

NORTH BAY RESOURCES INC  
Form 10-K  
March 12, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

\_\_\_\_\_  
FORM 10-K  
\_\_\_\_\_

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

For the fiscal year ended December 31, 2011

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

Commission file number 000-54213

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

Delaware  
(State or other jurisdiction of  
incorporation or organization)

83-0402389  
(IRS Employer Identification No.)

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

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

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

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

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

Class A Common Stock, \$0.001 par value

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

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

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

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

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

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

(Check one):

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

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter (June 30, 2011): \$14,891,571\*

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date: 98,154,443 as of March 9, 2012.

\*As reported on the Over-the-Counter Bulletin Board (OTCBB). Excludes 16,206,474 shares of common stock deemed to be held by officers and directors and stockholders whose ownership exceeds ten percent of the shares outstanding at June 30, 2011. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant. The OTCBB is a centralized quotation service that collects and distributes market maker quotations for securities traded in the over-the-counter market. It displays real-time quotes, last-sale prices, and volume information for many over-the-counter securities that are not listed on the Nasdaq Stock Market or a national securities exchange. However, it is not recognized as an established trading market for securities. The registrant’s common stock trades on the OTCQB and OTCBB

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART I

Forward-Looking Statements

Certain statements contained in this report (including information incorporated by reference) are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provided for under these sections. Our forward-looking statements include, without limitation:

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

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

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

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

Available Information

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



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Item 1. Business

Corporate Background and Our Business

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

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

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

(1) The acquisition of a mining property conveys the mineral or placer rights for mining-related purposes only, and while our rights allow us to use the surface of a claim for mining and exploration activities, our claims do not convey any other surface, residential or recreational rights to the Company. Additionally, our right to extraction is not absolute, as any mechanized extraction work on claims in BC requires additional permits and possibly conversion of our claims to mining leases, the approval of which is not guaranteed. The initial term of any claim staked in British Columbia is one year. This term may be extended for up to 10 years at a time by filing a statement of work showing minimum expenditures on a mineral claim of \$4 per hectare per year for the first 3 years, and \$8 per hectare per year

for each year thereafter, plus a registration fee of \$0.40 per hectare. In the event no work is performed by the anniversary date of each claim, the claims may be extended for up to one year at a time by paying the work commitment as a fee to the Province of British Columbia, which is referred to as Cash In Lieu Of Work (“CIL fee”). These fees are the responsibility of the Company to maintain our mineral or placer rights in good standing.

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(2) As of December 31, 2010, the Company had two joint-ventures under contract, one with Silver Quest Resources Ltd on the Company's Fawn Property, and another with Lincoln Resources Inc on the Company's Coronation Gold Property. As of December 31, 2011, both of these joint-ventures have been terminated, and the Company regained 100% ownership of the subject properties. As of December 31, 2011, the Company has a Memorandum of Understanding ("MOU") with Devlin's Bench Mining Ltd and P. Wright Contracting Ltd ("PWC") to engage in a joint-venture on the Company's Fraser River Platinum project. Subsequent to December 31, 2011, the MOU was amended to include a second joint-venture on the Company's Monte Cristo property. As of the date of this report, a definitive agreement has not yet been executed. Under the terms of the MOU, a definitive agreement will be signed within 60 days of formal permit approval by the British Columbia Ministry of Mines and the local First Nations governments. Said permits have been applied for, but as of the date of this report these milestones have not yet been achieved, and there is no guarantee that such approvals will be forthcoming.

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

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

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

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

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

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

The Company also plans on generating revenue through mining once commercial operations begin on any of its properties. Towards this end, the Company has acquired the Ruby Mine (the "Ruby") in Sierra County, California. The purchase price was \$2,500,000, of which \$510,000 in cash and stock was paid as of the closing date of July 1, 2011, and the remaining \$1,990,000 is a seller-financed mortgage at a 3% interest rate per annum. The mortgage is to be

paid in full on or before December 30, 2012. As part of the terms of acquisition, the seller received 10 million shares of the Company's common stock with a market value of \$150,000 as of the day the agreement was signed, and which was then applied to the purchase price. The seller has also been granted 10 million 5-year warrants exercisable at 2 cents, 2 million 5-year warrants exercisable at 9 cents, and 2 million 5-year warrants exercisable at 10 cents.

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

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

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

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

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

Once USCIS has approved a Regional Center application, an investor seeking an EB-5 green card through the Regional Center Investment Program must make the qualifying investment of \$1 million within an approved Regional Center. If the investment is also within a USCIS-designated targeted employment area ("TEA"), of which Sierra County, California, where the Ruby Mine is located, is so designated, then the minimum investment requirement is \$500,000. Before an investor can participate in a Regional Center EB-5 investment program, each investor must independently petition USCIS for an EB-5 visa. USCIS solely determines whether the investor qualifies for the EB-5 visa. USCIS' diligence includes a detailed review of the sources of the investor's funds, family history, and other representations of the head of household and his immediate family members under the age of 21. Each investor must further demonstrate that at least 10 or more full-time jobs will be created directly or indirectly as a result of the investment into our project.

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

The agreement provides that North Bay and ACG shall form a Limited Liability Corporation ("LLC") concurrent with the filing of our Regional Center application with USCIS, in which North Bay will own 49% of the Regional Center, and ACG will own 51%. ACG and North Bay, working together through the Regional Center, will seek to raise up to \$7.5M in EB-5 funding for North Bay's initial mining project, subject to USCIS approval. ACG will also be an equity partner by way of membership in a joint-venture LLC in each project North Bay may bring into the Regional Center,

the amount of which will vary on a deal by deal basis based on the amount of consulting services ACG actually provides, and the amount of EB-5 funding actually received. At the present time, no projects other than mining are being considered, and the industry focus for the Regional Center is expected to be limited to mining initially.

Terms of the agreement specify that upon filing an application for a new Regional Center with USCIS, North Bay shall pay ACG up to \$50,000 as its share of the startup expenses. In lieu of cash, North Bay may elect to issue a convertible debenture to ACG, at an interest rate of 8%, and convertible to shares of common stock, the number of shares of which, if and when issued, shall be equal to the principal and interest to be paid on the date of conversion divided by the prevailing market price of our common stock on the date of conversion. In the event the Company does issue a convertible debenture, we expect it to be dilutive to shareholders, the extent of which will be determined by the market price of our shares on the day of conversion. In addition, upon receipt by the Company of the first tranche of EB-5 funding at a minimum of \$500,000, the Company shall reimburse ACG for its share of the marketing expenses in the amount of \$110,000 cash. The Company will await guidance from USCIS after the Regional Center is established as to whether marketing costs incurred to secure funds through the EB-5 program can be recouped from EB-5 funds subsequently received. Alternatively, if the Company has not generated enough revenue from claim sales and joint-ventures to cover these costs, we believe we can rely on our equity credit line established by way of our Securities Purchase Agreement with Tangiers, LP to cover these expenses. As of December 31, 2011, the Company has paid a total of \$37,216 in startup expenses incurred by ACG to prepare and file EB-5 applications with USCIS. These expenses have been paid in full, in cash, and as such there will be no convertible debenture issued in connection with this agreement. As of December 31, 2011, no shares have been or will be issued in connection with this agreement.

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

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

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

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

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

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

ACG. Once approved by USCIS, it is expected that the EB-5 funding for the Ruby Project will then come from the investor LP in the form of a loan to the JV.

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

As determined by the agreement with ACG dated July 28, 2010, net income from the Ruby Project is to be distributed as follows: (a) until the first \$3,000,000 of the EB-5 Financing is returned to the EB-5 investors, 80% of the net profits from the Ruby Project will be returned to the EB-5 investors and 20% will be distributed to the owners of the JV; (b) after the first \$3,000,000 of the EB-5 Financing is returned to the EB-5 investors and until the entire amount of the EB-5 Financing has been returned to the EB-5 investors, 70% of the net profits from the Ruby Project will be returned to the EB-5 investors and 30% will be distributed to the owners of the JV; (c) after the entire amount of the EB-5 Financing has been returned to the EB-5 investors, 100% of the net profits from the Ruby Project will be distributed to the owners of the JV. By virtue of the loan covenant dated September 27, 2010 with Tangiers and the MOU dated October 14, 2010 with NCRC, the interests of Tangiers (0.75%) and NCRC (1.5%) are included in the net profit distributions to the owners of the JV. The loan from Tangiers was satisfied and retired in Q1, 2011, but the profit interest agreed to and described herein remains in effect.



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The Company notes that its intention to utilize EB-5 funding is a matter of economics and the success of the Ruby Project itself is not exclusively contingent on the EB-5 Financing heretofore disclosed. Unless and until all of the milestones related to USCIS approvals for EB-5 are achieved and funds are received, the Company may elect to accept alternative funding should a suitable funding source be identified and acceptable terms negotiated.

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

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

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

## Going Concern

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

We have experienced recurring net losses from operations, which losses have caused an accumulated deficit of \$11,261,861 as of December 31, 2011. In addition, we have a working capital deficit of \$2,578,163 as of December 31, 2011. We had net losses of \$951,468 and \$287,345 for the years ended December 31, 2011 and 2010, respectively. These factors, among others, raise substantial doubt about our ability to continue as a going concern. If we are unable

to generate profits and are unable to continue to obtain financing to meet our working capital requirements, we may have to curtail our business sharply or cease operations altogether. Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis to retain our current financing, to obtain additional financing, and, ultimately, to attain profitability. Should any of these events not occur, we will be adversely affected and we may have to cease operations.

As of December 31, 2011 the accumulated deficit attributable to CEO stock awards valued according to GAAP totals \$2,558,535 since inception. As of December 31, 2011 the accumulated deficit attributable to CEO compensation is \$784,474 in deferred compensation. This reflects the total amounts unpaid as per the management agreement with The PAN Network dating back to January 2006, less any amounts actually paid or forgiven since 2006. These totals are non-cash expenses which are included in the accumulated deficit since inception. Actual CEO compensation paid in cash over the course of the six years since 2006 has totaled \$225,870, consisting of \$10,000 in 2006, \$50,764 in 2007, \$23,139 in 2008, \$29,979 in 2009, \$21,988 in 2010, and \$90,000 in 2011. These cash expenditures are also included in the accumulated deficit.

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

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

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Item 1A. Risk Factors

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

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

Item 1B. Unresolved Staff Comments

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

Item 2. Properties

The Ruby Property

On September 27, 2010, the Company executed an option-to-purchase agreement with Ruby Development Company ("RDC"), a California partnership, for the acquisition of the Ruby Mine (the "Ruby") in Sierra County, California. The purchase price is \$2,500,000, which is to be paid in stages extending to December 30, 2012. Terms of the Ruby agreement provide for an initial option period of 5 months that expired on January 31, 2011, at which time we elected to extend the option for a second 5 month period, expiring on June 30, 2011. On June 1, 2011, the Company exercised its option to purchase the Ruby Mine and made a final option payment of \$85,000 to open escrow. On July 1, 2011, escrow was closed and the acquisition of the Ruby Mine was completed. During the preceding option period and as of the closing date, the Company has made payments totaling \$510,000 to RDC, consisting of \$360,000 cash and 10,000,000 shares of common stock valued at \$150,000. These payments were credited towards the purchase price, thereby reducing the outstanding principal due to \$1,990,000. In addition, in compliance with the agreement dated September 27, 2010, as amended on January 26, 2011, the Company issued warrants to RDC that gives them the option, until December 31, 2015, of purchasing up to 10 million shares of stock at two cents (\$0.02) per share, and in compliance with a second amendment to the Option Agreement dated April 22, 2011, the Company issued warrants granting RDC the right to purchase 2 million shares of the Company's common stock at the exercise price of ten cents (\$0.10) per share. These later warrants are valid until May 1, 2016, but may not be exercised until the earlier of May 1, 2012, or the Company's receipt of the first tranche of funding through the federal EB-5 program.

On the transaction closing date of July 1, 2011, the Company issued a promissory note to RDC for \$1,990,000 plus 3% interest per annum. The note is due on or before December 30, 2012. Monthly payments as of January 1, 2012, are set to increase to \$85,000 per month. Upon receipt of the Company's EB-5 funding, the Company has agreed to pay RDC 50% of the funding received until the note is paid off in full. As of December 31, 2011, all monthly payments have been paid, and the outstanding balance due on the note is \$1,889,185. Subsequent to December 31, 2011, the Company issued an additional 2 million 5-year warrants to RDC in consideration for reducing the Company's monthly mortgage payments on the Ruby Mine property from \$85,000 per month to \$10,000 per month until March 31, 2012. Said warrants give RDC the right to purchase up to 2 million shares of the Company's common stock at the exercise price of nine cents (\$0.09) per share. As of the date of this report, the Company remains current

in its obligations, and all monthly payments have been made on time. The note is collateralized with all of the assets associated with the Ruby Mine.

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

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

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

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The Ruby purchase agreement includes the subsurface mineral rights to 2 patented claims comprising 435 acres, and 30 unpatented claims comprising approximately 1,320 acres. All of the unpatented claims in the property package are in good standing through August 31, 2012 with both the BLM in Sacramento and Sierra County in Downieville, CA. Annual BLM claim fees and taxes are currently \$16,600 per year, and are paid and current. Sierra County tax obligations are expected to increase in 2012 following a post-acquisition tax reassessment by the county, which as of the date of this report has not been completed. The Ruby Mine is permitted(3) for underground exploration, small scale development and small scale production.

| Claim Name                              | Type       | Acres(1) | Good Until(2)     |
|---|------------|----------|-------------------|
| Guatemala                               | Patented   | 147      | -                 |
| Extension Placer Mining Claim           | Patented   | 288      | -                 |
| Wisconsin Placer Mining Claim           | Unpatented | 180      | September 1, 2012 |
| Wisconsin Extension Placer Mining Claim | Unpatented | 159      | September 1, 2012 |
| Garnet Placer Mining Claim              | Unpatented | 75       | September 1, 2012 |
| Ruby Quartz Mining Claim                | Unpatented | 20       | September 1, 2012 |
| Diamond Quartz Mining Claim             | Unpatented | 20       | September 1, 2012 |
| Sapphire Placer Mining Claim            | Unpatented | 2        | September 1, 2012 |
| Gold Channel Placer                     | Unpatented | 150      | September 1, 2012 |
| Black Channel Placer                    | Unpatented | 60       | September 1, 2012 |
| Topaz Placer Mining Claim               | Unpatented | 160      | September 1, 2012 |
| Irene Placer Mining Claim               | Unpatented | 140      | September 1, 2012 |
| Opal Placer Mining Claim                | Unpatented | 160      | September 1, 2012 |
| Ruby Lode No. 7                         | Unpatented | 20       | September 1, 2012 |
| Ruby Lode No. 8                         | Unpatented | 20       | September 1, 2012 |
| Ruby Lode No. 16                        | Unpatented | 20       | September 1, 2012 |
| Ruby Lode No. 17                        | Unpatented | 20       | September 1, 2012 |
| Ruby Lode No. 18                        | Unpatented | 20       | September 1, 2012 |
| Ruby Lode No. 19                        | Unpatented | 20       | September 1, 2012 |
| Ruby Lode No. 20                        | Unpatented | 20       | September 1, 2012 |
| Ruby Lode No. 27                        | Unpatented | 20       | September 1, 2012 |

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|                                   |            |    |                      |
|-----------------------------------|------------|----|----------------------|
| Ruby Lode No. 28                  | Unpatented | 20 | September 1,<br>2012 |
| Entry Lode Mining Claim           | Unpatented | 20 | September 1,<br>2012 |
| Entry Extension Lode Mining Claim | Unpatented | 20 | September 1,<br>2012 |
| Golden Bear 1 Placer Mining Claim | Unpatented | 20 | September 1,<br>2012 |
| Golden Bear 2 Placer Mining Claim | Unpatented | 20 | September 1,<br>2012 |
| Golden Bear 3 Placer Mining Claim | Unpatented | 20 | September 1,<br>2012 |
| Golden Bear 4 Placer Mining Claim | Unpatented | 20 | September 1,<br>2012 |
| Golden Bear 5 Placer Mining Claim | Unpatented | 20 | September 1,<br>2012 |
| Golden Bear 6 Placer Mining Claim | Unpatented | 20 | September 1,<br>2012 |
| Golden Bear 7 Placer Mining Claim | Unpatented | 20 | September 1,<br>2012 |
| Golden Bear 8 Placer Mining Claim | Unpatented | 20 | September 1,<br>2012 |

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

(2) September 1, 2012 represents the “Good Until” date of the Ruby unpatented claims. In order to maintain a mining claim in California in good standing, the claim holder must perform annual work having a minimum cost of \$100 or, alternatively, pay to the U.S. Bureau of Land Management (“BLM”) an annual maintenance fee of \$140. Patented claims have no “Good Until” date, and instead are only subject to local and state taxes. As of September 1, 2011, \$4,200 was paid to maintain the unpatented claims, and \$12,400 was paid in property taxes to maintain the unpatented and patented claims in good standing.

