NORTH BAY RESOURCES INC
Form 10-Q
May 14, 2015

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, 2015

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	83-0402389
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

3995 Yerkes Rd.
Collegeville, Pennsylvania 19426
(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: 120,383,358 shares of Common Stock as of May 13, 2015.

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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.
UNAUDITED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2015 AND DECEMBER 31, 2014

	Mar 31, 2015	Dec 31, 2014
ASSETS		
Current Assets		
Cash	$ 18,171	$ 32,060
Accounts Receivable	32,500	1,515
Deferred Financing Costs, net	20,280	31,049
Available For Sale Securities	70,524	33,956
Total Current Assets	141,475	98,580
Other Assets		
Certificates of Deposit - Pledged	173,277	173,200
Prepaid Expenses	36,920	36,920
Mining Claims – Unproved	1,795,778	1,795,778
Property, Plant & Equipment, net of accumulated depreciation	481,639	506,719
Reclamation Bond – Fraser River	5,000	5,000
Total Other Assets	2,492,614	2,517,617
TOTAL ASSETS	$ 2,634,089	$ 2,616,197
LIABILITIES & STOCKHOLDERS’ EQUITY (DEFICIT)		
Liabilities		
Current Liabilities		
Accounts Payable	$ 138,848	$ 126,706
Accrued Expenses - Related Party	993,624	947,624
Accrued Interest	261,926	200,404
Convertible notes payable (net of discounts of $486,426 and $762,510, respectively)	1,036,773	1,045,512
Convertible notes payable (net of discounts of $2,096 and $0, respectively) - default	289,966	-
Derivative Liabilities – Convertible Debt	584,088	1,383,813
Note Payable – Ruby Mine Mortgage	1,697,055	1,697,055
Note Payable - Equipment	17,381	17,548
Total Current Liabilities	5,019,661	5,418,662
Long-Term Liabilities		
Note Payable – Equipment, net of current portion	8,407	12,551
Asset Retirement Obligation	5,028	4,952
Total Long-Term Liabilities	13,435	17,503
Total Liabilities	$ 5,033,096	$ 5,436,165
Stockholders’ Equity (Deficit)		
Preferred stock, Series I, $0.001 par value, 100 shares authorized, 100 shares issued and outstanding at March 31, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, respectively	4,000	4,000
Common stock, $0.00001 par value, 7,500,000,000 shares authorized, 22,177,215 and 9,163,491 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	222	92
Additional Paid-In Capital	15,960,631	15,891,846
Stock Payable	79,648	79,648
Accumulated Deficit	(18,443,508)	(18,795,554)
Total Stockholders' Equity (Deficit)	(2,399,007)	(2,819,968)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY (DEFICIT)	$ 2,634,089	$ 2,616,197

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

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NORTH BAY RESOURCES INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTH PERIODS ENDING
MARCH 31, 2015 AND 2014

	3 months ended March 31, 2015	3 months ended March 31, 2014
Revenues		
Gross Profit	-	-
Operating Expenses		
General & Administrative Costs	78,369	94,882
Mining Property Costs	12,203	284,745
Depreciation Expense	25,080	28,786
Accretion Expense	76	152
Professional Services	27,431	56,664
Total Operating Expenses	143,159	465,229
Net Operating Loss	(143,159)	(465,229)
Other Income (Expenses)		
Other Income from Mineral Claims	100,000	-
Interest Income	78	4,334
Interest Expense	(370,415)	(243,018)
Gain/Loss on Derivative Liability	775,131	239,367
Other Income	3,842	52,203
Realized Gain (Loss) on Investment	(13,431)	-
Net Other Income (Expenses)	495,205	52,886
Net Income (Loss)	352,046	(412,343)
Interest on Redeemable Common Stock	-	(14,644)
Net Income (Loss) Attributable to Common Shareholders	352,046	(426,987)
Total Comprehensive Income (Loss)	352,046	(426,987)
WEIGHTED AVG NUMBER OF SHARES OUTSTANDING (Basic)	12,240,042	736,661
Basic Net Gain (Loss) per Share	$ 0.03	$ (0.58)
WEIGHTED AVG NUMBER OF SHARES OUTSTANDING (Diluted)	70,227,730	736,661
Diluted Net Gain (Loss) per Share	$ 0.01	$ (0.58)

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

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NORTH BAY RESOURCES INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD JANUARY 1, 2013 THROUGH MARCH 31, 2015

	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	Accumulat OCI
Balance at 12/31/2013	4,000,000	-	100	$ 4,000	$ -	$ -	639,485	$ 6	$ 13,090,683	$ -	$ (15,535,153)	$ (2,550
Common Stock issued for cash	-	-	-	-	-	-	469,300	5	766,495	-	-	-
Common Stock issued for convertible debt conversion	-	-	-	-	-	-	8,001,278	80	850,355	60,208	-	-
Common Stock issued for services	-	-	-	-	-	-	500	-	2,700	-	-	-
Common Stock issued for deferred financing costs	-	-	-	-	-	-	1,841	-	10,310	19,440	-	-
Mezzanine shares no longer deemed temporary	-	-	-	-	-	-	51,087	1	697,045	-	-	-
Realized loss for other than temporary impairment	-	-	-	-	-	-	-	-	-	-	-	2,550
Settlement of Derivative Liability - Gold	-	-	-	-	-	-	-	-	2,223	-	-	-
Settlement of Derivative Liability – Convertible Debt	-	-	-	-	-	-	-	-	498,920	-	-	-
	-	-	-	-	-	-	-	-	(29,288)	-	-	-

