NORTH BAY RESOURCES INC
Form 10-Q
May 06, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2013

or

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

For the transition period from ___________ to __________

Commission file number 000-54213

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)

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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o	Smaller reporting company x

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

State the number of shares outstanding of each of the issuer’s classes of common equity, as of the latest practicable date: 112,776,902 shares of Common Stock as of May 2, 2013.

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NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
UNAUDITED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2013 AND DECEMBER 31, 2012

	March 31, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash	$69,994	$42,008
Total Current Assets	69,994	42,008
Other Assets		
Available For Sale Securities	22,500	12,550
Prepaid Expenses	55,000	-
Certificates of Deposit	172,619	172,499
Deferred Financing Costs, net	8,126	14,471
Mining Claims – Unproved	1,797,488	1,797,488
Property, Plant & Equipment, net of accumulated depreciation	611,152	635,212
Reclamation Bond – Fraser River	2,000	2,000
Total Other Assets	2,668,885	2,634,220
TOTAL ASSETS	$2,738,879	$2,676,228
LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)		
Liabilities		
Current Liabilities		
Accounts Payable	$58,256	$56,617
Accrued Expenses - Related Party	933,474	884,474
Accrued Expenses – Ruby Mine	5,906	12,250
Accrued Interest	49,776	41,363
Convertible notes payable (net of discounts of $62,242 and $166,307, respectively)	238,472	608,193
Deferred Gain	-	9,835
Derivative Liability	671,791	496,827
Note Payable – Ruby Mine Mortgage	1,128,112	1,774,822
Total Current Liabilities	3,085,787	3,884,381
Long-Term Liabilities		
Convertible notes payable (net of discounts of $45,457 and $0, respectively)	415,640	-
Note Payable – Ruby Mine Mortgage	789,938	-
Asset Retirement Obligation	5,660	5,584
Total Long-Term Liabilities	1,211,238	5,584
Total Liabilities	$4,297,025	$3,889,965
Stockholders' Equity (Deficit)		
	-	-

Preferred stock, Series I, $0.001 par value, 100 shares issued and outstanding at March 31, 2013 and December 31, 2012, 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 March 31, 2013 and December 31, 2012, respectively	4,000	4,000
Common stock, $0.001 par value, 250,000,000 shares authorized, 107,714,311 and 102,002,731 shares issued and outstanding at March 31, 2013 and December 31, 2012, respectively	107,714	102,003
Additional Paid-In Capital	12,398,959	12,168,608
Accumulated Other Comprehensive Income/(Loss)	(2,550)	(12,500)
Deficit Accumulated During Exploration Stage	(14,066,269)	(13,475,848)
Total Stockholders' Equity (Deficit)	(1,558,146)	(1,213,737)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)	$2,738,879	$2,676,228

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 THREE MONTH PERIODS ENDING
MARCH 31, 2013 AND 2012 (Unaudited)
AND THE PERIOD FROM
JUNE 18, 2004 (INCEPTION) THROUGH MARCH 31, 2013 (Unaudited)

	3 months ended March31, 2013	3 months ended March31, 2012 (restated)	Since inception (June 18, 2004 - March 31, 2013)
Revenues			
Revenue	$-	$-	$-
Cost of Revenue	-	-	-
Gross Profit	-	-	-
Operating Expenses			
Commissions & Consulting Fees	-	-	312,000
General & Administrative Costs	81,008	93,585	9,241,955
Mining Property Costs	46,901	168,115	1,719,252
Depreciation Expense	24,060	26,185	183,293
Impairment Expense	-	-	145,995
Accretion Expense	76	127	832
Professional Services	29,902	18,500	280,334
Total Operating Expenses	181,947	306,512	11,883,661
Net Operating Loss	(181,947)	(306,512)	(11,883,661)
Other Income (Expenses)			
Gain on Mineral Claim Sales	113,499	4,500	341,243
Other Income from Mineral Claims	-	-	309,649
Interest Income	125	545	1,597
Interest Expense	(305,666)	(237,786)	(1,212,625)
Gain/Loss on Derivative Liability	(217,526)	-	(604,359)
Loss on Conversion of Debt	-	-	(137,000)
Bad Debt (Expense) / Recovery	-	-	(47,185)
Loss on Settlement	-	-	(62,095)
Other Expense	-	-	(2,222)
Other Income	1,094	-	1,094
Realized Gain (Loss) on Investment	-	-	(97,109)
Net Other Income (Expenses)	(408,474)	(232,741)	(1,509,012)
Loss From Continuing Operations	(590,421)	(539,253)	(13,392,673)
Loss From Discontinued Operations	-	-	(673,596)
Net Loss	(590,421)	(539,253)	(14,066,269)
Unrealized (Loss)/Gain on Available For Sale Securities	9,950	-	(2,550)
Total Comprehensive Loss	(580,471)	(539,253)	(14,068,819)
WEIGHTED AVG NUMBER OF SHARES OUTSTANDING (Basic)	104,488,352	98,127,893	
Basic Net Gain (Loss) per Share	$(0.01)	$(0.01)	