(3) The current Plan of Operations, effective as of 2001, was formally renewed by United States Forest Service in February 2011. The Plan of Operations is now effective through December 31, 2018. The Waste Discharge Order must be reviewed and approved by the Water Quality Control Board prior to the commencement of mining operations, along with the Annual Fee for Waste Discharge Requirements for 2012, which was paid to the State Water Resources Control Board in December 2011. The Reclamation Permit has been renewed through April 2018. In September 2011 the Company filed an updated Reclamation Plan with Sierra County and the California Department of Conservation Office of Mine Reclamation (“OMR”). This updated Reclamation Plan was formally approved in December, 2011, and is effective through April, 2018. A Reclamation Bond of \$171,618 is also in place.

### The Ruby Mine

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

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

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

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

### Location, Access, Physiography, and Climate

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

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



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

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

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

## Property Description

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

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

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

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

## History of Exploration, Development, and Production

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

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

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

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

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

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

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

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## Plant, Equipment, Permits, and Site Infrastructure

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

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

Permits in place include a Plan of Operations, a Phase I Environmental Site Assessment, a Water Order, and a Reclamation Plan secured by over \$171,618 in Reclamation Bonds. The current Plan of Operations, effective as of 2001, was formally renewed by United States Forest Service in February 2011. The Plan of Operations is now effective through December 31, 2018. The Waste Discharge Order must be reviewed and approved by the Water Quality Control Board prior to the commencement of mining operations, along with the Annual Fee for Waste Discharge Requirements for 2012, which was paid to the State Water Resources Control Board in December 2011. The Reclamation Permit has been renewed through April 2018. In September 2011 the Company filed an updated Reclamation Plan with Sierra County and the California Department of Conservation Office of Mine Reclamation (“OMR”). This updated Reclamation Plan was formally approved in December, 2011, and is effective through April, 2018. A Reclamation Bond of \$171,618 is also in place.

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

## Recent Geological Assessment Work

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

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

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

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

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

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

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



|    |   |    |
|----|---|----|
| E4 | 2 | 8  |
| E5 | 3 | 15 |
| E6 | 3 | 10 |
| E7 | 3 | 25 |

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Regional Geology

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

Local Geology

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

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

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### Geology of the Ruby Property

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

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

### Mineralization and Deposit Type

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

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

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### Ruby Mine Mining Plan

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

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

The initial work in the first months will concentrate on getting the Ruby Mine facilities and equipment into good working order. The Company began rehabilitation of the Ruby Tunnel in October, 2011. This work is expected to be completed in Q2, 2012.

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

Construction of the 1,500 foot Deep Rock Creek Project access tunnel can also begin very quickly. This tunnel will be a tracked haulageway. The rate of progress will be limited by the amount of time required by the maintenance program in the Ruby Tunnel beyond the "Daylight Turn" where the Deep Rock Creek Access Tunnel begins. This maintenance will be required prior to constructing the Big Bend Raise to the Black Channel workings. This maintenance work is being conducted now, and is expected to be completed in Q2, 2012.

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

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

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

### Operational Considerations

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

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

The south end of the mine is accessible by a portal. Electricity is provided by 250 kw and 55 kw diesel generators and compressed air by a 750 cfm diesel compressor. There is a 40 hp. ventilation fan located underground, electric and diesel trammers, ore cars and flat cars. The site has a shop with an electric overhead hoist on a track and various tools,

mill buildings, a 4,500 gallon diesel tank with containment basin under cover, a 1,000 yard-per-day placer gravel recovery plant and a 50 ton hard rock quartz recovery plant.

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

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

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

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

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

## Description of Mining Process

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

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

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

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

## Description of the Recovery Process

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

screen. All plus 3/4 inch material is rejected to the coarse material belt which moves the reject gravel to the stacker belt for transport.

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

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

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

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

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



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### QA/QC Protocols

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

### Canadian Properties

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

For the year ended December 31, 2011, the Company paid the Province of British Columbia an aggregate of \$72,495 USD in registration and claim maintenance fees to maintain our properties in good standing. For the year ended December 31, 2010, these fees totaled \$45,917 USD.

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

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

### Principal Canadian Properties

The following table shows the Company's principal target properties in British Columbia, Canada, which in aggregate comprise 125 claims that cover 40,204 acres (16,277 hectares). The Company owns additional claims throughout British Columbia, but most of these others have not as yet been aggregated into identifiable properties, are currently not considered material, or are expected to expire on their termination dates and no longer held. As of December 31, 2011, our total holdings are 280 claims encompassing 99,339 acres (40,218 hectares). This is a snapshot in time, and the number may be quite different six months or one year from now. The Company has a very active exploration program in place, which on a daily basis will add new claims, drop or reduce the size of others, and maintain the rest. The Company is comfortable with maintaining a stated minimum of 150 mineral and placer claims covering an aggregate of 60,000 acres on an annualized basis. All of our claims are under constant review, and may be decreased or further increased at any time, depending on the constant re-evaluation of our present holdings, and the availability of new opportunities in the future as other claims of merit become available for acquisition.

Properties are labeled as such when individual claims that are either contiguous with each other or in close proximity can be aggregated and identified with a known mineral or placer resource. As of December 31, 2011, the total cash cost expensed to acquire the properties listed below is \$17,552, consisting of \$7,677 in staking fees paid to the Province of British Columbia, and \$9,875 paid in 2006 to an individual to acquire the Monte Cristo. If every claim is maintained for the next year, the projected expense would be a maximum of \$77.032. In keeping with Company

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

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| Property Name            | Area<br>(hectares) | Acquisition<br>Cost | Carrying Cost<br>(Annualized) |
|--------------------------|--------------------|---------------------|-------------------------------|
| ARGO GOLD                | 463                | \$ 185              | \$ 2,037                      |
| BOULEAU CREEK GOLD       | 950                | 363                 | 4,180                         |
| CHERRY GOLD              | 1,200              | 480                 | 5,278                         |
| CONNIE HILL              | 1,627              | 651                 | 7,161                         |
| CORONATION GOLD          | 125                | 50                  | 550                           |
| FAWN                     | 407                | 163                 | 1,791                         |
| GOLD HILL PROJECT        | 2,932              | 1,173               | 12,903                        |
| LARDEAU CREEK            | 594                | 238                 | 2,615                         |
| LOUGHBOROUGH GOLD        | 288                | 115                 | 1,265                         |
| LYNX GOLD                | 622                | 340                 | 3,738                         |
| MONTE CRISTO*            | 333                | 9,875               | 3,991                         |
| NEW ESKAY CREEK          | 2,080              | 832                 | 9,151                         |
| PINE RIVER VANADIUM      | 733                | 1,122               | 3,224                         |
| RACHEL GOLD              | 337                | 135                 | 1,483                         |
| SILVER CUP               | 883                | 353                 | 3,884                         |
| TRUAX GOLD               | 2,225              | 890                 | 9,791                         |
| TULAMEEN PLATINUM        | 231                | 92                  | 1,015                         |
| FRASER RIVER<br>PLATINUM | 248                | 496                 | 2,974                         |
| Total                    | 16,277             | \$ 17,552           | \$ 77,032                     |

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

The registration fee for staking new claims in British Columbia is \$0.40 per hectare for a mineral claim, and \$2.00 per hectare for a placer claim. The initial term of any claim staked in British Columbia is one year. This term may be extended for up to 10 years at a time by filing a statement of work showing minimum expenditures on a mineral claim of \$4 per hectare per year for the first 3 years, and \$8 per hectare per year for each year thereafter, plus a registration fee of \$0.40 per hectare. For a placer claim, the minimum expenditure is \$10 per hectare. If work is not performed on the subject claims, the registrant can pay a cash-in-lieu fee ("CIL") to British Columbia equal to the minimum work expenditure due to maintain the claim in good standing.

The Company owns a 100% undivided interest in the mineral rights underlying these properties, the surface of which is owned by the Province of British Columbia, also known as Crown Land. Our registered claims convey to us the mineral rights for mining-related purposes only, and while our rights allow us to use the surface of a mineral claim for mining and exploration activities, our claims do not convey any residential or recreational rights to the Company.

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

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Canadian Property Descriptions

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

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

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

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

Coronation Gold is located near Memphis Creek, 6 kilometres northeast of Slocan in southeastern British Columbia. The property covers 125 hectares (309 acres) and includes four past-producing mines; the Colorado, the Homestake, the V&M, and the Senator mines.

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

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

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

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

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

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

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

Fraser River Platinum Property is located along the Fraser River, 3 kilometres northwest of the village of Lytton in south-central British Columbia. The property covers 248 hectares (610 acres) on both sides of an area known as the Van Winkle Bar. As documented in British Columbia Open File 1986-7 and BC MINFILE 092ISW078, platinum and iridium are known to occur in the black sands of Van Winkle Bar.

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

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

## ACME ANALYTICAL LABORATORIES LTD.

|                    |             |
|--------------------|-------------|
| Date               | 8-April-09  |
| Job Number:        | VAN09000829 |
| Number of Samples: | 3           |
| Project:           | Van Winkle  |
| Received:          | 16-Mar-09   |

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

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

As of December 31, 2011, the Company has signed a Memorandum of Understanding (“MOU”) with Devlin's Bench Mining Ltd and P. Wright Contracting Ltd (“PWC”) to engage in a joint-venture on the Company’s Fraser River Platinum project. As of the date of this report, a definitive agreement has not yet been executed. Under the terms of the MOU, a definitive agreement will be signed within 60 days of formal permit approval by the British Columbia Ministry of Mines and the local First Nations governments. Said permits have been applied for and discussions with the local First Nations are underway, but as of the date of this report these milestones have not yet been achieved, and there is no guarantee that such approvals will be forthcoming, or that the joint-venture will be successful.

The Gold Hill Project is located due west of the village of Salmo in southeastern British Columbia, and covers 2,932 hectares (7,242 acres).

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

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

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

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

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Bouleau Creek Gold is a road-accessible property covering 950 hectares (2,347 acres) and is located 26 kilometres west of Vernon in southeastern British Columbia.

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

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

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

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

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

gravimetric finish and reported as the Au(+)fraction result, which for sample NB-60 was reported as 95.6 grams per tonne gold. The Au(-)fraction (minus the oversize fractions) assayed 0.24 g/t gold, for a total of 0.77 g/t gold when all fractions were combined and averaged. Excluding the nugget effect from sample NB-60, the average fire assay of all 36 samples came in at 0.37 g/t gold.

The Company intends to do a follow up exploration program during the 2012 season. The Company also intends to engage a joint-venture partner to fund further development of the project. There is no guarantee the Company will be successful in this effort.

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

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

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

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The Silver Cup Ridge Property is located approximately 70 kilometres southeast of Revelstoke in southeastern British Columbia. The property covers 883 hectares (2,181 acres).

As documented in BC MINFILES 082KNW116, 082KNW113, and 082KNW220, the Silver Cup Ridge property features gold, silver, copper, and lead mineralization over five separate prospects, the most notable being the Fays Peak Copper, Skyline, and Golden Crown occurrences.

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

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The Lardeau Creek Property covers 594 hectares (1,467 acres) and is located near the head of Lardeau Creek approximately 10 kilometres east of Trout Lake in southeastern British Columbia. The property is situated within the former Trout Lake Mining Division, a well known Kootenay Silver Camp, and is approximately 4 kilometres north of the Company's Silver Cup Ridge property.

As documented in BC MINFILE 082KNW178 and related assessment reports, the Lardeau Creek Property features an ultramafic unit which in places hosts platinum mineralization, and a NW striking shear zone which hosts galena, sphalerite and pyrite as well as tetrahedrite.

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



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

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

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

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The Monte Cristo Property is located in a wide section of the Lillooet River Valley, approximately 31 kilometers northwest of the north end of Harrison Lake in south-central British Columbia. It covers 332 hectares (820 acres).

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

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

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

Subsequent to December 31, 2011, the Company amended its aforementioned Memorandum of Understanding (“MOU”) with Devlin's Bench Mining Ltd and P. Wright Contracting Ltd (“PWC”) to include a joint-venture on the Monte Cristo property. As of the date of this report, a definitive agreement has not yet been executed. Under the terms of the MOU, a definitive agreement will be signed within 60 days of formal permit approval by the British Columbia Ministry of Mines and the local First Nations governments. Said permits have been applied for, but as of the date of this report these milestones have not yet been achieved, and there is no guarantee that such approvals will be forthcoming, or that the joint-venture will be successful.

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The Connie Hill Property is located on Vancouver Island, approximately 15 kilometres northwest of Courtenay in southwestern British Columbia, and covers 1,627 hectares (4,019 acres).

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

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

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

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

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

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

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

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

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

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The Lynx Gold Property covers 850 hectares (3,000 acres) and is located approximately 75 miles southeast of Vernon in southeastern British Columbia.

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

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

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Cherry Gold is a road-accessible property that covers 1200 hectares (2,964 acres) located 9 kilometres east of Cherryville in southeastern British Columbia.

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

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

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Pine River Vanadium covers 733 hectares (1,810 acres) and is located in the Pine River Valley of north-central British Columbia, approximately 700 kilometres northeast of Vancouver and about 600 kilometres northwest of Edmonton, Alberta. While its location is remote, the property has excellent infrastructure with regard to both transportation and energy. A paved highway passes through and alongside the claims, which also runs parallel with the Pine River. The B.C. Railway crosses on the opposite side of the valley as does the Peace River Power transmission line. Natural gas and oil pipelines also follow the highway through the valley.

With the exception of tenures 623083, the Pine River Property was acquired by the direct staking of claims by the Company and payment of the required registration fees to the Province of British Columbia. Tenure 623083 was gifted to the Company by Speebo, Inc., a private company controlled by our Chief Executive Officer, Perry Leopold. Sampling documented in BC MINFILE 093O 009 has defined a vanadium-bearing zone with a length of 200 metres and an estimated true width of 100 metres.

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



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New Eskay Creek is located in northwestern British Columbia, approximately 70 kilometres north of Stewart, and consists of 2,080 hectares (5,138 acres). Road access is provided by the Eskay Creek Mine Road, which extends from the Stewart-Cassiar Highway at Bob Quinn Lake and traverses through the western portion of the Company's claims before it reaches the Eskay Creek Mine.

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

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

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Truax Gold is a road-accessible property located near Gold Bridge and Bralorne in southwestern British Columbia, approximately 150 miles north of Vancouver. It extends over 2,225 hectares (5,496 acres) from Mt. Truax westward to within 3 miles of the historic Bralorne and Pioneer mines.

The property is known to contain gold and silver mineralization, as documented in BC MINFILE 092JNE060.

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

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## Item 3. Legal Proceedings

The Company is not a party to any litigation.

## Item 4. Mine Safety Disclosures

Not applicable.

## PART II

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

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

The following table sets forth, for the periods indicated, the high and low bid prices of the Company's Common Stock traded on the OTCBB and OTCQB for the fiscal year ended December 31, 2011, and on the Pink Sheets for the fiscal years ended December 31, 2010 and December 31, 2009. The quotations are split-adjusted and reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

|                  | Common Stock |           |
|------------------|--------------|-----------|
|                  | High         | Low       |
| Fiscal Year 2011 |              |           |
| First Quarter    | \$ 0.09      | \$ 0.026  |
| Second Quarter   | \$ 0.22      | \$ 0.073  |
| Third Quarter    | \$ 0.21      | \$ 0.12   |
| Fourth Quarter   | \$ 0.19      | \$ 0.07   |
| Fiscal Year 2010 |              |           |
| First Quarter    | \$ 0.04      | \$ 0.015  |
| Second Quarter   | \$ 0.029     | \$ 0.0044 |
| Third Quarter    | \$ 0.025     | \$ 0.015  |
| Fourth Quarter   | \$ 0.0475    | \$ 0.015  |
| Fiscal Year 2009 |              |           |
| First Quarter    | \$ 0.04      | \$ 0.008  |
| Second Quarter   | \$ 0.03      | \$ 0.009  |
| Third Quarter    | \$ 0.04      | \$ 0.01   |
| Fourth Quarter   | \$ 0.074     | \$ 0.012  |

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Holders. As of December 31, 2011, our common stock was held by approximately 1,587 shareholders of record. Our transfer agent is Colonial Stock Transfer Co., Inc., 66 Exchange Place, Salt Lake City, UT 84111, phone number (801) 355-5740. The transfer agent is responsible for all record-keeping and administrative functions in connection with the common shares of stock.

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

The Securities Enforcement and Penny Stock Reform Act of 1990

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

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

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

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

- the bid and offer quotations for the penny stock;
- the compensation of the broker-dealer and its salesperson in the transaction;
- the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and
- monthly account statements showing the market value of each penny stock held in the customer's account.