Interest on redeemable common stock												
Donated Capital									2,403			
Net loss for period	-	-	-	-	-	-	-	-	-	-	(3,260,401)	-
Balance at 12/31/2014	4,000,000	-	100	$ 4,000	$ -	$ -	9,163,491	$ 92	$ 15,891,846	$ 79,648	$ (18,795,554)	$ -
Common Stock issued for convertible debt conversion	-	-	-	-	-	-	13,013,202	130	32,555	-	-	-
Common Stock issued for fractional shares	-	-	-	-	-	-	522	-	-	-	-	-
Settlement of Derivative Liability – Convertible Debt	-	-	-	-	-	-	-	-	36,230	-	-	-
Net income (loss) for period	-	-	-	-	-	-	-	-	-	-	352,046	-
Balance at 3/31/2015	4,000,000	-	100	$ 4,000	$ -	$ -	22,177,215	$ 222	$ 15,960,631	$ 79,648	$ (18,443,508)	$ -

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

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NORTH BAY RESOURCES INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTH PERIODS ENDING
MARCH 31, 2015 AND 2014

	3 Months Ended March 31, 2015	3 Months Ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ 352,046	$ (412,343)
Adjustments to reconcile Net Income (Loss) to net cash provided by (used in) operations:		
Common Stock issued for services	-	2,700
Amortization of discount on debt	285,624	169,960
Amortization of deferred financing cost	23,269	13,536
Amortization of gold advances discount	-	4,244
Change in derivative liability	(775,131)	(239,367)
Depreciation Expense	25,080	28,786
Accretion Expense	76	152
Changes in operating assets and liabilities:		
Accounts receivable	(30,985)	-
Other assets	-	(85)
Accrued expenses – related party	46,000	12,000
Accrued interest	61,446	27,788
Accrued expenses	-	(15,000)
Accounts Payable	12,142	19,301
Other current assets	16,242	-
Net Cash Provided by (Used in) Operating Activities	15,809	(388,328)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Fixed Asset Disposal	-	1,000
Investment received from claim sales	(52,887)	-
Net Cash Provided by/Used in Investing Activities	(52,887)	1,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from sale of common stock	-	301,500
Advances - Gold	-	(150,000)
Cash paid for deferred financing costs	-	(28,400)
Advances from shareholder	15,000	-
Debt Repayments	(4,311)	(76,895)
Borrowings on convertible debt	12,500	385,000
Net Cash Provided by Financing Activities	23,189	431,205
Net cash increase (decrease) for period	(13,889)	43,877
Cash at beginning of period	32,060	133,873
Cash at end of period	18,171	177,750
Supplementary Cash Flow Information:		
Cash Paid for Interest	$ -	$ 15,000
Cash Paid for Taxes	$ -	$ -
Non-Cash Investing & Financing Activities:		
Revision to Asset Retirement Obligation	$ -	$ 1,708

Common stock issued for conversion of convertible debt	$	32,685	$	50,208
Common stock owed for deferred financing costs	$	-	$	12,800
Debt discount due to derivative liability	$	11,636	$	356,908
Settlement of Derivative liability	$	36,230	$	36,033
Settlement of gold derivative	$	-	$	1,667
Interest on Redeemable Common Stock	$	-	$	14,644
Debt issued for deferred financing costs	$	12,500	$	-

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 UNAUDITED CONSOLIDATED 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 income streams even during the earliest stages of exploration. This is accomplished by entering into sales, joint-venture, and/or option contracts with other mining companies, for which the Company generates income 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 $18,443,508 as of March 31, 2015. 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. 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, 2015 and December 31, 2014. 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.

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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 or probable 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.

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.

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.

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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 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, 2015, 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, 2015, were: Volatility of 158% - 165%, 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, 2014	New Issuances	Settlements	Changes in Fair Values	Balance at March 31, 2015
Level 3 – Derivative liabilities from:					
Conversion features – embedded derivative	$ 753,258	$ -	$ (28,453)	$ (478,382)	$ 246,423
Conversion features – tainted equity	630,472	11,636	(7,777)	(296,669)	337,662
Warrants – tainted equity	83	-	-	(80)	3
	$ 1,383,813	$ 11,636	$ (36,230)	$ (775,131)	$ 584,088

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 and liabilities that were measured and recognized at fair value as of December 31, 2014 and the year then ended on a recurring basis:

Description	Level 1	Level 2	Level 3	Total Unrealized Loss
Available For Sale Securities	$ 33,956	$ -	$ -	$ -
Totals	$ 33,956	$ -	$ -	$ -

The following table presents assets that were measured and recognized at fair value as of March 31, 2015:

Description	Level 1	Level 2	Level 3	Total Unrealized Loss
Available For Sale Securities	$ 70,524	$ -	$ -	$ -
Totals	$ 70,524	$ -	$ -	$ -

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The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of March 31, 2015 and December 31, 2014:

	Fair Value Measurements at March 31, 2015		
	Level 1	Level 2	Level 3
Assets			
Cash	$ 18,171	$ -	$ -
Certificates of Deposit	173,277	-	-
Total assets	191,448	-	-
Liabilities			
Convertible notes	-	1,326,739	-
Derivative Liabilities	-	-	584,088
Note payable, Ruby	-	1,697,055	-
Notes payable, equipment	-	25,788	-
Total liabilities	-	3,049,582	584,088
	$ 191,448	$ (3,049,582)	$ (584,088)

	Fair Value Measurements at December 31, 2014		
	Level 1	Level 2	Level 3
Assets			
Cash	$ 32,060	$ -	$ -
Certificates of Deposit	173,200	-	-
Total assets	205,260	-	-
Liabilities			
Advance Gold Sales	-	-	-
Convertible notes	-	1,045,512	-
Derivative Liabilities	-	-	1,383,813
Note payable, Ruby	-	1,697,055	-
Note payable, equipment	-	30,099	-
Total liabilities	-	2,772,666	1,383,813
	$ 205,260	$ (2,772,666)	$ (1,383,813)

The fair values of our debts are deemed to approximate book value, and are considered Level 2 inputs as defined by ASC Topic 820-10-35.

There were no transfers of financial assets or liabilities between Level 1, Level 2 and Level 3 inputs for the three months ended March 31, 2015 or the year ended December 31, 2014.

The Company had no other assets or liabilities valued at fair value on a recurring or non-recurring basis as of March 31, 2015 or the year ended December 31, 2014.

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 the Company. 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, 2015 and December 31, 2014, 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. These amounts are 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.

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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, 2015 and 2014, there were 57,987,688 and 50,679,673 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, 2015 and 2014, respectively:

	March 31, 2015	March 31, 2014
Net Income (Loss) attributable to common shareholders	$ 352,046	$ (426,987)
Weighted-average common shares Outstanding (Basic)	12,240,042	736,661
Weighted-average common stock Equivalents	57,987,688	50,679,673
Deduction of stock Equivalents not included due to net loss	-	(50,679,673)
Weighted-average common shares Outstanding (Diluted)	70,227,730	736,661
Basic Net Income (Loss) per Share	$ 0.03	$ (0.58)
Diluted Net Income (Loss) per Share	$ 0.01	$ (0.58)

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

On November 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2014-16—Derivatives and Hedging (Topic 815): Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity (a consensus of the FASB Emerging Issues Task Force). The amendments in this Update do not change the current criteria in GAAP for determining when separation of certain embedded derivative features in a hybrid financial instrument is required. That is, an entity will continue to evaluate whether the economic characteristics and risks of the embedded derivative feature are clearly and closely related to those of the host contract, among other relevant criteria. The amendments clarify how current GAAP should be interpreted in evaluating the economic characteristics and risks of a host contract in a hybrid financial

instrument that is issued in the form of a share. The effects of initially adopting the amendments in this Update should be applied on a modified retrospective basis to existing hybrid financial instruments issued in the form of a share as of the beginning of the fiscal year for which the amendments are effective. Retrospective application is permitted to all relevant prior periods.

On November 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2014-17—Business Combinations (Topic 805): Pushdown Accounting (a consensus of the FASB Emerging Issues Task Force). The amendments in this Update provide an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The amendments in this Update are effective on November 18, 2014. After the effective date, an acquired entity can make an election to apply the guidance to future change-in-control events or to its most recent change-in-control event. However, if the financial statements for the period in which the most recent change-in-control event occurred already have been issued or made available to be issued, the application of this guidance would be a change in accounting principle.

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On August 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standard Update No. 2014-15, Presentation of Financial Statements – Going Concerns (Subtopic 205-40): Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern. The amendments require management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management's plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). The amendments in this Update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted.

In June 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-12, Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. The new guidance requires that share-based compensation that require a specific performance target to be achieved in order for employees to become eligible to vest in the awards and that could be achieved after an employee completes the requisite service period be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. Compensation costs should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. This new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2015. Early adoption is permitted. Entities may apply the amendments in this Update either (a) prospectively to all awards granted or modified after the effective date or (b) retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. The adoption of ASU 2014-12 is not expected to have a material impact on our financial position or results of operations.

In June 2014, the FASB issued ASU No. 2014-10: Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation , to improve financial reporting by reducing the cost and complexity associated with the incremental reporting requirements of development stage entities. The amendments in this update remove all incremental financial reporting requirements from U.S. GAAP for development stage entities, thereby improving financial reporting by eliminating the cost and complexity associated with providing that information. The amendments in this Update also eliminate an exception provided to development stage entities in Topic 810, Consolidation, for determining whether an entity is a variable interest entity on the basis of the amount of investment equity that is at risk. The amendments to eliminate that exception simplify U.S. GAAP by reducing avoidable complexity in existing accounting literature and improve the relevance of information provided to financial statement users by requiring the application of the same consolidation guidance by all reporting entities. The elimination of the exception may change the consolidation analysis, consolidation decision, and disclosure requirements for a reporting entity that has an interest in an entity in the development stage. The amendments related to the elimination of inception-to-date information and the other remaining disclosure requirements of Topic 915 should be applied retrospectively except for the clarification to Topic 275, which shall be applied prospectively. For public companies, those amendments are effective for annual reporting periods beginning after December 15, 2014, and interim periods therein. Early adoption is permitted. The adoption of

ASU 2014-10 is not expected to have a material impact on our financial position or results of operations.

