditor since 2003.

Spokane, Washington

February 21, 2018

Table of contents

New Jersey Mining Company

Table of Contents

Table of contents

New Jersey Mining Company

Consolidated Balance Sheets

December 31, 2017 and 2016

		2017		2016
ASSETS				
Current assets:				
Cash and cash equivalents	$	124,617	$	154,833
Gold sales receivable		307,796		54,319
Inventories		245,154		184,324
Joint venture receivable		4,682		2,888
Note receivable				58,386
Other current assets		102,361		75,000
Total current assets		784,610		529,750
Property, plant and equipment, net of accumulated depreciation		5,890,961		5,788,362
Mineral properties, net of accumulated amortization		2,135,956		2,046,900
Investment in joint venture		435,000		435,000
Reclamation bond		103,320		58,000
Deposit on equipment		30,000		
Total assets	$	9,379,847	$	8,858,012
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Accounts payable	$	363,810	$	243,123
Accrued payroll and related payroll expenses		40,710		37,861
Notes and interest payable related parties, current portion		211,829		567,580
Notes payable, current portion, net of discount		95,988		623,185
Forward gold contracts, current portion (Note 14)		568,609		845,198
Total current liabilities		1,280,946		2,316,947
Asset retirement obligation		121,560		72,218
Notes and interest payable related parties, long term		601,082		513,715
Notes payable, long term, net of discount		176,802		268,158
Forward gold contracts, long term (Note 14)		351,970		541,030
Total long term liabilities		1,251,414		1,395,121
Total liabilities		2,532,360		3,712,068

Commitments (Notes 6 and 14)		-		-
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;		15,985,512		14,293,105
112,310,372 and 97,193,704 shares issued and outstanding, respectively				
Accumulated deficit		(12,250,319)		(12,289,473)
Total New Jersey Mining Company stockholders equity		3,735,193		2,003,632
Non-controlling interest		3,112,294		3,142,312
Total stockholders' equity		6,847,487		5,145,944
Total liabilities and stockholders equity	$	9,379,847	$	8,858,012

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

Table of contents

New Jersey Mining Company

Consolidated Statements of Operations

For the Years Ended December 31, 2017 and 2016

	December 31, 2017		December 31, 2016
Revenue:			
Gold sales	$	4,281,571	$	523,637
Milling revenue		-		21,114
Total revenue		4,281,571		544,751
Cost of Sales				
Cost of sales and other direct production costs		2,936,503		445,338
Depreciation and amortization		156,041		30,191
Total cost of sales		3,092,544		475,529
Gross profit		1,189,027		69,222
Other operating expenses:				
Pre-development expenses		234,624		106,099
Exploration		71,851		284,657
Management		158,248		315,580
Professional services		170,388		179,826
General and administrative		256,403		219,441
Total other operating expenses		891,514		1,105,603
Operating income (loss)		297,513		(1,036,381)
Other (income) expense:				
Timber revenue		(4,887)		(130,574)
Timber expense		6,434		6,838
Interest income		(8,746)		(12,443)
Interest expense		71,103		80,338
Change in fair value of forward gold contracts		211,461		296,098
Amortization of discount on note payable		44,272		84,370
Total other (income) expense		319,637		324,627
Net loss		(22,124)		(1,361,008)
Net income (loss) attributable to non-controlling interests		(61,278)		15,708
Net income (loss) attributable to New Jersey Mining Company	$	39,154	$	(1,376,716)
Net loss per common share-basic and diluted	$	Nil	$	0.01
		107,081,969		95,002,915

Weighted average common shares outstanding-basic		
Weighted average common shares outstanding-diluted	107,940,360	95,002,915

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

Table of contents

New Jersey Mining Company

Consolidated Statement of Changes in Stockholders' Equity

For the Years Ended December 31, 2017 and 2016

	Common Stock		Accumulated Deficit Attributable to New Jersey Mining Company	Non-Controlling Interests	Stockholders
	Shares	Amount			