WEIGHTED AVG NUMBER OF SHARES OUTSTANDING (Diluted)	104,488,352	98,127,893
Diluted Net Gain (Loss) per Share	$(0.01)	$(0.01)

The accompanying notes are an integral part of these financial statements

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NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD
JUNE 18, 2004 (INCEPTION) THROUGH MARCH 31, 2013 (Unaudited)

	Preferred Stock						Common Stock						
	Series A Shares	Series G Shares	Series I Shares	Series A Amount	Series G Amount	Series I Amount	Shares	Amount	Additional Paid-In Capital	Stock Payable	Accumulated Deficit	Accumulated OCI	Total Stockholders' Deficit
Inception 6/18/2004	-	-	-	$-	$-	$-	-	$-	$-	$-	$-	$-	$-
Founder's Shares issued	1,200,000	-	-	1,200	-	-	320,000	320	(1,520)	-	-	-	-
Shares issued for merger	1,200,000	-	-	1,200	-	-	320,000	320	(1,520)	-	-	-	-
Common Stock issued for cash	-	-	-	-	-	-	200,000	200	4,800	-	-	-	5,000
Net loss for year	-	-	-	-	-	-	-	-	-	-	(95,587)	-	(95,587)
Balance at 12/31/2004	2,400,000	-	-	$2,400	$-	$-	840,000	$840	$1,760	$-	$(95,587)	$-	$(90,587)
Common Stock issued to convert debt	-	-	-	-	-	-	12,127	12	180,213	-	-	-	180,225
Common Stock issued for services	-	-	-	-	-	-	121,491	121	2,586,046	-	-	-	2,586,167
Common Stock issued for cash	-	-	-	-	-	-	102,643	103	517,597	-	-	-	517,700
Net loss for year	-	-	-	-	-	-	-	-	-	-	(1,816,896)	-	(1,816,896)
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 MARCH 31, 2013 (Unaudited)
(Continued)

	Preferred Stock						Common Stock						
	Series A Shares	Series G Shares	Series I Shares	Series A Amount	Series G Amount	Series I Amount	Shares	Amount	Additional Paid-In Capital	Stock Payable	Accumulated Deficit	Accumulated OCI	Total Stockholders' Deficit
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 MARCH 31, 2013 (Unaudited)
(Continued)

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

Balance at
12/31/2007

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NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
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FOR THE PERIOD
JUNE 18, 2004 (INCEPTION) THROUGH MARCH 31, 2013 (Unaudited)
(Continued)

	Preferred Stock						Common Stock						
	Series A Shares	Series G Shares	Series I Shares	Series A Amount	Series G Amount	Series I Amount	Shares	Amount	Additional Paid-In Capital	Stock Payable	Accumulated Deficit	Accumulated OCI	Total Stockholders' Deficit
Rounding of shares due to stock split	-	-	-	-	-	-	26	-	-	-	-	-	-
Common Stock issued for services	-	-	-	-	-	-	5,500,000	5,500	224,500	-	-	-	230,000
Common Stock issued for cash	-	-	-	-	-	-	2,275,000	2,275	7,725	-	-	-	10,000
Contribution from investor	-	-	-	-	-	-	-	-	10,000	-	-	-	10,000
Mark to market AFS securities	-	-	-	-	-	-	-	-	-	-	-	22,780	22,780
Net loss for year	-	-	-	-	-	-	-	-	-	-	(328,478)	-	(328,478)
Balance at 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 MARCH 31, 2013 (Unaudited)
(Continued)