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 $25,050 based upon the closing price of CKR stock on the date the shares were issued. As of December 31, 2013 and 2014, the market value of these shares was $22,500 and $200, respectively. This resulted in an unrealized loss of $2,500 for the year ended December 31, 2013, and a realized loss of $22,300 for the year ended December 31, 2014. We consider the unrealized net loss in 2013 as temporary due to the short length of time the market price for these securities has been below its value on the acquisition date. As of March 31, 2015 and December 31, 2014, the market value of these shares was $4,333 and $200, respectively.

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On July 18, 2014, the Company executed a mineral property option agreement (the "Agreement") with Ximen Mining Corp. ("Ximen"), a Canadian issuer listed on the TSX Venture Exchange, pursuant to which Ximen may earn up to a 100% interest in the Company's “Brett West” and “Bouleau Creek” mineral claims (the “Brett West Claims”) in southeastern British Columbia. Under the terms of Agreement, Ximen may earn up to a 100% interest in the Brett West Claims by making aggregate payments to North Bay of USD $600,000, consisting of $300,000 in cash and issuing $300,000 in shares of Ximen common stock. Of the aggregate payments, $100,000 in cash and $100,000 in stock are due upon receipt of regulatory acceptance of the agreement by the TSX Venture Exchange, and equal payments of $50,000 cash and $50,000 in shares of Ximen stock are each due upon the 1st, 2nd, 3rd, and 4th 6-month anniversaries of the Agreement. Subsequent to TSX approval on September 5, 2014, and pursuant to the agreement, as of December 31, 2014, the Company received $98,484 of the $100,000 cash consideration due on closing, and received the $1,515 balance due subsequent to December 31, 2014, which was accounted for as accounts receivable as of December 31, 2014. As of December 31, 2014 the Company also received 217,391 shares of Ximen stock. These shares were valued at $100,000 based upon the closing price of Ximen stock on the date the shares were issued. As of March 31, 2015, the Company received $17,500 of the $50,000 cash consideration due on 1st 6 month anniversary, and there is a $32,500 balance due subsequent to March 31, 2015, which was accounted for as accounts receivable as of March 31, 2015. As of March 31, 2015 the Company also received 480,077 additional shares of Ximen stock on the 1st 6 month anniversary of the Agreement. These shares were valued at $52,887 based upon the closing price of Ximen stock on the date the shares were issued. The loss was $68,794 for the year ended December 31, 2014. As of March 31, 2015 and December 31, 2014, the market value of these shares was $66,192 and $33,756, 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.

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 50,000 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. The mortgage is to be paid in full by December 30, 2015 pursuant to amendments to the agreement executed on December 12, 2012, March 28, 2013, and November 19, 2013. The seller has also been granted 10 million 5-year warrants exercisable at 2 cents, 2 million 5-year warrants exercisable at 9 cents, 2 million 5-year warrants exercisable at 10 cents, and 4 million 5-year warrants exercisable at 4 cents. Pursuant to the aforementioned amendment dated November 19, 2013, the term of all of the outstanding warrants issued to the seller has been extended to December 30, 2018.

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, as amended, is due on or before December 30, 2015, and currently accrues interest at 8% per annum. As of March 31, 2015 and December 31, 2014, the outstanding balance due on the note is $1,697,055 and $1,697,055, respectively.

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.

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NOTE 6 PROPERTY, PLANT, EQUIPMENT AND MINERAL CLAIM ASSETS

As of March 31, 2015 and December 31, 2014, components of property, plant, and equipment and mineral assets were as follows:

	March 31, 2015	December 31, 2014
Buildings	$ 558,885	$ 558,885
Machinery and equipment	137,820	137,820
Vehicles	281,602	281,602
Total property, plant and equipment	978,307	978,307
Less: accumulated impairment (1)	(124,343)	(124,343)
Less: accumulated depreciation(2)	(372,325)	(347,245)
Property, plant and equipment, net	$ 481,639	$ 506,719

	March 31, 2015	December 31, 2014
Mining claims	$ 1,792,660	$ 1,792,660
Asset retirement costs	3,118	3,118
Total mineral claim assets	1,795,778	1,795,778
Less: accumulated depletion(2)	-	-
Mining claims, net	$ 1,795,778	$ 1,795,778

(1) 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.

(2) Depreciation expense totaled $25,080 and $28,786 for the three months ended March 31, 2015 and 2014, respectively. Depletion expense totaled $0 and $0 for the three months ended March 31, 2015 and 2014, respectively.

NOTE 7 DEBT

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 from 6% to 8% as of January 1, 2015, and $160,000 was added to the principal. Pursuant to an amendment executed on November 19, 2013, mortgage payments through December 2015 are set at $20,000 due on the 1st day of each month, and an additional $40,000 due by the 20th day of each month, for aggregate monthly payments of $60,000 per month. As of March 31, 2015, the outstanding balance due on the note is $1,697,055 plus $33,898 in accrued interest.

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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 grand date no beneficial conversion feature resulted from this issuance. The Note 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. During the years ended December 31, 2013 and 2012, $0 and $20,568 of the discount was amortized, respectively, and the discount has been fully amortized as of December 31, 2014. During the years ended December 31, 2014 and 2013, the outstanding balance due on the Note is $32,445 and $29,970 respectively, which includes $7,445 and $4,970 in accrued interest as of December 31, 2014 and 2013, respectively. As of March 31, 2015, the outstanding balance due on the Note is $32,929, which includes $7,929 in accrued interest. Repayment of this note has been waived by the lender until November 30, 2015.