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

Recent Sales (Issuances) of Unregistered Securities

During 2011, the Company issued an aggregate of 1,437,416 shares of common stock to retire a Convertible Promissory Note Agreement dated December 30, 2010 with Tangiers pursuant to which the Company received \$50,000 as a loan from Tangiers. The total amount satisfied on conversion was \$51,612, consisting of \$51,000 in principal plus \$1,612 in accrued interest.

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

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

During 2011, the Company issued 550,000 shares of common stock as a settlement on a 2009 consulting agreement. The shares were valued at the closing market price on the day of issuance.

During 2011, the Company issued an aggregate of 557,528 shares of common stock to fully satisfy and retire a Convertible Note dated January 4, 2011 with Asher Enterprises, Inc. ("Asher") pursuant to which the Company received \$50,000 as a loan from Asher. The total amount satisfied on conversion was \$52,000, consisting of \$50,000 in principal and \$2,000 in accrued interest, and the note has accordingly been retired.

During 2011, 863,681 shares of common stock were issued to satisfy and retire a Convertible Promissory Note Agreement dated June 17, 2010 with Tangiers pursuant to which the Company received \$17,500 as a loan from Tangiers. The total amount satisfied on conversion was \$18,724, consisting of \$17,500 in principal plus \$1,224 in accrued interest.

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

During 2011, 1,600,467 shares of common stock were issued to satisfy and retire a Convertible Promissory Note Agreement dated September 27, 2010 with Tangiers pursuant to which the Company received \$50,000 as a loan from Tangiers. The total amount satisfied on conversion was \$52,495, consisting of \$50,000 in principal plus \$2,495 in accrued interest.

Recent Stock Option Grants

None.

Securities Authorized for Issuance Under Equity Compensation Plans

None.



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Transfer Agent

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

Issuer purchase of equity securities

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

Item 6. Selected Financial Data

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

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

NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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



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

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

Overview

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

On July 1, 2011 we acquired the Ruby Mine. The Ruby Mine is an underground placer and lode mine located between Downieville and Forest City, in Sierra County, California. With the exception of the Ruby Mine, we currently do not control any properties with active or imminent mining operations. We intend to begin mining operations at the Ruby Mine during FY 2012, but there is no guarantee that mining operations will begin, or that our mining operations will be successful.

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

As of December 31, 2010, the Company had two joint-ventures under contract, one with Silver Quest Resources Ltd on the Company's Fawn Property, and another with Lincoln Resources Inc on the Company's Coronation Gold Property. As of December 31, 2011, both of these joint-ventures have been terminated. As of December 31, 2011 and December 31, 2010, gains from joint-venture agreements totaled \$0 and \$98,257, respectively. Of the \$98,257 recognized from joint-ventures in 2010, \$87,707 in cash was received from Silver Quest Resources Ltd, and \$10,550 in cash was received from Lincoln Resources, Inc. As of December 31, 2011 and December 31, 2010, cash gains from claim sales totaled \$103,000, of which a \$30,000 promissory note remains outstanding. As of December 31, 2010, cash gains from claim sales totaled \$11,000. As per GAAP, these revenues have been classified as "Other Income". Top-line revenue is reserved for when we begin actual mining operations and begin generating revenue from mine production.

As of December 31, 2011, the Company has a Memorandum of Understanding ("MOU") with Devlin's Bench Mining Ltd and P. Wright Contracting Ltd ("PWC") to engage in a joint-venture on the Company's Fraser River Platinum project. Subsequent to December 31, 2011, the MOU was amended to include a second joint-venture on the Company's Monte Cristo property. As of the date of this report, a definitive agreement has not yet been executed. Under the terms of the MOU, a definitive agreement will be signed within 60 days of formal permit approval by the British Columbia Ministry of Mines and the local First Nations governments. Said permits have been applied for, but as of the date of this report these milestones have not yet been achieved, and there is no guarantee that such approvals

will be forthcoming.

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

As of December 31, 2011, we own the mineral rights to 280 mining claims in British Columbia encompassing an aggregate of 99,339 acres (40,218 hectares). This is a snapshot in time, and the number may be quite different six months or one year from now. The Company has a very active exploration program in place, which on a daily basis will add new claims, drop or reduce the size of others, and maintain the rest. The Company is comfortable with maintaining a stated minimum of 150 mineral and placer claims covering an aggregate of 60,000 acres on an annualized basis. All of our claims are under constant review, and may be decreased or further increased at any time, depending on the constant re-evaluation of our present holdings, and the availability of new opportunities in the future as other claims of merit become available for acquisition. Our mineral property acquisition costs are capitalized, and our mineral property exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property are capitalized. To date the Company has not established any reserves on its claims. Our acquisition of any mining claim in British Columbia conveys the mineral or placer rights for mining-related purposes only, and while our rights allow us to use the surface of a claim for mining and exploration activities, our claims do not convey any other surface, residential or recreational rights to the Company. Additionally, our right to extraction is not absolute, as any mechanized extraction work on claims in BC requires additional permits and possibly conversion of our claims to mining leases, the approval of which is not guaranteed. Based on the limitations of our claims and unproven reserves, all capitalized costs on our claims in British Columbia were expensed as of December 31, 2011.

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

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

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

### Going Concern

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

We have experienced recurring net losses from operations, which losses have caused an accumulated deficit of \$11,261,861 as of December 31, 2011. In addition, we have a working capital deficit of \$2,578,163 as of December 31, 2011. We had net losses of \$951,468 and \$287,345 for the years ended December 31, 2011 and 2010, respectively. These factors, among others, raise substantial doubt about our ability to continue as a going concern. If we are unable to generate profits and are unable to continue to obtain financing to meet our working capital requirements, we may have to curtail our business sharply or cease operations altogether. Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis to retain our current financing, to obtain additional financing, and, ultimately, to attain profitability. Should any of these events not occur, we will be adversely affected and we may have to cease operations.

As of December 31, 2011 the accumulated deficit attributable to CEO stock awards valued according to GAAP totals \$2,558,535 since inception. As of December 31, 2011 the accumulated deficit attributable to CEO compensation is \$784,474 in deferred compensation. This reflects the total amounts unpaid as per the management agreement with The PAN Network dating back to January 2006, less any amounts actually paid or forgiven since 2006. These totals are non-cash expenses which are included in the accumulated deficit since inception. Actual CEO compensation paid in cash over the course of the six years since 2006 has totaled \$225,870, consisting of \$10,000 in 2006, \$50,764 in 2007, \$23,139 in 2008, \$29,979 in 2009, \$21,988 in 2010, and \$90,000 in 2011. These cash expenditures are also included in the accumulated deficit.

The ongoing execution of our business plan is expected to result in operating losses over the next twelve months. Management believes it will need to raise capital through loans or stock issuances in order to have enough cash to

maintain its operations for the next twelve months. There are no assurances that we will be successful in achieving our goals of obtaining cash through loans, stock issuances, or increasing revenues and reaching profitability.

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

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### Summary of Significant Accounting Policies

#### Revenue Recognition

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

Revenue is recognized when the following conditions are met:

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

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

#### Mineral Property Costs

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

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

#### Income Taxes

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

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



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### Fair Value of Financial Instruments

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

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

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

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

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

### Stock Based Compensation

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

The Company from time to time may issue stock options, warrants and restricted stock to acquire goods or services from third parties. Restricted stock, options or warrants issued to other than employees or directors are recorded on the basis of their fair value, which is measured as of the date required by the Emerging Issues Task Force guidance related to accounting for equity instruments issued to non-employees. In accordance with this guidance, the options or warrants are valued using the Black-Scholes option pricing model on the basis of the market price of the underlying equity instrument on the "valuation date," which for options and warrants related to contracts that have substantial disincentives to non-performance, is the date of the contract, and for all other contracts is the vesting date. Expense related to the options and warrants is recognized on a straight-line basis over the shorter of the period over which services are to be received or the vesting period. As of December 31, 2011, no options or warrants have been issued for compensation and none are outstanding. As of December 31, 2011, 15 million warrants have been issued and are outstanding in connection with the Ruby Mine Purchase Option Agreement executed on September 27, 2010.

### Beneficial Conversion Feature

From time to time, the Company may issue convertible notes that may have conversion prices that create an embedded beneficial conversion feature pursuant to the Emerging Issues Task Force guidance on beneficial conversion features.

A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of any attached equity instruments, if any related equity instruments were granted with the debt. In accordance with the guidance, the intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

#### Income/Loss Per Share of Common Stock

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share includes additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for the periods presented. As of December 31, 2011 and 2010, there were 37,562,500 and 40,624,678 common stock equivalents outstanding, respectively.



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Results of Operations for the Year Ended December 31, 2011 Compared to Results of Operations for the Year Ended December 31, 2010

**Gains from Other Income.** For the twelve months ended December 31, 2011 and December 31, 2010, the Company's other income related to mineral claim sales and joint-ventures in British Columbia was \$103,500 and \$109,257, respectively. The Company has spent \$72,495 and \$77,886 in mineral property costs during each respective period in order to generate cash flows, consisting primarily of British Columbia claim registration and maintenance fees.

**Operating Expenses.** For the year ended December 31, 2011, the Company had operating expenses of \$673,053, which included general and administrative expenses of \$345,451. Operating expenses for the year ended December 31, 2010 were \$385,330, which included general and administrative expenses of \$249,829. Our increase in operating expenses was mainly from expenditures incurred at the Ruby Mine, marketing, and consulting fees.

**Net Loss.** For the year ended December 31, 2011, we had a net loss of \$951,468. Our net loss for the year ended December 31, 2010 was \$287,345. The increase in our net loss was due from increased expenditures incurred at the Ruby Mine, marketing and consulting fees, and interest expense.

**Liquidity and Capital Resources**

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

In the first quarter of 2012, our mortgage on the Ruby Mine property requires us to make payments of \$30,000 over the 3 month period from January 1, 2012 through March 31, 2012. As of the date of this report, all required payments have been made, and we are current in our obligations. Mortgage payments for the duration of 2012 will be a minimum of \$85,000 per month, with a final balloon payment due on or before December 30, 2012. As of December 31, 2011, the balance due on the mortgage is \$1,889,186. The Company expects to satisfy the mortgage and retire the note upon receipt of funding from overseas investors through the federal EB-5 program. The Ruby project was formally approved as an EB-5 project by USCIS in July, 2011, and as of the date of this report the final phase of the funding overseas is nearing completion. The Company expects to complete the funding in the near-term, but until that time the Company believes it can rely on our equity credit line established with Tangiers to make up for any revenue shortfall. If we cannot generate sufficient revenue or raise additional funds through equity, loans, or EB-5, we may not be able to maintain our mortgage on the Ruby Mine.

As of December 31, 2011, total current assets were \$130,870, which consisted of \$129,888 of cash and \$982 in accounts receivable. As of December 31, 2010, total current assets were \$56,910, which consisted of \$47,000 of cash and \$9,910 of prepaid expenses.

As of December 31, 2011 and 2010, our total current and long-term liabilities were \$2,711,055 and \$879,763, respectively. The net increase in current liabilities is primarily due to our mortgage obligation for the Ruby Mine, and its associated reclamation bonds.

We had a working capital deficit of \$2,578,163 as of December 31, 2011, and a working capital deficit of \$822,853 as of December 31, 2010.

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During the year ended December 31, 2011, operating activities used cash of \$408,051 as compared to the twelve months ended December 31, 2010, where we used cash of \$77,536 in operating activities. The increase in cash used by operating activities for the twelve months ended December 31, 2011 was due primarily to operational and developmental expenses at the Ruby Mine, and related amortization of debt and depreciation of assets.

We had a net increase in cash of \$82,888 for the year ended December 31, 2011. Cash flows from claim sales and financing activities represented the Company's principal source of cash for the twelve month period ended December 31, 2011. Cash flows from financing activities during the year ended December 31, 2011 were \$878,685, consisting primarily of proceeds from the issuance of stock. During the fiscal year ended December 31, 2010, we received \$167,500 from financing activities, consisting entirely of proceeds from the issuance of stock and convertible debt.

On December 29, 2011, the Company entered into two agreements ("the Agreements") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received two \$25,000 loans from Tangiers. As the Agreement specifies, loan proceeds will only be used towards expenses related to the Ruby Mine Project. The Agreement is structured as a \$25,000 Promissory Note (the "Promissory Note"), and a \$25,000 Convertible Promissory Note (the "Convertible Note"). The Promissory Note has a maturity date of six (6) months from the Effective Date, and an interest rate on the unpaid principal balance equal to 9.9% per year. The Company shall make cash payments to Tangiers every two (2) weeks beginning January 1, 2012, at a minimum of \$2,500 against the principal and accrued interest until the Promissory Note has been satisfied. The Company has further authorized Tangiers to debit this amount directly from any drawdowns made on Company's existing Equity Line of Credit ("ELOC") with Tangiers. As further consideration, Tangiers shall be entitled to 250,000 5-year warrants to purchase 250,000 shares of our common stock at an exercise price of \$0.115 per share. The value of these warrants was calculated via the Black-Scholes model and was calculated at \$20,568. This value was recorded as a discount on the related note payable. The \$25,000 Convertible Note is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.08 per share, which was the closing market share price on the Effective Date. Due to the conversion price being equal to the closing share price on the grand date no beneficial conversion feature resulted from this issuance. The Note has a term of nine (9) months and accrues interest at a rate equal to 9.9% per year. The Agreement further specifies that there shall be no penalty for prepayment of either the Promissory Note or the Convertible Note.

Recent Developments During FY 2011

On January 4, 2011, the Company announced that it has received clearance to list its shares on the Over-The-Counter Bulletin Board ("OTCBB"), effective January 4, 2011. The Company's stock symbol remains "NBRI".

On January 11, 2011, the Company announced that, together with ACG Consulting, LLC ("ACG"), it has formally organized Ruby Gold, LLC as the special purpose entity that will own and operate the Ruby Gold Project under federal EB-5 Program guidelines, subject to the receipt of \$7.5M in project funding. As previously disclosed in the Company's Form S-1/A as filed with the SEC on November 2, 2010 and in subsequent filings, before the Company can receive approval from USCIS and accept EB-5 funding, the Ruby Project must be organized as a new enterprise under the EB-5 Program. Effective January 7, 2011, North Bay and ACG have completed this requirement by jointly organizing an appropriate special purpose entity as a Limited Liability Company domiciled in California under the name Ruby Gold, LLC (the "JV"). The initial ownership/membership interest in the JV will be held 60% by North Bay and 40% by ACG.

Effective February 10, 2011, and as set forth in the Company's Current Report on Form 8-K filed on February 14, 2011, the Company executed an agreement (the "Agreement") to sell a number its mineral claims in the Slocan Mining District of British Columbia, Canada, to Yardley Mountain Gold Corp ("Yardley") for the aggregate sum of \$93,000 USD. As of December 31, 2011, \$63,000 has been paid, and the remaining \$30,000 remains outstanding as a

promissory note. The majority of this balance is past due and has been reserved for as of December 31, 2011.

On February 22, 2011, the Company announced that the United States Forest Service ("USFS") has approved the recently-updated Plan of Operations for the Ruby Mine, and has authorized its renewal through December 31, 2018. The Plan of Operations functions as the primary permit required before mining operations can begin, and its renewal by USFS through the year 2018 represents a major milestone along the path towards the planned resumption of mining operations at the Ruby Mine.

Effective March 7, 2011, and as set forth in the Company's Current Report on Form 8-K filed on March 10, 2011, the Company engaged Mr. Theodore A. DeMatties, Certified Professional Geologist (CPG #4446) and Registered Minnesota Geologist (#30184), to provide geological consulting services to the Company. The scope of Mr. DeMatties' engagement is to (a) develop a portfolio of viable mining projects in the Western US for consideration by the Company for prospective acquisition or joint-venture, and (b) pursue financing and joint-venture opportunities for the Company's interests in British Columbia, Canada. In consideration of these services, the Company has agreed to pay Mr. DeMatties \$3,000 cash and \$3,000 in restricted Rule 144 stock. In addition, Mr. DeMatties shall be entitled to a 10% finders fee on any financing or joint-venture facilitated by Mr. DeMatties on any of the Company's Canadian properties. Accordingly, on March 7, 2011, the Company issued 42,857 restricted shares of common stock to Mr. DeMatties, the number of shares of which was determined by our closing stock price on March 7, 2011 of \$0.07.