	Preferred Stock						Common Stock				
	Series A Shares	Series G Shares	Series I Shares	Series A Amount	Series G Amount	Series I Amount	Shares	Amount	Additional Paid-In Capital	Stock Payable	Accumulate Deficit
Common Stock issued for services	-	-	-	-	-	-	2,500,000	2,500	27,250	-	-
Preferred Stock issued for services	4,000,000	100,000	-	4,000	100	-	-	-	249,685	-	-
Common Stock issued for cash	-	-	-	-	-	-	21,800,000	21,800	151,200	-	-
Common Stock issued for deferred compensation	-	-	-	-	-	-	10,000,000	10,000	177,500	-	-
Loss realized on AFS securities	-	-	-	-	-	-	-	-	-	-	-
Stock payable for commitment fee on equity offering	-	-	-	-	-	-	-	-	(115,310)	115,310	-
Net loss for year	-	-	-	-	-	-	-	-	-	-	(786,979
Balance at 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 MARCH 31, 2013 (Unaudited)
(Continued)

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

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NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD
JUNE 18, 2004 (INCEPTION) THROUGH MARCH 31, 2013 (Unaudited)
(Continued)

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

Stock payable for warrant exercise	-	-	-	-	-	-	-	-	-	25,000	-
Net loss for year (restated)	-	-	-	-	-	-	-	-	-	-	(1,045,749
Balance at 12/31/2011 (restated)	4,000,000	100,000	100	$4,000	$100	$-	97,664,462	$97,664	$11,358,733	$25,000	$(11,356,14

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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 MARCH 31, 2013 (Unaudited)
(Continued)

	Preferred Stock						Common Stock				
	Series A Shares	Series G Shares	Series I Shares	Series A Amount	Series G Amount	Series I Amount	Shares	Amount	Additional Paid-In Capital	Stock Payable	Accu D
Common Stock issued for cash	-	-	-	-	-	-	3,248,719	3,249	198,215	-	-
Common Stock issued as draw on equity line, proceeds applied towards note payable balance owed	-	-	-	-	-	-	387,900	388	25,148	-	-
Cancellation of Series G Preferred	-	(100,000)	-	-	(100)	-	-	-	100	-	-
Common Stock issued for services	-	-	-	-	-	-	116,650	117	10,543	-	-
Common Stock issued for deferred financing costs	-	-	-	-	-	-	85,000	85	5,525	-	-
Common Stock issued for stock payable	-	-	-	-	-	-	500,000	500	24,500	(25,000)	-
Mark to market AFS securities	-	-	-	-	-	-	-	-	-	-	-
Settlement of Derivative Liability	-	-	-	-	-	-	-	-	49,795	-	-
Discount on convertible notes from beneficial	-	-	-	-	-	-	-	-	321,002	-	-

conversion feature and attached warrants											
Warrants issued for modification of payment terms on mortgage payable	-	-	-	-	-	-	-	-	175,047	-	-
Net loss for period	-	-	-	-	-	-	-	-	-	-	(2,1
Balance at 12/31/2012	4,000,000	-	100	$4,000	$-	$-	102,002,731	$102,003	$12,168,608	$-	$(13,
Common Stock issued for cash	-	-	-	-	-	-	2,211,580	2,211	66,789	-	-
Common Stock issued for convertible debt conversion	-	-	-	-	-	-	3,500,000	3,500	77,287	-	-
Mark to market AFS securities	-	-	-	-	-	-	-	-	-	-	-
Settlement of Derivative Liability	-	-	-	-	-	-	-	-	86,275	-	-
Net loss for period	-	-	-	-	-	-	-	-	-	-	(590
Balance at 3/31/2013	4,000,000	-	100	$4,000	$-	$-	107,714,311	$107,714	$12,398,959	$-	(14,