On February 2, 2012, 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. Each Note, as amended, has a term of twenty four (24) months. Repayment of this note has been waived by the lender until November 30, 2015. 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. 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, 2014. As of December 31, 2014, the outstanding balance due on the Note is $128,832, which includes $28,832 in accrued interest. As of March 31, 2015, the outstanding balance due on the Note is $131,307, which includes $31,307 in accrued interest.

On March 15, 2012, 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 $75,000 ($37,500 per Note) as a loan from Tangiers. Each Note, as amended, has a term of twenty four (24) months. Repayment of this note has been waived by the lender until November 30, 2015. 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 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. The discount was fully amortized as of December 31, 2014. As of December 31, 2014, the outstanding balance due on these Notes is $95,770, which includes $20,770 in accrued interest. As of March 31, 2015, the outstanding balance due on the Note is $97,626, which includes $22,626 in accrued interest.

On May 16, 2012, 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. The 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. Repayment of this note has been waived by the lender until November 30, 2015. As further consideration, Tangiers shall be entitled to 150,000 5-year warrants exercisable at $0.07. The 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, 2014. As of December 31, 2014, the outstanding balance due on this Note is $63,006, which includes $13,006 in accrued interest. As of March 31, 2015, the outstanding balance due on the Note is $64,244, which includes $14,244 in accrued interest.

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On May 30, 2012, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received $25,000 as a loan from Tangiers. The 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. Repayment of this note has been waived by the lender until November 30, 2015. As further consideration, Tangiers shall be entitled to 150,000 5-year warrants exercisable at $0.06. The 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, 2014. As of December 31, 2014, the outstanding balance due on this Note is $31,408, which includes $6,408 in accrued interest. As of March 31, 2015, the outstanding balance due on the Note is $32,027, which includes $7,027 in accrued interest.

On June 19, 2012, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received $100,000 as a loan from Tangiers. The 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. Repayment of this note has been waived by the lender until November 30, 2015. 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 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 $37,286 and $17,365 for the twelve months ended December 31, 2013 and 2014, respectively. As of December 31, 2014, the outstanding balance due on this Note is $117,740, which includes $17,740 in accrued interest. As of March 31, 2015, the outstanding balance due on the Note is $119,490, which includes $19,490 in accrued interest.

On July 11, 2012, the Company issued a $550,000 Promissory Note ("the 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 unfunded portion of the Note. The Note has a maturity date of twelve (12) months from the Effective Date. If the Note is repaid within ninety (90) days of the Effective Date, the interest rate shall be zero percent (0%). Should the Note still be outstanding after 90 days, a one-time 5% interest rate will be applied. In addition, the Lender has the right, at any time 90 days after the Effective Date, at its election, to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company. The Conversion Price is the lesser of $0.10 or 70% of the average of the two lowest closing prices in the 25 trading days previous to the conversion. The consideration received as of December 31, 2012 is $115,000. Due to the floating conversion price this note had an embedded derivative. The debt discount resulting from the derivative was valued on the date of grant to be $111,517 on the note. This value was recorded as a discount on debt and offset to derivative liability. In addition there was a $11,500 discount as a result of the principal owed ($126,500) exceeding the cash received ($115,000). This resulted in a total discount of $123,017. Amortization of the discount was $58,307 and $64,710 for the twelve months ended December 31, 2012 and 2013, respectively. As of December 31, 2012, the outstanding balance due on this Note is $132,825, which includes $6,325 accrued in interest. During the twelve month period ended December 31, 2013 an additional $235,000 was drawn down from this facility, plus $27,550 in OID. The debt discounts resulting from the

derivatives on each draw date was valued on the date of grants to be a cumulative value of $228,713 on the notes. Amortization of the discount was $169,424 for the twelve months ended 2013. During the twelve month period ended December 31, 2013, stock conversions reduced the outstanding balance of principal and accrued interest due by $283,920, and the Company issued 56,148 common shares with the conversions which was consistent with the note agreement and therefore no gain or loss was recognized on the conversions. Amortization for the twelve month period ended December 31, 2014 was $49,068, and a debt discount of $25,177 was recorded, net principal of $48,895. During the twelve month period ended December 31, 2014, stock conversions reduced the outstanding balance of principal and accrued interest due by $151,217, and the Company issued an aggregate of 441,047 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. During the three month period ended March 31, 2015, stock conversions reduced the outstanding balance of principal and accrued interest due by $1,208, and the Company issued an aggregate of 885,000 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of December 31, 2014, the outstanding balance due on this Note including interest is $68,858 net of $12,717 debt discount. As of March 31, 2015, the outstanding balance due on this Note including interest is $82,179.