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On June 1, 2011, and as set forth in the Company's Current Report on Form 8-K filed with the United States Securities and Exchange Commission ("SEC") on June 1, 2011, the Company exercised its option to purchase the Ruby Mine from Ruby Development Company ("RDC") for \$2.5 million, and paid the final option payment of \$85,000 to open escrow. Aggregate payments of \$510,000 paid during the option period dating back to September 27, 2010, and consisting of \$360,000 cash and \$150,000 stock, were credited towards the \$2.5 million purchase price. On July 1, 2011, and as set forth in the Company's Current Report on Form 8-K filed with the SEC on July 1, 2011, escrow was closed and the acquisition of the Ruby Mine was completed. Upon the closing of the transaction and the transfer of title, as previously set forth in the purchase agreement, the Company acquired all of the real and personal property associated with the Ruby Gold Mine, all of the shares of Ruby Gold, Inc., a private California corporation, and \$171,000 in reclamation bonds securing the permits at the Ruby Mine. Subsequent to the close of the transaction, Ruby Gold, Inc. became a wholly-owned subsidiary of North Bay Resources Inc. Also upon the close of the transaction the Company issued a promissory note to RDC for \$1,990,000 plus 3% interest per annum. The note is due on or before December 30, 2012. As of the date of this report, the Company remains current in its obligations, and all monthly payments have been made on time.

On July 19, 2011, the Company received notification that Northern California Regional Center, LLC ("NCRC") received an approval letter from the United States Citizenship and Immigration Services ("USCIS") for the expansion of its geographical area and the pre-approval of North Bay's Ruby Gold Project in Sierra County, California as a qualified EB-5 project, thereby giving the green light for \$7.5 million in funding for the Ruby Gold Project via the federal EB-5 Program. As of the date of this report, completion of the EB-5 financing is still pending.

On July 27, 2011, the Company began operations at the Ruby Mine with a comprehensive program of inspection and refurbishing to prepare the Ruby Mine for the start-up of mining operations. This involved work to recondition the surface infrastructure, including work to clear and reinforce the settling ponds, shore up the retaining walls around the mill, stabilize and regulate the water discharge system, survey and expand the tailings area, test the mine ventilation system, and repair all power lines prior to restoring electric power to the property. This work was completed as of September 30, 2011. On October 27, 2011, work began to restore underground ventilation and reopen the Ruby tunnel entirely, from the Ruby Portal to the secondary exit at the Lawry Shaft. CME Services, a fully-qualified and licensed mining contractor, has been engaged to perform the underground work. As of the date of this report, the tunnel rehab work remains in progress, with over 32,000 board feet of mining timber replaced and 3,000 feet of ventilation duct installed.

On October 14, 2011, the Company signed a Memorandum of Understanding ("MOU") with Devlin's Bench Mining Ltd and P. Wright Contracting Ltd ("PWC") to engage in a joint-venture on the Company's Fraser River Platinum project. Subsequent to December 31, 2011, the MOU was amended to include a second joint-venture on the Company's Monte Cristo property. As of the date of this report, a definitive agreement has not yet been executed. Under the terms of the MOU, a definitive agreement will be signed within 60 days of formal permit approval by the British Columbia Ministry of Mines and the local First Nations governments. Said permits have been applied for, but as of the date of this report these milestones have not yet been achieved.

On November 1, 2011, the Company agreed to option the Taber Mine in Sierra County, California, for a period of up to nine months, during which time the Company will continue to conduct further due diligence. The consideration to be paid during the term of the option is \$2,000 per month. Should the Company elect to exercise the option, the parties will then enter into a definitive lease agreement, with an optional buyout provision.

On December 21, 2011, the Company received notification that its revised Ruby Mine Reclamation Plan has been formally approved by the Sierra County Planning Department ("SCPD"), and has satisfied all Conditions of Approval ("COA's"), as amended, previously issued by SCPD as well as the California Department of Conservation Office of Mining Reclamation ("OMR"). The revised Reclamation Plan includes an expansion of the tailings area, which is

expected to provide enough capacity to support mining operations for at least another 5 to 7 years before another expansion will need to be considered. The revised Reclamation Plan is effective through April 16, 2018.

#### Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

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Recent Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-08, Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment. The guidance in ASU 2011-08 is intended to reduce complexity and costs by allowing an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether it should calculate the fair value of a reporting unit. The amendments also improve previous guidance by expanding upon the examples of events and circumstances that an entity should consider between annual impairment tests in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Also, the amendments improve the examples of events and circumstances that an entity having a reporting unit with a zero or negative carrying amount should consider in determining whether to measure an impairment loss, if any, under the second step of the goodwill impairment test. The amendments in this ASU are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity's financial statements for the most recent annual or interim period have not yet been issued. The adoption of this guidance is not expected to have a material impact on the Company's financial position or results of operations.

In June 2011, the FASB issued ASU 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income", which is effective for annual reporting periods beginning after December 15, 2011. ASU 2011-05 will become effective for the Company on January 1, 2012. This guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. In addition, items of other comprehensive income that are reclassified to profit or loss are required to be presented separately on the face of the financial statements. This guidance is intended to increase the prominence of other comprehensive income in financial statements by requiring that such amounts be presented either in a single continuous statement of income and comprehensive income or separately in consecutive statements of income and comprehensive income. The adoption of ASU 2011-05 is not expected to have a material impact on the Company's financial position or results of operations.

In May 2011, the FASB issued ASU 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs", which is effective for annual reporting periods beginning after December 15, 2011. This guidance amends certain accounting and disclosure requirements related to fair value measurements. Additional disclosure requirements in the update include: (1) for Level 3 fair value measurements, quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements to changes in the unobservable inputs; (2) for an entity's use of a nonfinancial asset that is different from the asset's highest and best use, the reason for the difference; (3) for financial instruments not measured at fair value but for which disclosure of fair value is required, the fair value hierarchy level in which the fair value measurements were determined; and (4) the disclosure of all transfers between Level 1 and Level 2 of the fair value hierarchy. ASU 2011-04 will become effective for the Company on January 1, 2012. The Company is currently evaluating ASU 2011-04 and has not yet determined the impact that adoption will have on its financial statements.

In April 2011, the FASB issued ASU 2011-02, "Receivables (Topic 310): A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring". This amendment explains which modifications constitute troubled debt restructurings ("TDR"). Under the new guidance, the definition of a troubled debt restructuring remains essentially unchanged, and for a loan modification to be considered a TDR, certain basic criteria must still be met. For public companies, the new guidance is effective for interim and annual periods beginning on or after June 15, 2011, and applies retrospectively to restructuring occurring on or after the beginning of the fiscal year of adoption. The Company does not expect that the guidance effective in future periods will have a material impact on its financial statements.





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Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying balance sheets of North Bay Resources Inc. (an exploration stage company) as of December 31, 2011 and 2010, and the related statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and for the period from June 18, 2004 (inception) through December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Bay Resources, Inc. as of December 31, 2011 and 2010, and the results of its operations, changes in stockholders' deficit and cash flows for the periods described above in conformity with accounting principles generally accepted in the United States of America.

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

/s/ M&K CPAS, PLLC  
Houston, Texas  
March 9, 2012

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 CONSOLIDATED BALANCE SHEETS  
 AS OF DECEMBER 31, 2011 AND DECEMBER 31, 2010

|   | Dec 31, 2011       | Dec 31, 2010     |
|---|--------------------|------------------|
| <b>ASSETS</b>   |                    |                  |
| Current Assets  |                    |                  |
| Cash  | \$129,888          | \$47,000         |
| Accounts Receivable   | 982                | -                |
| Prepaid Expenses  | -                  | 9,910            |
| Total Current Assets  | 130,870            | 56,910           |
| Other Assets  |                    |                  |
| Certificates of Deposit   | 171,875            | -                |
| Goodwill  | 5,341              | -                |
| Mining Claims   | 1,891,845          | -                |
| Property, Plant & Equipment, net of accumulated depreciation  | 733,885            | -                |
| Purchase Option - Ruby Mine   | -                  | 393,983          |
| Purchase Option - Taber Mine  | 4,000              | -                |
| Total Other Assets  | 2,806,946          | 393,983          |
| <b>TOTAL ASSETS</b>   | <b>\$2,937,816</b> | <b>\$450,893</b> |
| <b>LIABILITIES &amp; STOCKHOLDERS' EQUITY (DEFICIT)</b>   |                    |                  |
| Liabilities   |                    |                  |
| Current Liabilities   |                    |                  |
| Accounts Payable  | \$5,942            | \$10,000         |
| Accrued Expenses - related party  | 784,474            | 838,474          |
| Accrued Interest  | -                  | 2,264            |
| Convertible notes payable (net of discounts of \$0 and \$88,475, respectively)  | 25,000             | 29,025           |
| Note Payable – Ruby Mine Mortgage   | 1,889,185          | -                |
| Note Payable (net of discounts of \$20,568 and \$0, respectively)   | 4,432              | -                |
| Total Current Liabilities   | 2,709,033          | 879,763          |
| Long-Term Liabilities   |                    |                  |
| Asset Retirement Obligation   | 5,147              | -                |
| Total Long-Term Liabilities   | 5,147              | -                |
| Total Liabilities   | \$2,714,180        | \$879,763        |
| Stockholders' Equity (Deficit)  |                    |                  |
| Preferred stock, Series I, \$0.001 par value, 100 shares authorized, 100 shares issued and outstanding at December 31, 2011 and December 31, 2010, respectively                                       | -                  | -                |
| Convertible Preferred stock, Series A, \$0.001 par value, 8,000,000 shares authorized, 4,000,000 and 4,000,000 shares issued and outstanding at December 31, 2011 and December 31, 2010, respectively | 4,000              | 4,000            |
| Convertible Preferred stock, Series G, \$0.001 par value, 1,500,000 shares authorized, 100,000 and 100,000 shares issued and outstanding at December 31,  | 100                | 100              |

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2011 and December 31, 2010, respectively

|  |               |               |
|--|---------------|---------------|
| Common stock, \$0.001 par value, 250,000,000 shares authorized, 97,664,462 and 80,186,434 shares issued and outstanding at December 31, 2011 and December 31, 2010, respectively | 97,664        | 80,186        |
| Additional Paid-In Capital   | 11,358,733    | 9,797,237     |
| Stock Payable  | 25,000        | -             |
| Deficit Accumulated During Exploration Stage   | (11,261,861 ) | (10,310,393 ) |
| Total Stockholders' Equity (Deficit)   | 223,636       | (428,870 )    |
| TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)   | \$2,937,816   | \$450,893     |

The accompanying notes are an integral part of these financial statements

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 FOR THE YEARS ENDING  
 DECEMBER 31, 2011 AND 2010  
 AND THE PERIOD FROM  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2011

|  | 12 months ended<br>December 31, 2011 | 12 months ended<br>December 31, 2010 | Since inception (June<br>18, 2004 -<br>December 31, 2011) |
|--|--------------------------------------|--------------------------------------|---|
| <b>Revenues</b>  |                                      |                                      |   |
| Retail Sales (revenue prior to change to mining company in 2006) | \$ -                                 | \$ -                                 | \$ 40,567   |
| Cost of Revenue  | -                                    | -                                    | 49,070  |
| Gross Loss   | -                                    | -                                    | (8,503 )  |
| <b>Operating Expenses</b>  |                                      |                                      |   |
| Commissions & Consulting Fees                                    | 43,216                               | -                                    | 303,000   |
| General & Administrative Costs                                   | 345,451                              | 249,829                              | 9,486,516   |
| Mining Property Costs  | 170,856                              | 77,886                               | 1,002,455   |
| Depreciation Expense   | 60,560                               | -                                    | 60,560  |
| Professional Services  | 52,970                               | 57,615                               | 170,718   |
| Total Operating Expenses   | 673,053                              | 385,330                              | 11,023,249  |
| Net Operating Loss   | (673,053 )                           | (385,330 )                           | (11,031,752 )   |
| <b>Other Income (Expenses)</b>                                   |                                      |                                      |   |
| Gain on Mineral Claim Sales                                      | 103,500                              | 5,000                                | 223,244   |
| Gain on Joint-Ventures   | -                                    | 104,257                              | 277,149   |
| Impairment Expense   | (124,343 )                           | -                                    | (124,343 )  |
| Interest Income  | 532                                  | 47                                   | 641   |
| Interest Expense   | (166,748 )                           | (21,195 )                            | (262,186 )  |
| Loss on Conversion of Debt                                       | -                                    | -                                    | (137,000 )  |
| Bad Debt Expense   | (29,018 )                            | -                                    | (48,167 )   |
| Accretion Expense  | (243 )                               | -                                    | (243 )  |
| Loss on Settlement   | (62,095 )                            | -                                    | (62,095 )   |
| Realized Gain (Loss) on Investment                               | -                                    | 9,876                                | (97,109 )   |
| Net Other Income (Expenses)                                      | (278,415 )                           | 97,985                               | (230,109 )  |
| Net Loss   | (951,468 )                           | (287,345 )                           | (11,261,861 )   |
| <b>WEIGHTED AVG NUMBER OF SHARES OUTSTANDING (Basic)</b>         |                                      |                                      |   |
|  | 91,479,959                           | 72,030,864                           |   |
| Basic Net Gain (Loss) per Share                                  | \$ (0.01 )                           | \$ (0.00 )                           |   |
| <b>WEIGHTED AVG NUMBER OF SHARES OUTSTANDING (Diluted)</b>       |                                      |                                      |   |
|  | 91,479,959                           | 72,030,864                           |   |

|                                   |    |       |   |    |       |   |
|-----------------------------------|----|-------|---|----|-------|---|
| Diluted Net Gain (Loss) per Share | \$ | (0.01 | ) | \$ | (0.00 | ) |
|-----------------------------------|----|-------|---|----|-------|---|

The accompanying notes are an integral part of these financial statements

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2011

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

Net loss for  
year

Balance at

12/31/2005 2,400,000 - - \$ 2,400 \$ - \$ - 1,076,261 \$ 1,076 \$ 3,285,616 \$ - \$(1,912,483) \$ - \$ 1,376,609

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2011  
 (Continued)

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



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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2011  
 (Continued)

|   | Preferred Stock    |                       |                       |                       |                       |                       | Common Stock |        | Additional<br>Paid-In<br>Capital | Stock<br>Payable | Accumula-<br>Deficit | Accumula-<br>OCI | Total<br>Stock-<br>hold-<br>Deficit |
|---|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|--------|----------------------------------|------------------|----------------------|------------------|-------------------------------------|
|   | Series A<br>Shares | Series<br>G<br>Shares | Series<br>I<br>Shares | Series<br>A<br>Amount | Series<br>G<br>Amount | Series<br>I<br>Amount | Shares       | Amount |                                  |                  |                      |                  |                                     |
| Beneficial<br>Conversion<br>Features on<br>notes<br>payable           | -                  | -                     | -                     | -                     | -                     | -                     | -            | -      | 62,000                           | -                | -                    | -                | 62,000                              |
| Common<br>Stock<br>issued to<br>convert debt                          | -                  | -                     | -                     | -                     | -                     | -                     | 1,350,000    | 1,350  | 120,150                          | -                | -                    | -                | 121,500                             |
| Common<br>Stock<br>issued for<br>services                             | -                  | -                     | -                     | -                     | -                     | -                     | 10,575,000   | 10,575 | 959,425                          | -                | -                    | -                | 970,000                             |
| Common<br>Stock<br>issued as<br>interest on<br>loan                   | -                  | -                     | -                     | -                     | -                     | -                     | 10,000       | 10     | 1,490                            | -                | -                    | -                | 1,500                               |
| Preferred<br>Shares<br>issued for<br>services                         | -                  | -                     | 100                   | -                     | -                     | -                     | -            | -      | 101,000                          | -                | -                    | -                | 101,000                             |
| Common<br>Stock<br>issued for<br>conversion<br>of preferred<br>shares | (2,400,000)        | -                     | -                     | (2,400)               | -                     | -                     | 1,200,000    | 1,200  | 1,200                            | -                | -                    | -                | (2,000)                             |
| Shares<br>bought back<br>and retired                                  | -                  | -                     | -                     | -                     | -                     | -                     | (200,000)    | (200)  | (1,800)                          | -                | -                    | -                | (2,000)                             |

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|                              |   |   |     |    |   |     |     |            |        |        |             |           |             |               |     |    |           |
|------------------------------|---|---|-----|----|---|-----|-----|------------|--------|--------|-------------|-----------|-------------|---------------|-----|----|-----------|
| Expenses paid by shareholder | - | - | -   | -  | - | -   | -   | -          | 70,623 | -      | -           | -         | 70,623      |               |     |    |           |
| Net loss for year            | - | - | -   | -  | - | -   | -   | -          | -      | -      | (1,490,871) | -         | (1,490,871) |               |     |    |           |
| Balance at 12/31/2007        | - | - | 100 | \$ | - | \$- | \$- | 16,522,261 | \$     | 16,522 | \$          | 8,513,664 | \$-         | \$(8,907,591) | \$- | \$ | (377,400) |

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2011  
 (Continued)

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

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2011  
 (Continued)

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

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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2011  
 (Continued)