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 THREE MONTH PERIODS ENDING
MARCH 31, 2013 AND 2012 (Unaudited)
AND THE PERIOD FROM
JUNE 18, 2004 (INCEPTION) THROUGH MARCH 31, 2013 (Unaudited)

	3 Months Ended March 31, 2013	3 Months Ended March 31, 2012 (restated)	Since inception (June 18, 2004 to March 31, 2013)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss	$(590,421)	$(539,253)	$(14,066,269)
Adjustments to reconcile Net Loss to net cash used in operations:			
Gain on option payments received – non-cash	-	-	(135,985)
Gain on sale of claims	(58,499)	(4,500)	(241,333)
Gain on sale of claims – non-cash	(55,000)	-	(55,000)
Common Stock issued for services	-	4,000	5,123,677
Common Stock issued to director for services	-	-	10,000
Common Stock issued for mining exploration stage property	-	-	351,400
Warrants issued to modify payment terms of note	-	175,047	175,047
Preferred Stock issued for bonus	-	-	253,785
Loss on conversion of debt and deferred compensation	-	-	2,150,513
Loss on AFS securities “other than temporary”	-	-	106,985
Loss on settlement - Common Shares issued	-	-	62,095
Bad debt expense	-	-	48,167
Gain realized on transfer of AFS – securities	-	-	(9,875)
Amortization of discount on debt	107,322	45,301	683,280
Amortization of deferred financing cost	11,345	-	26,984
Change in derivative liability	217,526	-	604,359
Common Stock issued as interest on loan	-	-	1,500
Depreciation Expense	24,060	26,185	183,293
Accretion Expense	76	127	832
Impairment Expense	-	-	145,995
Extension Expense for Ruby mortgage	160,000	-	160,000
Changes in operating assets and liabilities:			
Accounts receivable	-	982	(29,018)
Prepaid Expenses	-	-	9,910
Other assets	(120)	(2,512)	1,256
Accrued expenses – related party	49,000	28,000	1,249,593
Accrued expenses	2,069	-	56,218
Accounts Payable	1,639	22,379	52,314
Other current assets	-	-	(29,316)

Net Cash Used in Operating Activities	(131,003)	(244,244)	(3,109,593)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchase of fixed assets	-	-	(12,459)
Cash received from sales of claims	48,664	4,500	241,333
Cash paid for claims acquired	-	-	(16,311)
Cash paid for Ruby Purchase	-	-	(361,093)
Cash paid for purchase of Taber Mine Option	-	-	(4,000)
Net Cash Provided by/Used in Investing Activities	48,664	4,500	(152,530)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of stock	69,000	69,500	1,883,164
Cash paid for debt issuance costs	(5,000)	-	(29,500)
Contributions from related party	-	-	244,994
Warrants exercised, shares not yet issued	-	-	25,000
Debt Repayments	(129,772)	(15,910)	(347,450)
Shares re-purchased and retired	-	-	(2,000)
Borrowings on convertible debt	176,097	175,000	1,557,909
Net Cash Provided by Financing Activities	110,325	228,590	3,332,117
Net cash increase (decrease) for period	27,986	(11,154)	69,994
Cash at beginning of period	42,008	129,888	-
Cash at end of period	69,994	118,734	69,994
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	$-	$-	$369,837
Term extension of Ruby Mine warrants	$-	$-	$2,519
Stock Issued for purchase option - Ruby Mine	$-	$-	$150,000
Discount from beneficial conversion feature and warrants attached to convertible notes payable	$-	$175,000	$-
Transfer of available for sale securities to relieve accrued salary	$-	$-	$12,838
Accrued salary relieved for shares issued	$-	$-	$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
Note payable for Ruby Mine acquisition	$-	$-	$1,990,000
Liabilities assumed with Ruby Mine acquisition	$-	$-	$174,118
Revision to Asset Retirement Obligation	$-	$76	$166,714
Common stock issued for conversion of convertible debt	$80,787	$-	$254,639
Equity draw applied towards note principal owed	$-	$15,000	$25,536
Common Stock issued for deferred financing costs	$-	$-	$5,610
Debt discount due to derivative liability	$43,713	$-	$179,920
Cancellation of preferred shares	$-	$-	$100
Settlement of Derivative liability	$86,275	$-	$136,070
Unrealized gain/loss on AFS	$(9,950)	$-	$2,550

The accompanying notes are an integral part of these financial statements

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

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 $14,066,269 as of March 31, 2013. 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

The following accounting polices should be read in conjunction with the information set forth in the Company's audited financial statements for the year ended December 31, 2012 filed within form 10-K on March 28, 2013.