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On October 2, 2012, the Company issued a $750,000 Promissory Note ("the Note") to Tangiers Investors, LP ("Tangiers", or “the Lender”). The consideration will be received by the Company in tranches of $50,000 no less than bi-weekly, by mutual consent. The Principal Sum due to the Lender shall be prorated based on the consideration actually paid by the Lender plus any accrued interest, such that the Company is only required to repay the amount funded and the Company is not required to repay any unfunded portion of the Note. The Note has a maturity date of twenty four (24) months from the Effective Date of each tranche. Repayment of this note has been waived by the lender until November 30, 2015. The Note shall accrue interest at a rate of 7% per annum on each $50,000 tranche independently from other tranches. Unless repaid in cash, the Lender shall have the right to convert all or part of the outstanding and unpaid Principal Sum and accrued interest into shares of fully paid and non-assessable shares of common stock of the Registrant. The Conversion Price shall be the undiscounted volume weighted average price (VWAP) on the day of conversion, subject to a floor price of $0.0129 per share, and a ceiling price of the undiscounted VWAP on the date prior to each tranche received by the Registrant. In addition, upon conversion, 125,000 5-year warrants for each $50,000 in Consideration received shall be issued, at an exercise price of 125% of the Conversion Price of each tranche, as applicable. There is no penalty for prepayment, with prepayment subject to the consent of the Lender. Amortization for the twelve month period ended December 31, 2014 was $16,336. As of December 31, 2013, the outstanding balance due on this Note is $419,674 which includes $23,577 in accrued interest. As of December 31, 2014, the outstanding balance due on this Note is $461,607 which includes $51,138 in accrued interest, and a debt discount of $317,497 was recorded, net principal of $92,972. During the three month period ended March 31, 2015, stock conversions reduced the outstanding balance of principal and accrued interest due by $10,849, and the Company issued an aggregate of 6,012,416 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. During the three month period ended March 31, 2015, another $25,000 was drawn on this note, including an OID of $12,500. The outstanding principal on this draw was $13,428 net of $11,572 debt discount and $299 accrued interest. As of March 31, 2015, the total outstanding balance due on this Note is $236,027 net of $221,913 debt discount, and which includes $58,321 in accrued interest,

On September 26, 2013, the Company acquired a Case 580SM Backhoe for the purchase price of $56,071. This purchase was financed as a 36 month note with CNH Capital America LLC at an interest rate of 8.49%. A $10,000 initial payment was made on October 1, 2013, with 36 payments scheduled at $1,462 per month. As of December 31, 2014, the principal balance due on this note was $31,289 plus $1,114 in accrued interest. As of March 31, 2015, the principal balance due on this note was $27,533 plus $594 accrued interest.

On October 1, 2013, the Company issued a $280,000 Secured Convertible Promissory Note ("the Typenex Note", or the “Note”) to Typenex Co-Investment, LLC ("Typenex"). The Note carries a $25,000 original issue discount (the “OID”), as well as $5,000 in transaction fees. The interest rate on the Note is 10% per annum. The Note has a maturity date of thirteen (13) months from the Effective Date, and has a fixed conversion price of $0.08 if converted by the holder. The Note is self-amortizing, such that it may be repaid in cash in eight (8) monthly installments of $35,000 plus accrued interest beginning 180 days from the Effective Date. In lieu of cash payments, the Company may elect to convert the note to shares at 70% of the arithmetic average of the two (2) lowest VWAPs of the shares of Common Stock during the twenty (20) consecutive Trading Day period immediately preceding the date of such conversion. No conversion can occur prior to 180 days from the Effective Date. In addition, the Company retains the option of pre-paying the Note at any time at an amount equal to 125% of the outstanding principal and the accrued and unpaid interest. The initial tranche received from this transaction was $125,000. The debt discount due to the tainted equity valuation and “OID” was $125,000 and $30,000, respectively. The second tranche of $125,000 was received on January 31, 2014, and as of December 31, 2014 a debt discount of $280,000 was recorded. Amortization on the debt discount was $85,929 during the twelve month period ended December 31, 2014. During the twelve month period ended December 31, 2014, stock conversions reduced the outstanding balance of principal and accrued interest due by $222,989, and the Company issued an aggregate of 1,262,920 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of December

31, 2014, the principal balance due on this note was $99,450, which includes $825 in accrued interest. During the three month period ended March 31, 2015, stock conversions reduced the outstanding balance of principal and accrued interest due by $3,843, and the Company issued an aggregate of 915,000 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of March 31, 2015, the principal balance due on this note was $94,782 plus $3,243 accrued interest.

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On October 7, 2013, the Company issued a $56,500 Promissory Note ("the LG Note", or the "Note") to LG Capital Funding LLC ("LG", or “the Lender”). The Principal Sum due to the Lender includes a 10% Original Issue Discount ("OID") plus $1,500 in transaction fees payable to the Lender. The Note has a maturity date of nine (9) months from the Effective Date. If the Note is repaid within ninety (90) days of the Effective Date, the interest rate shall be zero percent (0%). Should the Note still be outstanding after 90 days, a one-time 5% interest rate will be applied. Unless the Note is prepaid in cash, the Lender has the right at its election to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Registrant. The Conversion Price is the lesser of $0.10 or 70% of the average of the two lowest closing prices in the 25 trading days previous to the conversion. The consideration received as of December 31, 2013 is $50,000. Due to the floating conversion price this note had an embedded derivative. The debt discount resulting from the derivative was valued on the date of grant to be $55,758 on the note. This value was recorded as a discount on debt and offset to derivative liability. In addition there was a $6,500 discount as a result of the principal owed ($56,500) exceeding the cash received ($50,000). This resulted in a total discount limited to the Note principal of $56,500. As of December 31, 2013, the outstanding balance due on this Note was $56,500. On April 8, 2014, the outstanding balance due on this note of $56,500 in principal plus $2,285 in accrued interest was fully converted to 20,772 shares of common stock, and the Note has paid in full and retired.