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



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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)  
 FOR THE PERIOD  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2011  
 (Continued)

|   | Preferred Stock    |                    |                       |                       |                       |                       | Common Stock |        | Additional<br>Paid-In<br>Capital | Stock<br>Payable | Accumula<br>Deficit |
|---|--------------------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|--------|----------------------------------|------------------|---------------------|
|   | Series A<br>Shares | Series G<br>Shares | Series<br>I<br>Shares | Series<br>A<br>Amount | Series<br>G<br>Amount | Series<br>I<br>Amount | Shares       | Amount |                                  |                  |                     |
| Common<br>Stock issued<br>for cash  | -                  | -                  | -                     | -                     | -                     | -                     | 10,314,967   | 10,315 | 846,685                          | -                | -                   |
| Common<br>Stock issued<br>for<br>convertible<br>debt<br>conversion              | -                  | -                  | -                     | -                     | -                     | -                     | 4,459,092    | 4,459  | 169,393                          | -                | -                   |
| Common<br>Stock issued<br>for services  | -                  | -                  | -                     | -                     | -                     | -                     | 42,857       | 43     | 2,957                            | -                | -                   |
| Common<br>Stock issued<br>for settlement<br>of services                         | -                  | -                  | -                     | -                     | -                     | -                     | 550,000      | 550    | 61,545                           | -                | -                   |
| Common<br>Stock issued<br>for deferred<br>compensation                          | -                  | -                  | -                     | -                     | -                     | -                     | 2,000,000    | 2,000  | 178,000                          | -                | -                   |
| Common<br>Stock issued<br>for directors<br>compensation                         | -                  | -                  | -                     | -                     | -                     | -                     | 111,112      | 111    | 9,889                            | -                | -                   |
| Discount on<br>convertible<br>notes from<br>beneficial<br>conversion<br>feature | -                  | -                  | -                     | -                     | -                     | -                     | -            | -      | 70,568                           | -                | -                   |
| Term<br>Extension of<br>Ruby warrants   | -                  | -                  | -                     | -                     | -                     | -                     | -            | -      | 2,519                            | -                | -                   |
| Warrants<br>issued for<br>Purchase<br>Option – Ruby<br>Mine                     | -                  | -                  | -                     | -                     | -                     | -                     | -            | -      | 219,940                          | -                | -                   |

Stock payable  
for warrant  
exercise

|                          |           |         |     |         |       |     |            |          |              |          |        |                |
|--------------------------|-----------|---------|-----|---------|-------|-----|------------|----------|--------------|----------|--------|----------------|
|                          | -         | -       | -   | -       | -     | -   | -          | -        | -            | -        | 25,000 | -              |
| Net loss for<br>year     | -         | -       | -   | -       | -     | -   | -          | -        | -            | -        | -      | (951,468)      |
| Balance at<br>12/31/2011 | 4,000,000 | 100,000 | 100 | \$4,000 | \$100 | \$- | 97,664,462 | \$97,664 | \$11,358,733 | \$25,000 | \$-    | \$(11,261,800) |

The accompanying notes are an integral part of these financial statements



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NORTH BAY RESOURCES INC.  
 (AN EXPLORATION STAGE COMPANY)  
 CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDING  
 DECEMBER 31, 2011 AND 2010  
 AND THE PERIOD FROM  
 JUNE 18, 2004 (INCEPTION) THROUGH DECEMBER 31, 2011

|  | 12 months Ended<br>December 31, 2011 | 12 months Ended<br>December 31, 2010 | Since inception<br>(June 18, 2004 -<br>December 31, 2011) |
|--|--------------------------------------|--------------------------------------|---|
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES</b>                      |                                      |                                      |   |
| Net Loss   | \$ (951,468 )                        | \$ (287,345 )                        | \$ (11,261,861 )  |
| Adjustments to reconcile Net Loss to net cash<br>used in operations: |                                      |                                      |   |
| Gain on sale of claims, non-cash                                     | -                                    | -                                    | (110,935 )  |
| Common Stock issued for services                                     | 3,000                                | -                                    | 5,113,017   |
| Common Stock issued to director for services                         | 10,000                               | -                                    | 10,000  |
| Common Stock issued for mining exploration<br>stage property         | -                                    | -                                    | 351,400   |
| Preferred Stock issued for bonus                                     | -                                    | -                                    | 253,785   |
| Loss on conversion of debt and deferred<br>compensation              | -                                    | -                                    | 2,150,513   |
| Loss on AFS securities "other than temporary"                        | -                                    | -                                    | 106,985   |
| Loss on settlement - Common Shares issued                            | 62,095                               | -                                    | 62,095  |
| Bad debt expense   | 29,018                               | -                                    | 48,167  |
| Gain realized on transfer of AFS – securities                        | -                                    | (9,875 )                             | (9,875 )  |
| Amortization of discount on debt                                     | 138,475                              | 18,931                               | 219,406   |
| Common Stock issued as interest on loan                              | -                                    | -                                    | 1,500   |
| Depreciation Expense   | 60,560                               | -                                    | 60,560  |
| Accretion Expense  | 243                                  | -                                    | 243   |
| Impairment Expense   | 124,343                              | -                                    | 124,343   |
| Changes in operating assets and liabilities:                         |                                      |                                      |   |
| Accounts receivable  | (30,000 )                            | -                                    | (30,000 )   |
| Prepaid Expenses   | 9,910                                | -                                    | 9,910   |
| Accrued expenses – related party / Accounts<br>Payable               | 136,030                              | 198,253                              | 1,100,593   |
| Other current assets   | (257 )                               | 2,500                                | (29,316 )   |
| Net Cash Used in Operating Activities                                | (408,051 )                           | (77,536 )                            | (1,829,470 )  |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES</b>                      |                                      |                                      |   |
| Cash paid for purchase of fixed assets                               | (12,459 )                            | -                                    | (12,459 )   |
| Cash paid for Ruby Purchase  | (277,006 )                           | (84,087 )                            | (361,093 )  |
| Cash paid for development costs on Ruby Mine                         | (94,281 )                            | -                                    | (94,281 )   |
| Cash paid for purchase of Taber Mine Option                          | (4,000 )                             | -                                    | (4,000 )  |
| Net Cash Used In Investing Activities                                | (387,746 )                           | (84,087 )                            | (471,833 )  |
| <b>CASH FLOWS FROM FINANCING<br/>ACTIVITIES</b>                      |                                      |                                      |   |

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|   |              |               |              |
|---|--------------|---------------|--------------|
| Proceeds from sale of stock   | 857,000      | 50,000        | 1,612,700    |
| Contributions from related party  | -            | -             | 244,994      |
| Warrants exercised, shares not yet issued   | 25,000       | -             | 25,000       |
| Debt Repayments   | (103,315 )   | -             | (103,315 )   |
| Shares re-purchased and retired   | -            | -             | (2,000 )     |
| Borrowings on debt  | 100,000      | 117,500       | 653,812      |
| Net Cash Provided by Financing Activities   | 878,685      | 167,500       | 2,431,191    |
| Net cash increase for period  | 82,888       | 5,877         | 129,888      |
| Cash at beginning of period   | 47,000       | 41,123        | -            |
| Cash at end of period   | 129,888      | 47,000        | 129,888      |
| Supplementary Cash Flow Information:  |              |               |              |
| Cash Paid for Interest  | -            | -             | -            |
| Cash Paid for Taxes   | -            | -             | -            |
| Non-Cash Investing & Financing Activities:  |              |               |              |
| Common Stock issued For conversion of preferred shares  | \$ -         | \$ -          | \$ 2,400     |
| Common Stock issued For conversion of debt and accrued salary   | \$ -         | \$ -          | \$ 253,912   |
| Warrants issued for purchase option - Ruby Mine   | \$ 219,941   | \$ 149,896    | \$ 369,837   |
| Term extension of Ruby Mine warrants  | \$ 2,519     | \$ -          | \$ 2,519     |
| Stock Issued for purchase option - Ruby Mine  | \$ -         | \$ -          | \$ 150,000   |
| Cash obligation for purchase option - Ruby Mine   | \$ -         | \$ 10,000     | \$ -         |
| Stock Payable for purchase option - Ruby Mine   | \$ -         | \$ 150,000    | \$ 150,000   |
| Discount from beneficial conversion feature and warrants attached to convertible notes payable                  | \$ 70,568    | \$ 107,406    | \$ 177,974   |
| Transfer of available for sale securities to relieve accrued salary   | \$ -         | \$ 12,838     | \$ 12,838    |
| Accrued salary relieved for shares issued   | \$ 179,999   | \$ -          | \$ 279,999   |
| Common and preferred shares issued as founders shares   | \$ -         | \$ -          | \$ 3,040     |
| Capitalized costs for Ruby Mine purchase option transferred to fixed assets and mineral assets upon acquisition | \$ 801,442   | \$ -          | \$ 801,442   |
| Ruby Mine acquisition   | \$ 2,164,118 | \$ -          | \$ 2,164,118 |
| Revision to Asset Retirement Obligation   | \$ 166,714   | \$ -          | \$ 166,714   |
| Common stock issued for conversion of convertible debt  | \$ 173,852   | \$ -          | \$ 173,852   |
| Common stock issued for stock payable   | \$ -         | \$ (115,310 ) | \$ -         |

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

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

NOTE 1           GENERAL ORGANIZATION AND BUSINESS

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

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

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

NOTE 2           GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated modest revenues since inception and has never paid any dividends and is unlikely to pay dividends. The Company has accumulated losses since inception equal to \$11,261,861 as of December 31, 2011. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploration of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. The Company has had very little operating history to date. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 3           SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reclassifications

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

Principles of Consolidation

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

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with a maturity of three months or less, when purchased, to be cash equivalents. There were no cash equivalents at December 31, 2011 and December 31, 2010. The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation up to \$250,000.

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### Marketable Securities

The Company accounts for its marketable securities, which are available for sale, in accordance with Financial Accounting Standards Board (“FASB”) guidance regarding accounting for certain investments in debt and equity securities, which requires that available-for-sale and trading securities be carried at fair value. Unrealized gains and losses deemed to be temporary on available-for-sale securities are reported as other comprehensive income (“OCI”) within shareholders’ deficit. Realized gains and losses and declines in value deemed to be other than temporary on available-for-sale securities are included in “(Gain) loss on short- and long-term investments” and “Other income” on our statements of operations. Trading gains and losses also are included in “(Gain) loss on short-term and long-term investments.” Fair value of the securities is based upon quoted market prices in active markets or estimated fair value when quoted market prices are not available. The cost basis for realized gains and losses on available-for-sale securities is determined on a specific identification basis. We classify our available-for-sale securities as short- or long-term based upon management’s intent and ability to hold these investments. In addition, throughout 2009, the FASB issued various authoritative guidance and enhanced disclosures regarding fair value measurements and impairments of securities which helps in determining fair value when the volume and level of activity for the asset or liability have significantly decreased and in identifying transactions that are not orderly.

### Revenue Recognition

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

Revenue is recognized when the following conditions are met:

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

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

### Mineral Property Costs

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

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

### Purchase Options for Mining Property

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

### Asset retirement obligation

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

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

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

## Income Taxes

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

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

## Fair Value of Financial Instruments

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

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

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

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

The Company had no assets or liabilities valued at fair value on a recurring or non-recurring basis as of December 31, 2011 and December 31, 2010, respectively.

## Stock Based Compensation

Beginning January 1, 2006, the Company adopted the FASB standard related to stock based compensation. The standard requires all share-based payments to employees (which includes non-employee Directors), including employee stock options, warrants and restricted stock, be measured at the fair value of the award and expensed over

the requisite service period (generally the vesting period). The fair value of common stock options or warrants granted to employees is estimated at the date of grant using the Black-Scholes option pricing model by using the historical volatility of comparable public companies. The calculation also takes into account the common stock fair market value at the grant date, the exercise price, the expected life of the common stock option or warrant, the dividend yield and the risk-free interest rate.

The Company from time to time may issue stock options, warrants and restricted stock to acquire goods or services from third parties. Restricted stock, options or warrants issued to other than employees or directors are recorded on the basis of their fair value, which is measured as of the date required by the Emerging Issues Task Force guidance related to accounting for equity instruments issued to non-employees. In accordance with this guidance, the options or warrants are valued using the Black-Scholes option pricing model on the basis of the market price of the underlying equity instrument on the "valuation date," which for options and warrants related to contracts that have substantial disincentives to non-performance, is the date of the contract, and for all other contracts is the vesting date. Expense related to the options and warrants is recognized on a straight-line basis over the shorter of the period over which services are to be received or the vesting period. As of December 31, 2011 and December 31, 2010, no options or warrants related to compensation have been issued, and none are outstanding.



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## Beneficial Conversion Feature

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

## Goodwill and Other Intangible Assets

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

## Income/Loss Per Share of Common Stock

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share includes additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for the periods presented. As of December 31, 2011 and 2010, there were 37,562,250 and 40,624,678 common stock equivalents outstanding, respectively.

The following is a reconciliation of the computation for basic and diluted EPS for the nine months ended December 31, 2011 and 2010, respectively:

|   | December 31,<br>2011 | December 31,<br>2010 |
|---|----------------------|----------------------|
| Net Loss  | \$ (951,468 )        | \$ (287,345 )        |
| Weighted-average common shares Outstanding (Basic)          | 91,479,959           | 72,030,864           |
| Weighted-average common stock Equivalents                   | 37,562,250           | 40,624,678           |
| Deduction of stock Equivalents not included due to net loss | (37,562,250)         | (40,624,678)         |
| Weighted-average common shares Outstanding (Diluted)        | 91,479,959           | 72,030,864           |
| Basic and Diluted Net Gain (Loss) per Share                 | \$ (0.01 )           | \$ (0.00 )           |

## Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. The cost of property, plant and equipment is depreciated using the straight-line method over the estimated useful life of the asset - periods of approximately 18-28 years for buildings, 3-10 years for machinery and equipment and 3- 5 years for vehicles.

Long-lived assets are reviewed for impairment whenever in management's judgment conditions indicate a possible loss. Such impairment tests compare estimated undiscounted cash flows to the recorded value of the asset. If an impairment is indicated, the asset is written down to its fair value or, if fair value is not readily determinable, an estimated fair value is used based on discounted cash flows. Fully depreciated assets are retained in property, plant and equipment and accumulated depreciation accounts until they are removed from service. In case of disposals of assets, the assets and related accumulated depreciation are removed from the accounts, and the net amounts after proceeds from disposal are credited or charged to income.

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Recently Issued Accounting Standards

In September 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-08, Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment. The guidance in ASU 2011-08 is intended to reduce complexity and costs by allowing an entity the option to make a qualitative evaluation about the likelihood of goodwill impairment to determine whether it should calculate the fair value of a reporting unit. The amendments also improve previous guidance by expanding upon the examples of events and circumstances that an entity should consider between annual impairment tests in determining whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Also, the amendments improve the examples of events and circumstances that an entity having a reporting unit with a zero or negative carrying amount should consider in determining whether to measure an impairment loss, if any, under the second step of the goodwill impairment test. The amendments in this ASU are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted, including for annual and interim goodwill impairment tests performed as of a date before September 15, 2011, if an entity’s financial statements for the most recent annual or interim period have not yet been issued. The adoption of this guidance is not expected to have a material impact on the Company’s financial position or results of operations.

In June 2011, the FASB issued ASU 2011-05, “Comprehensive Income (Topic 220): Presentation of Comprehensive Income”, which is effective for annual reporting periods beginning after December 15, 2011. ASU 2011-05 will become effective for the Company on January 1, 2012. This guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders’ equity. In addition, items of other comprehensive income that are reclassified to profit or loss are required to be presented separately on the face of the financial statements. This guidance is intended to increase the prominence of other comprehensive income in financial statements by requiring that such amounts be presented either in a single continuous statement of income and comprehensive income or separately in consecutive statements of income and comprehensive income. The adoption of ASU 2011-05 is not expected to have a material impact on the Company’s financial position or results of operations.

In May 2011, the FASB issued ASU 2011-04, “Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs”, which is effective for annual reporting periods beginning after December 15, 2011. This guidance amends certain accounting and disclosure requirements related to fair value measurements. Additional disclosure requirements in the update include: (1) for Level 3 fair value measurements, quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements to changes in the unobservable inputs; (2) for an entity’s use of a nonfinancial asset that is different from the asset’s highest and best use, the reason for the difference; (3) for financial instruments not measured at fair value but for which disclosure of fair value is required, the fair value hierarchy level in which the fair value measurements were determined; and (4) the disclosure of all transfers between Level 1 and Level 2 of the fair value hierarchy. ASU 2011-04 will become effective for the Company on January 1, 2012. The Company is currently evaluating ASU 2011-04 and has not yet determined the impact that adoption will have on its financial statements.