Reclassifications

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

Principles of Consolidation

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

Use of Estimates

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

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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 March 31, 2013 and December 31, 2012. The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation up to $250,000.

Reclamation Bonds

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

Marketable Securities

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

Revenue Recognition

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

Revenue is recognized when the following conditions are met:

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

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

Mineral Property Costs

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

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

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Purchase Options for Mining Property

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

Deferred Gains

Deposits on pending sales of mineral claims are classified as deferred gains until the transaction has been completed. As of December 31, 2012, a deposit received of $9,835 on the pending sale of a mineral claim was recognized as a deferred gain. As of March 31, 2013, the transaction has been completed, and the deferred gain has been recognized as income.

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.

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.

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The Company values its derivative instruments related to embedded conversion features and warrants from the issuance of convertible debentures in accordance with the Level 3 guidelines. For the three month period ended March 31, 2013, the following table reconciles the beginning and ending balances for financial instruments that are recognized at fair value in these consolidated financial statements. The fair value of embedded conversion features that have floating conversion features and tainted common stock equivalents (warrants and convertible debt) are estimated using a Binomial Lattice model. The key inputs to this valuation model as of March 31, 2013, were: Volatility of 116%, inherent term of instruments equal to the remaining contractual term, quoted closing stock prices on valuation dates, and various settlement scenarios and probability percentages summing to 100%.

	Balance at December 31, 2012	New Issuances	Conversions	Changes in Fair Values	Balance at March 31, 2013
Level 3 – Derivative liabilities from:					
Conversion features – embedded derivative	$82,237	$43,713	$(47,098)	$7,406	$86,258
Conversion features – tainted equity	208,971	-	(39,177)	67,580	237,374
Warrants – tainted equity	205,619	-	-	142,540	348,159
	$496,827	$43,713	$(86,275)	$217,526	$671,791

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

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

Description	Level 1	Level 2	Level 3	Total Unrealized Loss
Available For Sale Securities	$ 12,550	$ -	$-	$ 12,550
Totals	$ 12,550	$ -	$-	$ 12,550

The following table presents assets that were measured and recognized at fair value as of March 31, 2013:

Description	Level 1	Level 2	Level 3	Total Unrealized Loss
Available For Sale Securities	$ 22,500	$ -	$-	$2,500
Totals	$ 22,500	$ -	$-	$2,500

The Company had no other assets or liabilities valued at fair value on a recurring or non-recurring basis as of March 31, 2013 or December 31, 2012.

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.

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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 March 31, 2013 and December 31, 2012, no options or warrants related to compensation have been issued, and none are outstanding.

Beneficial Conversion Feature

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

Deferred Financing Costs

Deferred financing costs include debt issuance costs primarily incurred by the Company as part of Convertible Note transactions. Deferred financing costs as of March 31, 2013 was $8,126 net of amortization of $11,345. This includes a commission paid to Carter Terry & Company, a registered broker-dealer, consisting of $10,000 in cash and 85,000 restricted Rule 144 shares of common stock valued at $5,620 on the date of issuance. This amount was capitalized to Deferred Financing Costs and amortized over the term of the note. Amortization is provided on a straight-line basis over the terms of the respective debt instruments to which the costs relate and is included in interest expense. The difference between the straight line and effective interest methods is immaterial due to the short term nature of the convertible notes.

Accounting for Derivative Instruments

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

Lattice Valuation Model

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

Goodwill and Other Intangible Assets

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

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Income/Loss Per Share of Common Stock

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share includes additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for the periods presented. As of March 31, 2013 and 2012, there were 50,679,673 and 43,145,833 common stock equivalents outstanding, respectively.