On January 31, 2014, the Company issued two $50,000 Convertible Redeemable Notes ("the Note", or collectively “the Notes”) to GEL Properties, LLC ("GEL", or “the Lender”). Each Note carries a 10% original issue discount (the “OID”), such that the outstanding balance upon the issuance of each Note is $55,000. Each Note has a maturity date of twelve (12) months from the Effective Date, and accrues interest at 5% per annum. The Notes may be converted to shares of Common Stock of the Company at a conversion price of 70% of the arithmetic average of the two (2) lowest VWAPs (volume weighted average price) of the shares of Common Stock during the twenty-five (25) consecutive Trading Day period immediately preceding the date of such conversion. No conversion can occur prior to 180 days from the Effective Date. As of December 31, 2014, only one of these notes has been funded, such that the initial tranche received from this transaction was $50,000, less $2,500 in legal fees, and a commission paid to Carter Terry & Company, a registered broker-dealer, consisting of $4,000 in cash. Due to the floating conversion price this note had an embedded derivative. The debt discount resulting from the derivative was valued on the date of grant to be $52,129 on the note. This value was recorded as a discount on debt and offset to derivative liability. Amortization of the discount was $54,159 for the twelve month period ended December 31, 2014. During the twelve month period ended December 31, 2014, stock conversions fully paid the outstanding balance of principal and accrued interest, and the Company issued an aggregate of 687,373 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of December 31, 2014, the Note has been paid in full and retired.

On February 3, 2014, the Company issued two $30,000 Convertible Redeemable Notes ("the LG Note", or collectively “the Notes”) to LG Capital Funding, LLC ("LG", or “the Lender”). Each LG Note carries a 10% original issue discount (the “OID”), such that the outstanding balance upon the issuance of each LG Note is $33,000. Each LG Note has a maturity date of nine (9) months from the Effective Date, and accrues interest at 5% per annum. The Notes may be converted to shares of Common Stock of the Company at a conversion price of 70% of the arithmetic average of the two (2) lowest VWAPs (volume weighted average price) of the shares of Common Stock during the twenty-five (25) consecutive Trading Day period immediately preceding the date of such conversion. No conversion can occur prior to 180 days from the Effective Date. As of December 31, 2014, both of these notes have been funded, such that the total amount received from this transaction was $60,000, less $3,000 in legal fees, and a commission paid to Carter Terry & Company, a registered broker-dealer, consisting of $4,800 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $32,280 on the note. This value was recorded as a discount on debt and offset to derivative liability. Amortization of the discount was $27,727 for the twelve month period ended December 31, 2014. During the twelve month period ended December 31, 2014, stock conversions reduced the outstanding balance of principal and accrued interest due by $33,672, and the Company issued an aggregate of

1,820,838 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of December 31, 2014, the principal balance due on this note was $34,564, which includes $1,564 in accrued interest. As of March 31, 2015, the principal balance due on this note was $24,808 net of $10,310 debt discount, and which includes $2,118 in accrued interest.

On March 13, 2014, the Company issued a $35,000 Convertible Redeemable Note (the “Note”) to LG Capital Funding LLC ("LG", or “the Lender”). The Principal Sum due to the Lender includes a 10% Original Issue Discount ("OID") plus $1,750 in transaction fees. The Note has a maturity date of nine (9) months from the Effective Date, and accrues interest at 5% per annum. Unless the Note prepaid in cash, the Lender has the right at its election to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company. The Note may be converted to shares of Common Stock of the Registrant at a conversion price of 70% of the arithmetic average of the two (2) lowest VWAPs (volume weighted average price) of the shares of Common Stock during the twenty-five (25) consecutive Trading Day period immediately preceding the date of such conversion. No conversion can occur prior to 180 days from the Effective Date. In connection with this transaction, a commission has been paid to Carter Terry & Company, a registered broker-dealer, consisting of $2,800 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $31,453 on the note. This value was recorded as a discount on debt and offset to derivative liability. Amortization of the discount was $27,103 for the twelve month period ended December 31, 2014. As of December 31, 2014, the principal balance due on this note was $40,116, which includes $1,616 in accrued interest. As of March 31, 2015, the principal balance due on this note was $40,521, which includes $2,021 in accrued interest.

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On March 13, 2014, the Company issued a $30,000 Convertible Redeemable Note (the “Note”) to Union Capital LLC ("Union", or “the Lender”). The Principal Sum due to the Lender includes a 10% Original Issue Discount ("OID") plus $1,500 in transaction fees. The Note has a maturity date of twelve (12) months from the Effective Date, and accrues interest at 5% per annum. Unless the Note prepaid in cash, the Lender has the right at its election to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company. The Note may be converted to shares of Common Stock of the Registrant at a conversion price of 70% of the arithmetic average of the two (2) lowest VWAPs (volume weighted average price) of the shares of Common Stock during the twenty-five (25) consecutive Trading Day period immediately preceding the date of such conversion. No conversion can occur prior to 180 days from the Effective Date. In connection with this transaction, a commission has been paid to Carter Terry & Company, a registered broker-dealer, consisting of $2,400 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $29,074 on the note. This value was recorded as a discount on debt and offset to derivative liability. Amortization of the discount was $17,575 for the twelve month period ended December 31, 2014. During the twelve month period ended December 31, 2014, stock conversions fully paid the outstanding balance of principal and accrued interest, and the Company issued an aggregate of 845,634 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of December 31, 2014, the Note has been paid in full and retired.