In April 2011, the FASB issued ASU 2011-02, “Receivables (Topic 310): A Creditor’s Determination of Whether a Restructuring is a Troubled Debt Restructuring”. This amendment explains which modifications constitute troubled debt restructurings (“TDR”). Under the new guidance, the definition of a troubled debt restructuring remains essentially unchanged, and for a loan modification to be considered a TDR, certain basic criteria must still be met. For public companies, the new guidance is effective for interim and annual periods beginning on or after June 15, 2011, and applies retrospectively to restructuring occurring on or after the beginning of the fiscal year of adoption. The Company does not expect that the guidance effective in future periods will have a material impact on its financial statements.

NOTE 4 INVESTMENTS

In 2008, the Company was to receive \$100,000 in joint-venture payments from Hidalgo Mining International Inc. (OTC: HMIT) pursuant to joint-venture agreements on the Company's Silver Leaf and Gold Hill Project properties. The Company elected to accept payment in shares of HMIT stock and received a total of 9,875,214 shares. The shares were valued at \$110,935 according to the closing price of the stock on the date the shares were received. A gain of \$10,935 related to the value of the stock over the original agreement was recorded due to the transaction. As of December 31, 2008, the market value of these shares was \$133,715. This resulted in an unrealized gain shown in other comprehensive income of \$22,780 for the year ended December 31, 2008. In October 2009, the joint-ventures with Hidalgo were terminated, and by agreement the Company has retained its shares of HMIT. As of December 31, 2009, the Company has taken an impairment charge and written down the value of the shares to \$3,950. The loss was realized and classified as Other Expenses due to the Company's determination that the devaluation of the shares was "other than temporary".

As of June 14, 2010, the HMIT shares were transferred to CEO Perry Leopold and applied towards deferred compensation reduction. The shares were valued at \$13,825 as their fair market value on the day of transfer. The deferred compensation relieved was \$12,838. The excess value of shares transferred over deferred compensation relieved was expensed for \$987 due to it being considered as additional compensation to the CEO. A gain of \$9,875 was realized on the transaction due to the change in value of the stock from December 31, 2009 to the transfer date.

NOTE 5 PREPAID EXPENSES

During 2009, the Company sold its War Eagle claims in consideration of \$14,910 in prepaid marketing and advertising services. As of December 31, 2011, these services have been utilized, and the balance due is zero.

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## NOTE 6 ACCOUNTS RECEIVABLE

On February 10, 2011, the Company executed an agreement (the “Agreement”) to sell a number of its mineral claims in the Slocan Mining District of British Columbia, Canada, to Yardley Mountain Gold Corp (“Yardley”) for the aggregate sum of \$93,000 USD. The Agreement provides that Yardley shall pay to North Bay \$10,000 USD within ten (10) days of execution of the Agreement, \$33,000 USD within three (3) months of the date of the Agreement, and \$50,000 USD on or before June 25, 2011. The parties subsequently agreed to extend the due dates of the second and third payments to August 10, 2011. As of August 11, 2011, cash payments of \$63,000 have been received, and a \$30,000 promissory note due on September 30, 2011, was accepted for the balance due, plus \$982 in reimbursed expenses for claim maintenance. Accordingly, the sale was completed, and title to all of the claims identified in Schedule A of the Agreement has been transferred to Yardley. As of December 31, 2011, the \$30,000 note has been classified as a bad debt, and \$982 remains outstanding.

## NOTE 7 RUBY MINE ACQUISITION

On September 27, 2010, the Company executed an option-to-purchase agreement with Ruby Development Company (“RDC”), a California partnership, for the acquisition of the Ruby Mine (the “Ruby”) in Sierra County, California. The purchase price is \$2,500,000, which is to be paid in stages extending to December 30, 2012. Terms of the Ruby agreement provide for an initial option period of 5 months that expired on January 31, 2011, at which time we elected to extend the option for a second 5 month period, expiring on June 30, 2011. On June 1, 2011, the Company exercised its option to purchase the Ruby Mine and made a final option payment of \$85,000 to open escrow. On July 1, 2011, escrow was closed and the acquisition of the Ruby Mine was completed. During the preceding option period and as of the closing date, the Company has made payments totaling \$510,000 to RDC, consisting of \$360,000 cash and 10,000,000 shares of common stock valued at \$150,000. These payments were credited towards the purchase price, thereby reducing the outstanding principal due to \$1,990,000. In addition, in compliance with the agreement dated September 27, 2010, as amended on January 26, 2011, the Company issued warrants to RDC that gives them the option, until December 31, 2015, of purchasing up to 10 million shares of stock at two cents (\$0.02) per share, and in compliance with a second amendment to the Option Agreement dated April 22, 2011, the Company issued warrants granting RDC the right to purchase 2 million shares of the Company’s common stock at the exercise price of ten cents (\$0.10) per share. These later warrants are valid until May 1, 2016, but may not be exercised until the earlier of May 1, 2012, or the Company's receipt of the first tranche of funding through the federal EB-5 program.

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

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

outstanding as of the closing date has been extinguished as of December 31, 2011.

All costs related to the acquisition of the property have been capitalized when incurred. All costs related to operating costs of the property have been expensed when incurred. As of December 31, 2011 and December 31, 2010, the Company capitalized a total of \$2,802,946 and \$393,983, respectively, related to the Ruby Mine purchase. Cash paid during the period ended December 31, 2011 and December 31, 2010 was equal to \$277,006 and \$82,994, respectively. Warrants issued during the periods ended December 31, 2010 and December 31, 2011 were valued at \$149,896 and \$219,940 respectively. Shares paid as of December 31, 2010 were valued at \$150,000. \$2,519 was capitalized to the purchase option during the three months ended March 31, 2011 related to the company's amendment to extend the term of the 10,000,000 warrants issued to Ruby Development Company from December 31, 2012 to December 31, 2015. The value of the extension was calculated using the Black-Scholes model. In addition, \$219,940 was capitalized to the purchase option during the six months ended June 30, 2011 related to the amendment on April 22, 2011 to issue warrants granting RDC the right to purchase 2 million shares of the Company's common stock at the exercise price of ten cents (\$0.10) per share. Said warrants are valid until May 1, 2016, but may not be exercised until the earlier of May 1, 2012, or the Company's receipt of the first tranche of funding through the federal EB-5 program. The value of the additional warrants was calculated using the Black-Scholes model. Subsequent to December 31, 2011, the Company issued warrants granting RDC the right to purchase 2 million shares of the Company's common stock at the exercise price of nine cents (\$0.09) per share, in consideration for reducing the monthly mortgage payments due in January, February, and March, 2012.

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## Ruby Mine Purchase Price Allocation

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

Acquisition Date: 07/01/11

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

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





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## Pro-Forma Financial Statements

NORTH BAY RESOURCES INC.  
(AN EXPLORATION STAGE COMPANY)  
Unaudited Pro-Forma Condensed Combined Statements of Operations

|  | North Bay<br>Resources<br>Inc. for the<br>year ended<br>December 31,<br>2011 | Ruby Gold,<br>Inc. for the six<br>month period<br>ended June<br>30, 2011<br>(unaudited) | Adjustments | Combined     |
|--|--|---|-------------|--------------|
| Revenues   |  |   |             |              |
| Retail Sales (revenue prior to change to mining company in 2006) | \$-  | \$-   | -           | -            |
| Cost of Revenue  | -  | -   | -           | -            |
| Gross Loss   | -  | -   | -           | -            |
| Operating Expenses   |  |   |             |              |
| Commissions & Consulting Fees                                    | 43,216   | -   | -           | 43,216       |
| General & Administrative Costs                                   | 345,451  | 800   | -           | 346,251      |
| Mining Property Costs  | 124,667  | -   | -           | 124,667      |
| Permitting Costs   | 29,703   | -   | -           | 29,703       |
| Depreciation Expense   | 60,560   | -   | 60,560      | 121,120      |
| BLM Fees and Taxes   | 16,486   | -   | -           | 16,486       |
| Professional Services  | 52,970   | 255   | -           | 53,225       |
| Total Operating Expenses   | 673,053  | 1,055   | 60,560      | 734,668      |
| Net Operating Loss   | (673,053 )   | (1,055 )  | (60,560 )   | (734,668 )   |
| Other Income (Expenses)  |  |   |             |              |
| Gain on Mineral Claim Sales                                      | 103,500  | -   | -           | 103,500      |
| Impairment Expense   | (124,343 )   | -   | -           | (124,343 )   |
| Interest Income  | 532  | 680   | -           | 1,212        |
| Interest Expense   | (166,748 )   | -   | -           | (166,748 )   |
| Accretion Expense  | (243 )   | -   | -           | (243 )       |
| Bad Debt Expense   | (29,018 )  | -   | -           | (29,018 )    |
| Loss on Settlement   | (62,095 )  | -   | -           | (62,095 )    |
| Net Other Income (Expenses)                                      | (278,415 )   | -   | -           | (277,735 )   |
| Net Loss   | (951,468 )   | (375 )  | (60,560 )   | (1,012,403 ) |

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NORTH BAY RESOURCES INC.  
(AN EXPLORATION STAGE COMPANY)  
Unaudited Pro-Forma Condensed Combined Statements of Operations

|  | North Bay<br>Resources Inc.<br>12 months<br>ended<br>December 31,<br>2010 | Ruby Gold,<br>Inc.<br>12 months<br>ended<br>December 31,<br>2010 | Adjustments | Combined   |
|--|---|--|-------------|------------|
| <b>Revenues</b>  |   |  |             |            |
| Retail Sales (revenue prior to change to mining company in 2006) | \$ -  | \$ -   | -           | -          |
| Cost of Revenue  | -   | -  | -           | -          |
| Gross Loss   | -   | -  | -           | -          |
| <b>Operating Expenses</b>  |   |  |             |            |
| General & Administrative Costs                                   | 249,829   | 1,323  | -           | 251,152    |
| Mining Property Costs  | 77,886  | -  | -           | 77,886     |
| Due Diligence  | -   | 7,255  | -           | 7,255      |
| Permitting Costs   | -   | 8,114  | -           | 8,114      |
| Depreciation Expense   | -   | -  | 121,120     | 121,120    |
| BLM Fees and Taxes   | -   | 16,600   | -           | 16,600     |
| Professional Services  | 57,615  | 235  | -           | 57,850     |
| Total Operating Expenses   | 385,330   | 33,527   | 121,120     | 539,977    |
| Net Operating Loss   | (385,330 )  | (33,527 )  | (121,120 )  | (539,977 ) |
| <b>Other Income (Expenses)</b>                                   |   |  |             |            |
| Gain on Mineral Claim Sales                                      | 109,257   | -  | -           | 109,257    |
| Interest Income  | 47  | -  | 1,212       | 1,259      |
| Interest Expense   | (21,195 )   | -  | -           | (21,195 )  |
| Realized Gain (Loss) on Investment                               | 9,876   | -  | -           | 9,876      |
| Net Other Income (Expenses)                                      | 97,985  | -  | 1,212       | 99,197     |
| Net Loss   | \$(287,345 )  | (33,527 )  | (119,908 )  | (440,780 ) |

(1) All expenses on the pro-forma income statement pertaining to due diligence, permitting, BLM fees and taxes, and preproduction costs were paid by the Company on behalf of Ruby Gold, Inc. and categorized as Mining Property Costs on our consolidated financial statements. For pro-forma purposes, these expenses are classified as separate line items.

(2) For the purposes of this pro forma analysis, the purchase price has been allocated based on an estimate of the fair value of assets and liabilities acquired as of the date of acquisition. The determination of estimated fair value requires management to make significant estimates and assumptions.

(3) For the purpose of the pro forma income statements the acquisition date were assumed to be the first of the year for each pro forma. These dates were January 1, 2010 for the year ended December 31, 2010 pro forma and January 1, 2011 for the period ended December 31, 2011 pro forma.



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## NOTE 8 PROPERTY, PLANT, EQUIPMENT AND MINERAL CLAIM ASSETS

As of December 31, 2011 and 2010, components of the Ruby Mine property, plant and equipment and mineral assets were as follows:

|                                     | December 31,<br>2011 | December 31,<br>2010 |
|-------------------------------------|----------------------|----------------------|
| Buildings and improvements          | \$ 558,885           | \$ -                 |
| Machinery and equipment             | 119,389              | -                    |
| Vehicles                            | 240,514              | -                    |
| Total property, plant and equipment | 918,788              | -                    |
| Less: impairment expense(3)         | (124,343 )           | -                    |
| Less: accumulated depreciation(4)   | (60,560 )            | -                    |
| Property, plant and equipment, net  | \$ 733,885           | \$ -                 |
|                                     | December 31,<br>2011 | December 31,<br>2010 |
| Mining claims (1)                   | \$ 1,792,660         | \$ -                 |
| Asset retirement costs              | 4,904                | -                    |
| Development Costs (capitalized) (2) | 94,281               | -                    |
| Total mineral claim assets          | 1,891,845            | -                    |
| Less: accumulated depletion(4)      | -                    | -                    |
| Mining claims, net                  | \$ 1,891,845         | \$ -                 |

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

(2) Capitalized development costs include expenditures incurred in 2011 to rehabilitate the Ruby Tunnel system, reinforce the mine timbers, and install new ventilation duct.

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

(4) Depreciation expense totaled \$60,560 and \$0 for the years ended December 31, 2011 and 2010, respectively.

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## NOTE 9 ACCOUNTS PAYABLE

During Q1, 2011, the Company agreed to reimburse ACG Consulting, LLC ("ACG") a total of \$37,216 in expenses incurred to prepare and file EB-5 applications with USCIS. As of March 31, 2011, \$15,000 of this amount had been paid, and the remaining \$22,216 balance was accrued for within accounts payable. As of December 31, 2011, \$0 remains outstanding and this account has been paid in full.

As of December 31, 2011, the Company had outstanding invoices to service providers totaling \$5,942. Subsequent to December 31, 2011 and as of the date of this report, these accounts have been paid in full, and the total outstanding balance payable is zero.

## NOTE 10 FINANCING

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

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

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

conversion being within the terms of the convertible debt agreement.

On December 30, 2010, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received \$50,000 as a loan from Tangiers for expenses related to our acquisition of the Ruby Mine. The Note is convertible to common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the greater of (a) \$0.005 or (b) seventy percent (70%) of the lowest traded price of common stock out of the ten (10) trading days immediately preceding the conversion date. The Note has a term of nine months and accrues interest at a rate equal to 9.9% per year. In addition, Tangiers is entitled to 500,000 5-year warrants exercisable at \$0.05. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be \$32,485 on the note, and \$14,195 on the warrants. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was \$15,389 for the three months ended March 31, 2011. On April 1, 2011, \$27,983 of principal on the note was satisfied with conversion into 975,000 shares of common stock. The remaining balance of \$22,017 in principal and \$1,612 in accrued interest was satisfied with conversion into 462,416 shares of common stock on June 1, 2011, and as of June 30, 2011, the debt has been retired. The unamortized portion of the discount at the time of conversion of \$31,163 was fully amortized upon conversion. No gain or loss was recorded for the conversion due to the conversion being within the terms of the convertible debt agreement.

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

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

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

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

On December 29, 2011, the Company entered into two agreements ("the Agreements") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received two \$25,000 loans from Tangiers. As the Agreement specifies, loan proceeds will only be used towards expenses related to the Ruby Mine Project. The Agreement is structured as a \$25,000 Promissory Note (the "Promissory Note"), and a \$25,000 Convertible Promissory Note (the "Convertible Note"). The Promissory Note has a maturity date of six (6) months from the Effective Date, and an interest rate on the unpaid principal balance equal to 9.9% per year. The Company shall make cash payments to Tangiers every two (2) weeks beginning January 1, 2012, at a minimum of \$2,500 against the principal and accrued interest until the Promissory Note has been satisfied. The Company has further authorized Tangiers to debit this amount directly from any drawdowns made on Company's existing Equity Line of Credit ("ELOC") with Tangiers. As further consideration, Tangiers shall be entitled to 250,000 5-year warrants to purchase 250,000 shares of our common stock at an exercise price of \$0.115 per share. The value of these warrants was calculated via the Black-Scholes model and was calculated at \$20,568. This value was recorded as a discount on the related note payable. The \$25,000 Convertible Note is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.08 per share, which was the closing market share price on the Effective Date. Due to the conversion price being equal to the closing share price on the grand date no beneficial conversion feature resulted from this issuance. The Note has a term of nine (9) months and accrues interest at a rate equal to 9.9% per year. The Agreement further specifies that there shall be no penalty for prepayment of either the Promissory Note or the Convertible Note.

NOTE 11 COMMITMENTS AND CONTINGENCIES

As of December 31, 2011 and December 31, 2010, respectively, the Company does not have any outside commitments, and is not currently leasing any office space. Office space is provided as part of a management agreement with The PAN Network, a private business management and consulting company wholly-owned by the Company's Chief Executive Officer (see Note 16 - Related Party Transactions). The agreement is renewable annually at the discretion of both parties. As a result there are no future payments for our lease beyond the current year contract.