The following is a reconciliation of the computation for basic and diluted EPS for the three months ended March 31, 2013 and 2012, respectively:

	March 31, 2013	March 31, 2012
Net Loss	$ (590,421)	$ (539,253)
Weighted-average common shares Outstanding (Basic)	104,488,352	98,127,893
Weighted-average common stock Equivalents	50,679,673	43,145,833
Deduction of stock Equivalents not included due to net loss	(50,679,673)	(43,145,833)
Weighted-average common shares Outstanding (Diluted)	104,488,352	98,127,893
Basic and Diluted Net Gain (Loss) per Share	$ (0.01)	$ (0.01)

Property, Plant and Equipment

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

Recently Issued Accounting Standards

New Accounting Pronouncements

Disclosures about Reclassification Adjustments out of Accumulated Other Comprehensive Income

In February 2013, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which added new disclosure requirements for items reclassified out of accumulated other comprehensive income. The update required entities to disclose additional information about reclassification adjustments, including changes in accumulated other comprehensive income balances by component and significant items reclassified out of accumulated other comprehensive income. The update became effective for us in the first quarter of 2013. The update had no material impact to our financial statements.

Testing Indefinite-Lived Intangible Assets for Impairment

In July 2012, the FASB issued an accounting standards update which provided, subject to certain conditions, the option to perform a qualitative, rather than quantitative, assessment to determine whether it is more likely than not that the fair value of an indefinite-lived intangible asset is less than its carrying amount. The update became effective for us in the first quarter of 2013. The update had no material impact to our financial statements.

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NOTE 4 AVAILABLE FOR SALE SECURITIES

On October 24, 2012, the Company entered into an agreement on its Willa property with Caribou King Resources Ltd. ("Caribou", or "CKR"), a Canadian issuer listed on the TSX Venture Exchange. Under the terms of Agreement, Caribou may earn up to a 100% interest in the Willa Claims by making aggregate payments to North Bay of USD $232,500 in cash and issuing 1,000,000 shares of Caribou common stock. Of the aggregate payments, $7,500 in cash and 500,000 shares are due upon receipt of regulatory acceptance of the agreement by the TSX Venture Exchange. Subsequent to TSX approval in November, 2012, and pursuant to the agreement, the Company received 500,000 shares of CKR stock. These shares were valued at $25,000 based upon the closing price of CKR stock on the date the shares were received. As of March 31, 2013 and December 31, 2012, the market value of these shares was $22,500 and $12,550, respectively.

NOTE 5 RUBY MINE ACQUISITION

On September 27, 2010, the Company executed an option-to-purchase agreement with Ruby Development Company ("RDC"), a California partnership, for the acquisition of the Ruby Mine (the "Ruby") in Sierra County, California. The purchase price is $2,500,000, which was to be paid in stages extending to December 30, 2012, and which has been extended to December 30, 2015 pursuant to an amendment to the agreement signed on March 28, 2013.

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

On the transaction closing date of July 1, 2011, the Company issued a promissory note to RDC for $1,990,000. The note, as amended, is due on or before December 30, 2015, and accrues interest at 6% per annum as of April 1, 2013, and 8% per annum as of January 1, 2015. As of March 31, 2013, all monthly payments have been paid, and the outstanding balance due on the note is $1,918,050, which includes a $160,000 extension fee pursuant to a mortgage modification amendment executed on March 28. 2013. In addition, a $1 million payment is due on or before December 30, 2013. As of the date of this report, the Company remains current in its obligations, and all monthly payments have been made on time. The note is collateralized with all of the assets associated with the Ruby Mine.