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

EB-5

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

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



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Effective October 14, 2010, the Company, together with ACG, entered into a Memorandum of Understanding (“MOU”) with Northern California Regional Center, LLC (“NCRC”), whereby NCRC has agreed to expand its scope to include mining projects in the counties of Sierra and Nevada in Northern California, and together with ACG has agreed to sponsor North Bay's application to secure \$7.5 million for the Ruby Gold project in Sierra County, California, through the EB-5 Program. NCRC was approved on April 22, 2010 by the United States Citizenship and Immigration Services (“USCIS”) as a designated EB-5 Regional Center, and is currently approved to sponsor qualifying investments in such capacity within the counties of Colusa; Butte; Glenn; Sacramento; San Joaquin; Shasta; Sutter; Tehama; Yuba; and Yolo in the State of California (the “Regional Center’s Geographic Area”). Pursuant to its regional center designation, NCRC may sponsor qualifying investments in certain industry economic sectors that do not currently include mining. The agreement with North Bay and ACG calls for NCRC to seek USCIS approval for an expansion of NCRC’s Regional Center Geographic Area (the “Expansion”) to include Sierra County, where the Ruby Mine is located, and for approval to include mining within its designated industry sectors (the “Mining Designation”). These applications have been filed with USCIS, and are currently being reviewed. Upon approval of the Expansion and Mining Designation by USCIS, NCRC will then be permitted to sponsor qualified investments in North Bay’s Ruby Gold project under the EB-5 Program. Under the terms of the agreement, NCRC will receive a \$5,000 fee for each investor whose minimum \$500,000 investment is approved by USCIS. In addition, upon the Ruby Gold project receiving the aggregate sum of \$7,500,000 through the EB-5 Program, NCRC shall be entitled to an undivided one and one half percent (1.5%) interest in the Ruby Gold project. No shares of Company stock have been or will be issued in connection with this agreement, and the entire EB-5 funding is expected to be non-dilutive to shareholders.

On July 19, 2011, the NCRC Expansion Amendment, which includes the Mining Designation and pre-approval of the Ruby Gold project as a qualified EB-5 project, was formally approved by USCIS.

## NOTE 12 STOCK SPLITS

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

## NOTE 13 INCOME TAXES

As of December 31, 2011 and 2010, the Company had net operating loss carry-forwards totaling approximately \$2,265,903 and \$1,804,852, respectively, that begin to expire in 2025. The carry-forward losses and the related deferred tax benefit are significantly limited by the provisions of Internal Revenue Code Section 382. The Company’s taxable losses created a deferred tax asset before valuation allowances of approximately \$793,066 and \$631,698 at December 31, 2011 and 2010, respectively. Due to the Company determining that it will not likely realize the deferred tax asset, a full valuation allowance has been taken to reduce the deferred tax asset to zero as of December 31, 2011 and 2010, respectively.

In 2011 and 2010, the primary difference between financial statement reporting and taxable income (loss) was expenses not deductible for tax purposes including non-cash share based payments issued for services, amortization of discounts on debt, and gains from non-cash exchanges of \$213,570 and \$9,056, respectively. Temporary differences between financial statement reporting loss and taxable loss were due to differences in timing of recognition for expenses related to deferred compensation and depreciation of fixed assets.

The deferred tax assets as of December 31, 2011 and 2010 are as follows:

| 2011 | 2010 |
|------|------|
|------|------|

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|   |    |            |              |
|---|----|------------|--------------|
| Deferred Tax Asset:   |    |            |              |
| Net Operating Loss Carryforwards                                  | \$ | 1,804,852  | \$ 1,716,485 |
| Current Year Net Operating Loss/(Gain)                            |    | 461,051    | 88,367       |
| Total Operating Loss Carryforward                                 |    | 2,265,903  | 1,804,852    |
| Enacted Future Tax Rate   |    | 35 %       | 35 %         |
| Deferred Tax Asset for NOL  |    | 793,066    | 631,698      |
| Deferred Tax Asset for Temporary Differences Between Book and Tax |    |            |              |
| Income  |    | 96,896     | -            |
| Gross Deferred Tax Asset  |    | 889,962    | 631,698      |
| Valuation Allowance   |    | (889,962 ) | (631,698 )   |
| Net Deferred Tax Asset  |    | -          | -            |

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## NOTE 14 DEFERRED COMPENSATION/NQDC

The Company has adopted an unfunded Non-Qualified Deferred Compensation (NQDC) plan to compensate our Chief Executive Officer. Under this plan, the Company is not required to reserve funds for compensation, and is only obligated to pay compensation when and if funds are available. Any amounts due but unpaid automatically accrue to deferred compensation. The plan has the option to be renewed annually at the discretion of the Company. While unfunded and non-recourse, for compliance with GAAP this is disclosed as an accrued expense on the balance sheet. On April 28, 2011, the Company issued two million (2,000,000) shares of common stock to our Chief Executive Officer to reduce the aggregate amount of deferred compensation owed to him by \$180,000. The shares were valued at the closing market price of our common stock on the date of issuance. As of December 31, 2011 and December 31, 2010, the outstanding balance of the NQDC plan is \$784,474 and \$838,474, respectively.

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

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

## NOTE 15 ASSET RETIREMENT OBLIGATIONS

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

The following table illustrates the inputs used to calculate the current Asset Retirement Obligation as of December 31, 2011.

|   |            |                             |
|---|------------|-----------------------------|
| Cost estimate for reclamation work at today's cost                    | \$ 171,359 |                             |
| Estimated life of mine (years)  | 50         |                             |
| Risk adjusted rate (borrowing rate)                                   | 9.9        | %                           |
| Estimated inflation rate  | 2.4        | %                           |
|   |            |                             |
|   |            | Asset Retirement Obligation |
| Estimated asset retirement obligation at time of acquisition (7/1/11) | \$ 171,618 |                             |

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|  |            |
|--|------------|
| Accretion Expense                        | 243        |
| Revisions to asset retirement obligation | (166,714 ) |
| Asset retirement obligation at 12/31/11  | \$ 5,147   |

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## NOTE 16 RELATED PARTY TRANSACTIONS

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

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

## NOTE 17 SHARE ISSUANCES SINCE JUNE 18, 2004 (INCEPTION)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

During 2009, the Company secured \$5 Million in financing under an equity line of credit with Tangiers Investors, LP ("Tangiers") to fund the Company's operations and prospective mining acquisitions. North Bay has entered into a Securities Purchase Agreement with Tangiers that provides North Bay the right, but not the obligation, to draw down on the equity line of credit by selling to Tangiers shares of the Company's common stock for a total purchase price of up to \$5 Million. Tangiers will pay the Company 90% of the lowest volume weighted average price of the Company's common stock during the pricing period as quoted by Bloomberg, LP on the Over-the-Counter Bulletin Board ("OTCBB"). Tangiers' obligation to purchase shares of the Company's common stock under the Securities Purchase

Agreement is subject to certain conditions, including the Company obtaining an effective registration statement for shares of the Company's common stock sold under the Securities Purchase Agreement and is limited to \$100,000 per 10 consecutive trading days after the advance notice is provided to Tangiers. Upon signing the Securities Purchase Agreement, the Company has agreed to issue Tangiers \$85,000 in restricted stock as a one-time commitment fee. This was classified as Stock Payable at December 31, 2009 and valued at \$115,310, based on the closing market price of our common stock as of October 7, 2009, the date the contract was signed. Subsequently, the Company issued 6,589,147 shares of restricted common stock on January 20, 2010 to satisfy this obligation.

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



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

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

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

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

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

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

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

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

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

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

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

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

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## NOTE 18      WARRANTS

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

|                                 |         |   |
|---------------------------------|---------|---|
| Stock Price on Measurement Date | \$0.015 |   |
| Exercise Price of Warrants      | \$0.02  |   |
| Term of Warrants (years)        | 2.26    |   |
| Computed Volatility             | 440     | % |
| Annual Dividends                | 0.00    | % |
| Discount Rate                   | 0.44    | % |

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

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

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

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

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

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

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

|                                 |         |   |
|---------------------------------|---------|---|
| Stock Price on Measurement Date | \$0.08  |   |
| Exercise Price of Warrants      | \$0.115 |   |
| Term of Warrants (years)        | 5.00    |   |
| Computed Volatility             | 158     | % |
| Annual Dividends                | 0.00    | % |
| Discount Rate                   | 0.83    | % |

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A summary of activity related to the Company's warrant activity for the period ended December 31, 2011 and December 31, 2010 is presented below:

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

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

(2) 500,000 warrants were to be exercised in July, 2011, but at the request of the warrant holder, these shares have not yet been issued and are currently classified as stock payable.

## NOTE 19 SUBSEQUENT EVENTS

Subsequent to December 31, 2011, the Company issued 489,981 shares of common stock previously registered with the SEC for issuance to Tangiers Investors LP ("Tangiers") pursuant to a Securities Purchase Agreement entered into with Tangiers on October 7, 2009, in consideration of \$43,000.

Subsequent to December 31, 2011, the Company entered into two Convertible Promissory Note Agreements ("the Notes", or individually, the "Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received an aggregate of \$100,000 (\$50,000 per Note) as a loan from Tangiers. The first Note has a term of six (6) months, and the second Note has a term of twelve (12) months. Each Note accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of \$0.08 per share. As further consideration, Tangiers shall be entitled to 500,000 5-year warrants exercisable at \$0.13. The Notes further specify that there shall be no penalty for prepayment.

Subsequent to December 31, 2011, the Company issued a 2 million 5-year warrants to Ruby Development Company ("RDC") in consideration for reducing the Company's monthly mortgage payments on the Ruby Mine property from \$85,000 per month to \$10,000 per month until March 31, 2012. Said warrants give RDC the right to purchase up to 2 million shares of the Company's common stock at the exercise price of nine cents (\$0.09) per share.



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

None.

Item 9A(T): Controls And Procedures

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

Management's Annual Report on Internal Control over Financial Reporting

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Our management, with the participation of the principal executive/principal financial officer, evaluated the effectiveness of our internal control over financial reporting as of December 31, 2011. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control - Integrated Framework. Based on this evaluation, our management, with the participation of the President and Secretary/Treasurer, concluded that, as of December 31, 2011, our internal control over financial reporting was not effective.

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

Material Weaknesses in Internal Control Over Financial Reporting

Management's assessment of the effectiveness of the registrant's internal control over financial reporting is as of the year December 31, 2011. Based on that evaluation, our management concluded that our control over financial reporting and related disclosure controls and procedures were not effective because our accounting processes having the following material weaknesses from the audited year ended December 31, 2011.

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

- Our closing process is a material weakness as we are unable to assure GAAP compliant financial statements without auditor assistance.
- As of December 31 2011, we did not maintain effective controls over financial statement disclosure. Specifically, controls were not designed and in place to ensure that all disclosures required were originally addressed in our consolidated financial statements. Accordingly, management has determined that this control deficiency constitutes a material weakness.

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

#### Changes in Internal Control Over Financial Reporting

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



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## PART III

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

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

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

| Name          | Age | Position with the Company            |
|---------------|-----|--------------------------------------|
|               |     | Chairman and Chief Executive Officer |
| Perry Leopold | 61  | Officer                              |
| Fred Michini  | 68  | Director                             |

Perry Leopold. Mr. Leopold has served as Chairman and CEO of the Company since February 2006. Prior to joining the Company he led a number of successful enterprises over a 25 year period in a diverse number of fields, ranging from the arts and technology to finance and natural resources. In February 2006, Mr. Leopold was engaged as CEO to engineer the Company's total corporate restructuring and lead its re-emergence as the natural resources company formerly known as Enterayon, Inc. Mr. Leopold subsequently designed the Company's business model and incorporated state-of-the-art technology to assist in cost-efficient acquisition targeting, which has resulted in over 50 acquisitions of high-quality mining properties throughout British Columbia. Educated at the University of Pennsylvania, Mr. Leopold is also the founder and current President of Speebo Inc.(1), a privately owned exploration and development company. In addition, he is currently serving as President of Circular Logic, Inc., a registered Commodity Trading Advisor (CTA) and Commodity Pool Operator (CPO) firm specializing in commodity trading system development. Mr. Leopold is also the owner of The PAN Network, a private company he founded as a sole-proprietorship in 1981, and which has since been in continuous operation to the present day.

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

(1) Speebo, Inc. is a private exploration and development company with mineral and energy-related claims throughout British Columbia. In addition to its metal-based mineral claims, Speebo holds the rights to several oil shale properties in the Queen Charlotte Islands. Prior to 2008 when British Columbia issued a permanent moratorium on uranium mining, Speebo also held the rights to dozens of uranium properties, most of which have subsequently been allowed to terminate. Speebo, Inc. has no active mining operations at the present time, nor does it intend to. Speebo Inc. was incorporated as a C-Corp in October 2006, and was reclassified as an S-Corp as of January 2008. Perry Leopold is the

sole officer, director, and shareholder. There have never been any material related-party transactions between Speebo, Inc. and North Bay Resources Inc.

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### Significant Employees

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

### Director Independence

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

### Board Meetings

During the fiscal year ended December 31, 2011, we had two directors. During the year fiscal year ended December 31, 2011, the Board held several meetings and has taken numerous actions by unanimous written consent.

### Involvement In Certain Legal Proceedings

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

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

### Audit, Compensation and Nominating Committees

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

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

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

two members, neither of which is considered independent.

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### Shareholder Communications

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

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

Section 16(a) of the Exchange Act, requires the Company's officers and directors, and persons who own more than 10% of the Company's Common Stock, to file reports of ownership and changes in ownership of the Company's Common Stock with the SEC. These reports are filed on Forms 3, 4, and 5. Reporting Persons are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms that are filed. Based solely upon a review of the copies of Section 16(a) forms received by the Company, with respect to the fiscal year ended December 31, 2011 all the Reporting Persons have complied with applicable filing requirements.

### Code of Ethics

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

### Item 11. Executive Compensation

The Company accrued or paid compensation to the Chief Executive Officer for services rendered to the Company in all capacities during the fiscal years shown in the Summary Compensation Table below. Deferred compensation accrued in 2011 and 2010 was \$126,000 and \$194,012. These amounts represent the total deferred compensation of \$216,000 expensed during each period, less \$90,000 and \$21,988 actually paid or settled in 2011 and 2010, respectively, as per the management agreement with The PAN Network, a private business management and consulting company wholly-owned by the Company's Chief Executive Officer. The agreement is in consideration of \$18,000 per month. The agreement includes Mr. Leopold's base salary of \$15,000 per month, and accrues entirely to deferred compensation during any period in which the commitment remains unpaid, which would be \$216,000 in total deferred compensation annualized if no payments were made during the year.

#### Overview

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

#### Compensation Program Objectives and Philosophy

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

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

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

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## Elements of Compensation

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

## Base Salary

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

## Non-Qualified Deferred Compensation

The Company has adopted an unfunded Non-Qualified Deferred Compensation Plan to recognize unpaid compensation owed to our Chief Executive Officer. Under this Plan, the Company is not required to reserve funds for compensation, and is only obligated to pay compensation when and if funds are available. Any amounts due but unpaid automatically accrue to deferred compensation. The Plan has the option to be renewed annually at the discretion of the Company. While unfunded and non-recourse, for compliance with GAAP this is disclosed as an accrued expense on the balance sheet. As of December 31, 2011 and 2010, the outstanding balance of the Plan is \$784,474 and \$838,474, respectively. There is no accrued interest associated with the Plan.

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

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

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

price on the day of issuance.

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## Employment Agreements

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

## Retirement Benefits

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

## Prerequisites

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

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

Summary Compensation Table

| Name and Position                        | Year | Salary (\$) | Bonus (\$) | Stock Awards (\$) | All Other Compensation (\$) | Total (\$)   |
|--|------|-------------|------------|-------------------|-----------------------------|--------------|
| Perry Leopold<br>Chief Executive Officer | 2011 | \$ 180,000  | \$ 0       | \$ 0              | \$ 36,000                   | \$ 216,000   |
|  | 2010 | \$ 180,000  | \$ 0       | \$ 0              | \$ 36,000                   | \$ 216,000   |
|  | 2009 | \$ 180,000  | \$ 0       | \$ 253,785        | \$ 36,000                   | \$ 469,785   |
|  | 2008 | \$ 180,000  | \$ 0       | \$ 50,000         | \$ 36,000                   | \$ 266,000   |
|  | 2007 | \$ 180,000  | \$ 0       | \$ 1,032,250      | \$ 36,000                   | \$ 1,248,250 |
|  | 2006 | \$ 120,000  | \$ 0       | \$ 1,222,500      | \$ 96,000                   | \$ 1,438,500 |

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

month, which includes Mr. Leopold's base salary of \$15,000 per month.

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## Outstanding Equity Awards at Fiscal Year End.

The following table sets forth information with respect to the outstanding equity awards of our principal executive officers and principal financial officers during 2011, and each person who served as an executive officer of North Bay Resources as of December 31, 2011:

## 2011 Grants of Plan Based Awards

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

## Outstanding Equity Awards at December 31, 2011

The following table sets forth certain information regarding outstanding equity awards granted to our named executive officers for 2010 and 2011 that remain outstanding as of December 31, 2011. All of the options in this table are exercisable at any time.

| Name          |      | Option awards  |  |                            |                        | Stock Awards                                       |   |
|---------------|------|--|--|----------------------------|------------------------|--|---|
|               |      | Number of securities underlying unexercised options(#) exercisable | Number of securities underlying unexercised options(#) | Option exercise price (\$) | Option expiration date | Number of Shares of stock that have not vested (#) | Market Value of Shares of stock that have not vested (\$) |
| Perry Leopold | 2011 | 0  | 0  | 0.00                       | 12/31/11               | 0  | 0   |

## COMPENSATION OF DIRECTORS

## Director Compensation for Year Ended December 31, 2011

The following table sets forth with respect to the named director, compensation information inclusive of equity awards and payments made in the year ended December 31, 2011.

| Name          | Fees Earned or Paid in Cash (\$) | Stock Awards (\$) | Option Awards (\$) | Non-Equity Incentive Plan Compensation (\$) | Nonqualified Deferred Compensation Earnings (\$) | All Other Compensation (\$) | Total (\$) |
|---------------|----------------------------------|-------------------|--------------------|---|--|-----------------------------|------------|
| (a)           | (b)                              | (c)               | (d)                | (e)   | (f)  | (g)                         | (h)        |
| Perry Leopold | \$ --                            | \$ --             | \$ --              | \$ --                                       | \$ --  | \$ --                       | \$ --      |
| Fred Michini  | \$ --                            | \$ 10,000         | \$ --              | \$ --                                       | \$ --  | \$ --                       | \$ 10,000  |

(1)

Mr. Leopold did not receive any compensation in his capacity as director for the Company in the year ended December 31, 2011.

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Compensation Committee Interlocks and Insider Participation

We did not have a compensation committee during the year ended December 31, 2011. During the fiscal year ended December 31, 2011, none of our executive officers served on the board of directors of any entities whose directors or officers serve on our board of directors.

Outstanding Equity Awards at Fiscal Year-end.

There were no outstanding equity awards for our Executive officers in the most recent fiscal year ended December 31, 2011.

Standard Director Compensation Arrangement

We do not have a standard compensation arrangement for directors.

Stock Option Exercised

There were no stock options exercised on common shares in fiscal year 2010, with respect to the named executives listed in the Summary Compensation Table.

Expense Reimbursement

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

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

The following table sets forth certain information, as of December 31, 2011, with respect to the beneficial ownership of the Company's outstanding voting securities by (i) any holder of more than five (5%) percent; (ii) each of the Company's executive officers and directors; and (iii) the Company's directors and executive officers as a group. Except as otherwise indicated, each of the stockholders listed below has sole voting and investment power over the shares beneficially owned.

| Title Of Class     | Name And Address Of Beneficial Owner (1)                    | Amount And Nature Of Beneficial Ownership (2) | Approximate Ownership Percent of Class (%)** | Total Voting Percent of Class (%)** |
|--------------------|---|---|--|-------------------------------------|
| Common             | Perry Leopold(4)(5)   | 15,044,362                                    | 15.40%                                       | 80.00% (5)                          |
| Common             | Fred Michini  | 1,162,112                                     | 1.10%  | 0.24%                               |
| Common             | Tangiers (3)  | 11,967,051                                    | 12.25 %                                      | 2.45%                               |
| Common             | Ruby Development Company(6)                                 | 24,000,000                                    | 24.57%                                       | 4.91%                               |
| Common             | All executive officers and directors as a group (2 persons) | 16,206,474                                    | 16.59%                                       | 80.24%                              |
| Series A Preferred | Perry Leopold(4)  | 4,000,000                                     | 100%   | 100%                                |
| Series I Preferred | Perry Leopold(5)  | 100   | 100% (5)                                     | 100% (5)                            |

\*\* The percentages listed for each shareholder assume the exercise or exchange by that shareholder only, of his or its entire convertible or exchangeable security (including options or warrants), as the case may be, and thus include the shares underlying said convertible or exchangeable security (including options or warrants). However, the percentages do not assume the exercise of all convertible or exchangeable securities (including options or warrants) by all the shareholders holding such securities.

(1) Except as noted above, the address for the above identified officers and directors of the Company is c/o North Bay Resources Inc., 2120 Bethel Road, Lansdale, PA 19446.

(2) Beneficial Ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to options, warrants, or convertible debt currently exercisable or convertible, or exercisable or convertible within 60 days of December 31, 2011 are deemed outstanding for computing the percentage of the person holding such option or warrant. Percentages are based on a total of 97,664,462 shares of common stock outstanding on December 31, 2011 and shares issuable upon the exercise of options, warrants exercisable, and debt convertible on or within 60 days of December 31, 2011, as described above. The inclusion in the aforementioned table of those shares, however, does not constitute an admission that the named shareholder is a direct or indirect beneficial owner of those shares. Unless otherwise indicated, to our knowledge based upon information produced by the persons and entities named in the table, each person or entity named in the table has sole voting power and investment power, or shares voting and/or investment power with his or her spouse, with respect to all shares of capital stock listed as owned by that person or entity.



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- (3) Tangiers is the investor under the Securities Purchase Agreement, and currently owns 8,217,051 shares of common stock. All investment decisions of, and control of, Tangiers, LP are held by Robert Papiri and Michael Sobeck, its managing partners. Tangiers Capital, LLC makes the investment decisions on behalf of and controls Tangiers, LP. Tangiers acquired all shares being registered in this offering in a financing transaction with us. As of December 31, 2011, Tangiers also holds an aggregate of 3,250,000 warrants, as follows: (a) 2.5 million 5 year warrants convertible to common stock and exercisable at \$0.05 pursuant to a \$50,000 Convertible Promissory Note Agreement dated September 27, 2010, (b) 500,000 5 year warrants convertible to common stock and exercisable at \$0.05 pursuant to a \$50,000 Convertible Promissory Note Agreement dated December 30, 2010, and (c) 250,000 5 year warrants convertible to common stock and exercisable at \$0.115 pursuant to a \$50,000 Convertible Promissory Note Agreement dated December 29, 2011. Subsequent to December 31, 2011, Tangiers was issued an aggregate of 500,000 5 year warrants convertible to common stock and exercisable at \$0.13 pursuant to a two \$50,000 Convertible Promissory Note Agreements dated February 2, 2012. The number of shares, the percentage of ownership and voting percentage listed in the table above include the shares underlying the aforementioned warrants held by the shareholder.
- (4) Mr. Leopold, the Company's CEO and Chairman owns 4,000,000 shares of the Company's Series A Preferred Stock. Each outstanding share of the Series A Preferred Stock has 10 votes per share, and may be converted to shares of common at a ratio of 5 to 1. The Series A Preferred Stock was issued in August 2009.
- (5) Mr. Leopold owns 100 shares of the Company's Series I Preferred Stock. Each outstanding share of the Series I Preferred Stock represents its proportionate share of eighty per cent (80%) of all votes entitled to be voted and which is allocated to the outstanding shares of Series I Preferred Stock. These shares are not convertible into common stock or any commodities. The Series I Preferred Stock was issued in February 2007. These shares were issued our Chief Executive Officer, Mr. Perry Leopold, in February 2007 as an anti-takeover measure to insure that Mr. Leopold maintains control of the Company during periods when the Company's stock may be severely undervalued and subject to hostile takeover in the open market. As specified in the Certificate of Designation filed by the Company with the Delaware Secretary of State in February 2007, "the outstanding shares of Series I Preferred Stock shall vote together with the shares of Common Stock of the Corporation as a single class and, regardless of the number of shares of Series I Preferred Stock outstanding and as long as at least one of such shares of Series I Preferred Stock is outstanding, shall represent eighty percent (80%) of all votes entitled to be voted at any annual or special meeting of shareholders of the Corporation or action by written consent of shareholders. Each outstanding share of the Series I Preferred Stock shall represent its proportionate share of the 80% that is allocated to the outstanding shares of Series I Preferred Stock. The Series I preferred shares supersede any other shares that Mr. Leopold may own so that any additional securities that Mr. Leopold may own do not increase his 80% voting rights, and are therefore included within the 80%.
- (6) The four (4) principals of Ruby Development Company ("RDC"), R.E. Frederking Trustee, W. R. Frederking, G. W. Frederking, and R. L. Frederking., each own 2.5 million shares of common stock. Ruby Development Company is also entitled to 10 million warrants, immediately exercisable, and giving them the option to purchase up to 10 million shares of common stock at \$0.02 per share until December 30, 2015, and 2 million 5 year warrants convertible to common stock and exercisable at \$0.10 per share until May 1, 2016. Subsequent to December 31, 2011, RDC was entitled to an additional 2 million 5-year warrants convertible to common stock and



exercisable at \$0.09 per share. The warrants may be exercised, in whole or in part, any time, and from time to time, at RDC's discretion. The number of shares, the percentage of ownership and voting percentage listed in the table above include the shares underlying the aforementioned warrants held by the shareholder.

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

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

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

Director Independence

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

Item 14. Principal Accountant Fees and Services

The audited consolidated financial statements included herein for the fiscal years ended December 31, 2011 and December 31, 2010 have been audited by M&K CPAS, PLLC. The reports of M&K CPAS, PLLC are included herein in reliance upon the authority of this firm as experts in accounting and auditing.

M&K CPAS, PLLC has served as the Company’s independent registered public accounting firm since July 1, 2009. The following discussion presents fees for services rendered for 2011 and 2010.

Audit Fees

Audit fees include fees incurred for professional services rendered in connection with the audit of the Company’s annual financial statements for the fiscal years ended December 31, 2011 and 2010, the reviews of the quarterly interim financial statements included in our Form S-1 and amendments for the fiscal years ended December 31, 2011 and 2010, and services rendered to issue consents required in certain of the Company’s registration statements. The audit fees expected to be billed (for the year ended December 31, 2011) and billed to us by M&K CPAS, PLLC for the year ended December 31, 2010, including out-of-pocket costs were approximately \$24,500 and \$47,000, respectively. There were no other audit related, tax, or other fees billed by M&K CPAS, PLLC.

PART IV

Item 15. Exhibits and Financial Statement Schedules

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



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SIGNATURES

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

North Bay Resources Inc.

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

Dated: March 12, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 12, 2012.

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

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## EXHIBIT INDEX

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

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- 10.37 NEW ESKAY CREEK - MINFILE No 104B 008(2)
- 10.38 PINE RIVER - MINFILE No 093O 009(2)
- 10.39 RACHEL - MINFILE No 082FSW299(2)
- 10.40 RACHEL - MINFILE No 082FSW299 - Production(2)
- 10.41 SILVER CUP - MINFILE No 082KNW113(2)
- 10.42 SILVER CUP - MINFILE No 082KNW116(2)

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|        |  |
|--------|--|
| 10.43  | SILVER CUP - MINFILE No 082KNW220(2)   |
| 10.44  | TRUAX - MINFILE No 092JNE060(2)  |
| 10.45  | TULAMEEN - MINFILE No 092HNE128(2)   |
| 10.46  | Tangiers Convertible Promissory Note dated June 17, 2010(3)<br>Coronation Gold Property/Lincoln Resources, Inc. Joint Venture Agreement  |
| 10.47  | Amendment(3)   |
| 10.48  | Tangiers Waiver Re: Convertible Promissory Note dated June 17, 2010(4)   |
| 10.49  | ACG Consulting Agreement(4)  |
| 10.50  | Silver Quest Joint Venture Agreement Amendment dated September 13, 2010(5)   |
| 10.51  | Property Option Agreement and Addendum with Ruby Development Company dated<br>September 1, 2010(6)   |
| 10.52  | Form of Property Purchase Agreement with Ruby Development Company dated<br>September 1, 2010(6)  |
| 10.53  | Form of Property Purchase Addendum with Ruby Development Company dated<br>September 1, 2010(6)   |
| 10.54  | Convertible Promissory Note with Tangiers Investors, LP dated September 27, 2010(6)  |
| 10.55  | Form of Warrants Issued to Ruby Development Company dated October 1, 2010(6)   |
| 10.56  | Northern California Regional Center MOU dated October 14, 2010(7)  |
| 10.57  | Convertible Promissory Note with Tangiers Investors, LP dated December 30, 2010(8)   |
| 10.58  | Securities Purchase Agreement with Asher Enterprises, Inc. dated January 4, 2011(9)  |
| 10.59  | Convertible Promissory Note issued to Asher Enterprises, Inc. (9)  |
| 10.60  | Property Option Amendment No. 1 with Ruby Development Company dated January<br>26, 2011(11)  |
| 10.61  | Satisfaction of Tangiers Convertible Promissory Note dated June 17, 2010(12)   |
| 10.62  | Geological Consulting Services Agreement dated March 7, 2011(13)   |
| 10.63  | Satisfaction of Tangiers Convertible Promissory Note dated September 27, 2010(14)  |
| 10.64  | Property Option Amendment No. 2 with Ruby Development Company dated April 22,<br>2011(15)  |
| 10.65  | Secured Promissory Note and Security Agreement with Ruby Development Company<br>dated July 1, 2011(16)   |
| 10.66* | <u>Memorandum of Understanding with Devlin's Bench Mining Ltd. And P. Wright<br/>Contracting Ltd dated October 14, 2011, as amended on January 19, 2012</u>                                      |
| 10.67  | Promissory Note with Tangiers Investors, LP dated December 29, 2011(17)  |
| 10.68  | Convertible Promissory Note with Tangiers Investors, LP dated December 29,<br>2011(17)   |
| 10.69  | Form of Warrants Issued to Tangiers Investors, LP dated December 29, 2011(17)  |
| 10.70  | Six Month Convertible Promissory Note with Tangiers Investors, LP dated February 2,<br>2012(18)  |
| 10.71  | Twelve Month Convertible Promissory Note with Tangiers Investors, LP<br>dated February 2, 2012(18)   |
| 10.72  | Warrants Issued to Tangiers Investors, LP dated February 2, 2012(18)   |
| 14     | Code of Ethics(1)  |
| 21.1*  | <u>Subsidiaries of the Registrant</u>  |
| 23.3   | Consent of Geologist(6)  |
| 31.1*  | <u>Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer and Chief<br/>Financial Officer</u>   |
| 32.1*  | <u>Certification by the Chief Executive Officer and Chief Financial Officer pursuant to<br/>18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act<br/>of 2002</u> |

101.INS\*\* XBRL Instance Document  
101.SCH\*\* XBRL Taxonomy Extension Schema  
101.CAL\*\* XBRL Taxonomy Extension Calculation Linkbase  
101.DEF\*\* XBRL Taxonomy Extension Definition Linkbase  
101.LAB\*\* XBRL Taxonomy Extension Label Linkbase  
101.PRE\*\* XBRL Taxonomy Extension Presentation Linkbase

\* Filed herewith.

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

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(1)Previously filed with the Company's initial filing of Form S-1, SEC file number 333-164860, filed on February 11, 2010, and incorporated by this reference as an exhibit to this Form 10-K.

(2)Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on June 16, 2010, and incorporated by this reference as an exhibit to this Form 10-K.

(3)Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on July 21, 2010, and incorporated by this reference as an exhibit to this Form 10-K.

(4)Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on August 20, 2010, and incorporated by this reference as an exhibit to this Form 10-K.

(5)Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on September 17, 2010, and incorporated by this reference as an exhibit to this Form 10-K.

(6)Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on October 4, 2010, and incorporated by this reference as an exhibit to this Form 10-K.

(7)Previously filed with the Company's filing of Form S-1/A, SEC file number 333-164860, filed on November 2, 2010, and incorporated by this reference as an exhibit to this Form 10-K.

(8)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on January 4, 2011, and incorporated by this reference as an exhibit to this Form 10-K.

(9)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on January 7, 2011, and incorporated by this reference as an exhibit to this Form 10-K.

(10)Previously filed with the Company's filing of Form S-1, SEC file number 333-171603, filed on January 7, 2011, and incorporated by this reference as an exhibit to this Form 10-K.

(11)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on February 1, 2011, and incorporated by this reference as an exhibit to this Form 10-K.

(12)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on March 4, 2011, and incorporated by this reference as an exhibit to this Form 10-K.

(13)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on March 10, 2011, and incorporated by this reference as an exhibit to this Form 10-K.

(14)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on April 1, 2011, and incorporated by this reference as an exhibit to this Form 10-K.

(15)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on April 25, 2011, and incorporated by this reference as an exhibit to this Form 10-K.

(16)Previously filed with the Company's filing of Form 8-K, SEC file number 000-54213, filed on July 1, 2011, and incorporated by this reference as an exhibit to this Form 10-K.

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

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

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