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

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

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Ruby Mine Purchase Price Allocation

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

Acquisition Date: 07/01/11

Allocation of Purchase	Price Purchase Allocation Debit	Credit
Tangible Assets Acquired		
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	
Total Tangible Assets	3,047,296	
Assumed Liabilities		
Short Term Notes Payable		2,500
Asset Retirement Obligation		171,618
Total Liabilities		174,118
Net Tangible Assets/Liabilities	2,873,178	
Goodwill	5,341	
Total Net Assets Acquired	2,878,519	

Consideration Paid		
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
Total Consideration Paid		2,878,519

NOTE 6 PROPERTY, PLANT, EQUIPMENT AND MINERAL CLAIM ASSETS

As of March 31, 2013, and December 31, 2012, components of the Ruby Mine property, plant and equipment and mineral assets were as follows:

		March 31, 2013		December 31, 2012
Buildings	$	558,885	$	558,885
Machinery and equipment		119,389		119,389
Vehicles		240,514		240,514
Total property, plant and equipment		918,788		918,788
Less: impairment expense(2)		(124,343)		(124,343)
Less: accumulated depreciation(3)		(183,293)		(159,233)
Property, plant and equipment, net	$	611,152	$	635,212

		March 31, 2013		December 31, 2012
Mining claims (1)	$	1,792,660	$	1,792,660
Asset retirement costs		4,828		4,828
Total mineral claim assets		1,797,488		1,797,488
Less: accumulated depletion(3)		-		-
Mining claims, net	$	1,797,488	$	1,797,488

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

(2)Following the acquisition of the Ruby Mine on July1, 2011, an evaluation of the equipment inventory determined that some equipment was obsolete and/or otherwise not in compliance with safety regulations, resulting in an impairment deduction of $124,343.

(3)Depreciation expense totaled $24,060 and $26,185 for the three months ended March 31, 2013 and 2012, respectively. Depletion expense totaled $0 and $0 for the three months ended March 31, 2013 and 2012, respectively

NOTE 7 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.

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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.

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, as amended, is due on or before December 30, 2015. Monthly payments are $10,000 per month during Q1, 2012, $15,000 per month during Q2, 2012, and $20,000 per month from July 1, 2013 through December 2015. Pursuant to an amendment executed on March 28, 2013, the interest rate on the note was increased to 6% as of April 1, 2013, and $160,000 was added to the principal. Said amendment also requires the Company to pay RDC the greater of $1 million by December 30, 2013 or 40% of the EB-5 funding received until the note is paid off in full. As of March 31, 2013 and December 31, 2012, the outstanding balance due on the note is $1,918,050 and $1,774,822, respectively. As of the date of this report, the Company remains current in its obligations, and all monthly payments have been made on time. The note is collateralized with all of the assets associated with the Ruby Mine.

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

On December 29, 2011, the Company entered into two agreements ("the Agreements") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received two $25,000 loans from Tangiers. As the Agreement specifies, loan proceeds will only be used towards expenses related to the Ruby Mine Project. The Agreement is structured as a $25,000 Promissory Note (the "Promissory Note"), and a $25,000 Convertible Promissory Note (the "Convertible Note"). The Promissory Note, as amended, has a maturity date of twenty four (24) months from the Effective Date, and an interest rate on the unpaid principal balance equal to 9.9% per year. The Company shall make cash payments to Tangiers every two (2) weeks beginning January 1, 2012, at a minimum of $2,500 against the principal and accrued interest until the Promissory Note has been satisfied. The Company has further authorized Tangiers to debit this amount directly from any drawdowns made on Company's existing Equity Line of Credit ("ELOC") with Tangiers. As further consideration, Tangiers shall be entitled to 250,000 5-year warrants to purchase 250,000 shares of our common stock at an exercise price of $0.115 per share. The value of these warrants was calculated via the Black-Scholes model and was calculated at $20,568. This value was recorded as a discount on the related note payable. The $25,000 Convertible Note is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of $0.08 per share, which was the closing market share price on the Effective Date. Due to the conversion price being equal to the closing share price on the grant date no beneficial conversion feature resulted from this issuance. The Note has a term of nine (9) months and accrues interest at a rate equal to 9.9% per year. The Agreement further specifies that there shall be no penalty for prepayment of either the Promissory Note or the Convertible Note. As of December 31, 2011 and 2012, $0 and $20,568 of the discount was amortized, respectively, and the discount has been fully amortized as of December 31, 2012. As of December 31, 2012, the outstanding balance due on the Note $27,495, which includes $2,495 in accrued interest as of December 31, 2012. The maturity date on the note was extended in 2012 and is now due on December 28, 2013. As of March 31, 2013, the outstanding balance due on the Note is $28,114, which includes $3,114 in accrued interest.

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On February 2, 2012, the Company entered into two Convertible Promissory Note Agreements ("the February 2012 Notes", or individually, the "Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received an aggregate of $100,000 ($50,000 per Note) as a loan from Tangiers. Each Note, as amended, has a term of twenty four (24) months. Each Note accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of $0.08 per share. As further consideration, Tangiers shall be entitled to 500,000 5-year warrants exercisable at $0.13. The February 2012 Notes further specify that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be $78,296 on the note, and $21,704 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. The discount was fully amortized as of December 31, 2012. As of March 31, 2013, the outstanding balance due on the February 2012 Notes is $111,507, which includes $11,507 in accrued interest.

On March 15, 2012, the Company entered into two Convertible Promissory Note Agreements ("the March 2012 Notes", or individually, the "Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received an aggregate of $75,000 ($37,500 per Note) as a loan from Tangiers. Each Note, as amended, has a term of twenty four (24) months. Each Note accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of $0.09 per share. As further consideration, Tangiers shall be entitled to 500,000 5-year warrants exercisable at $0.09. The March 2012 Notes further specify that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be $34,896 on the note, and $40,104 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was $4,496 for the three months ended March 31, 2013. As of March 31, 2013, the outstanding balance due on the March 2012 Notes is $82,776, which includes $7,776 in accrued interest. As of March 31, 2013, the remaining unamortized debt discount was $16,409.

On May 16, 2012, the Company entered into a Convertible Promissory Note Agreement ("the May 16 2012 Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received $50,000 as a loan from Tangiers. The May 16 2012 Note, as amended, has a term of twenty four (24) months, accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of $0.06 per share. As further consideration, Tangiers shall be entitled to 150,000 5-year warrants exercisable at $0.07. The May 16 2012 Note further specifies that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be $16,241 on the note, and $9,393 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. The discount was fully amortized as of December 31, 2012. As of March 31, 2013, the outstanding balance due on the May 16 2012 Note is $54,343, which includes $4,343 in accrued interest.

On May 30, 2012, the Company entered into a Convertible Promissory Note Agreement ("the May 30 2012 Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received $25,000 as a loan from Tangiers. The May 30, 2012 Note, as amended, has a term of twenty four (24) months, accrues interest at a rate equal to 9.9% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at a fixed price of $0.06 per share. As further consideration, Tangiers shall be entitled to 150,000 5-year warrants exercisable at $0.06. The May 30 2012 Note further specifies that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be $10,988 on the note, and $9,380 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. The discount was fully amortized as of December 31, 2012. As of March 31, 2013, the outstanding balance due on the May 30 2012 Note is $27,077, which includes $2,077 in accrued interest.

On June 19, 2012, the Company entered into a Convertible Promissory Note Agreement ("the June 2012 Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received $100,000 as a loan from Tangiers. The June 2012 Note, as amended, has a term of twenty four (24) months, accrues interest at a rate equal to 7% per year, and is convertible into common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the lesser of 7 cents or the undiscounted VWAP price on the day prior to conversion, with a floor price of 2 cents. As further consideration, Tangiers shall be entitled to 750,000 5-year warrants exercisable at $0.07, and 750,000 5-year warrants exercisable at $0.14. The June 2012 Note further specifies that there shall be no penalty for prepayment. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be $58,048 on the note, and $41,952 on the warrants. The warrants were valued using the Black-Scholes valuation model. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was $9,194 for the three months ended March 31, 2013. As of March 31, 2013, the outstanding balance due on the June 2012 Note is $105,490, which includes $5,490 in accrued interest. As of March 31, 2013, the remaining unamortized debt discount was $45,457.

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On July 11, 2012, the Company issued a $550,000 Promissory Note ("the JMJ Note") to JMJ Financial, ("JMJ", or “the Lender”). The Principal Sum due to the Lender shall be prorated based on the consideration actually paid by the Lender, plus an approximate 10% Original Issue Discount ("OID") that is prorated based on the consideration actually paid by the Lender as well as any other interest or fees, such that the Company is only required to repay the amount funded and the Company is not required to repay any un