On March 27, 2014, the Company issued a $50,000 Convertible Promissory Note (the “Note”) to Beaufort Capital Partners LLC ("Beaufort", or “the Lender”). The Principal Sum due to the Lender includes a 10% Original Issue Discount ("OID"). The Note has a maturity date of six (6) months from the Effective Date, and accrues interest at 5% per annum. Unless the Note prepaid in cash, the Lender has the right at its election to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company. The Note may be converted to shares of Common Stock of the Registrant at a conversion price of 70% of the arithmetic average of the two (2) lowest VWAPs (volume weighted average price) of the shares of Common Stock during the twenty-five (25) consecutive Trading Day period immediately preceding the date of such conversion. No conversion can occur prior to 180 days from the Effective Date. In connection with this transaction, a commission has been paid to Carter Terry & Company, a registered broker-dealer, consisting of $4,000 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $52,808 on the note. This value was recorded as a discount on debt and offset to derivative liability. In addition there was a $5,000 discount as a result of the principal owed ($55,000) exceeding the cash received ($50,000). This resulted in a total discount limited to the Note principal of $55,000 including amortization of $31,870 as of December 31, 2014. During the twelve month period ended December 31, 2014, stock conversions fully paid the outstanding balance of principal and accrued interest, and the Company issued an aggregate of 858,750 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of December 31, 2014, and March 31, 2015, the principal balance due on this note was $1,640 and $2,521 in accrued interest.

On April 10, 2014, the Company issued a $44,000 Convertible Promissory Note (the “Note”) to Caesar Capital Group, LLC ("Caesar", or “the Lender”). The Principal Sum due to the Lender includes a 10% Original Issue Discount ("OID"). The Note has a maturity date of twelve (12) months from the Effective Date, and accrues interest at 8% per annum. Unless the Note is prepaid in cash, the Lender has the right at its election upon maturity of the Note to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Registrant. The Note may be converted to shares of Common Stock of the Registrant at a conversion price of 70% of the lowest VWAP (volume weighted average price) of the shares of Common Stock during the five (5) consecutive Trading Day period immediately preceding the date of such conversion. In connection with this transaction, a commission has been paid to Meyers and Associates, a registered broker-dealer, consisting of $4,000 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $39,830 on the note. This value was recorded as a discount on debt and offset to derivative liability. In

addition there was a $4,000 discount as a result of the principal owed ($44,000) exceeding the cash received ($40,000). This resulted in a total discount to the Note principal of $43,830 including amortization of $20,711 as of December 31, 2014. During the twelve month period ended December 31, 2014, stock conversions reduced the outstanding balance of principal and accrued interest due by $9,514, and the Company issued an aggregate of 84,946 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of December 31, 2014, the principal balance due on this note was $36,489, which includes $2,003 in accrued interest, and a debt discount of $9,438 was recorded, net principal of $25,048. As of March 31, 2015, the principal balance due on this note was $36,234 net of $944 debt discount, which includes $2,693 in accrued interest.

On April 21, 2014, the Company issued a $55,000 Convertible Promissory Note (the “Note”) to WHC Capital, LLC ("WHC", or “the Lender”). The Principal Sum due to the Lender includes a 10% Original Issue Discount ("OID"). The Note has a maturity date of twelve (12) months from the Effective Date, and accrues interest at 8% per annum. Unless the Note prepaid in cash, the Lender has the right at its election to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company. The Note may be converted to shares of Common Stock of the Registrant at a conversion price of 70% of the arithmetic average of the two (2) lowest VWAPs (volume weighted average price) of the shares of Common Stock during the twenty-five (25) consecutive Trading Day period immediately preceding the date of such conversion. No conversion can occur prior to 180 days from the Effective Date. In connection with this transaction, a commission has been paid to Carter Terry & Company, a registered broker-dealer, consisting of $4,000 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $48,112 on the note. This value was recorded as a discount on debt and offset to derivative liability. In addition there was a $5,000 discount as a result of the principal owed ($55,000) exceeding the cash received ($50,000). This resulted in a total discount to the Note principal of $53,112 including amortization of $23,788 as of December 31, 2014. During the twelve month period ended December 31, 2014, stock conversions reduced the outstanding balance of principal and accrued interest due by $24,741, and the Company issued an aggregate of 1,333,355 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of December 31, 2014, the principal balance due on this note was $33,457, which includes $3,198 in accrued interest, and a debt discount of $8,560 was recorded, net principal of $21,699. During the three month period ended March 31, 2015, stock conversions reduced the outstanding balance of principal and accrued interest due by $2,996, and the Company issued an aggregate of 1,302,900 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of March 31, 2015, the principal balance due on this note was $30,160 net of $1,152 debt discount, which includes $3,779 in accrued interest.

On May 8, 2014, the Company issued a $280,000 Secured Convertible Promissory Note ("the Typenex Note", or the “Note”) to Typenex Co-Investment, LLC ("Typenex"). The Note carries a $25,000 original issue discount (the “OID”), as well as $5,000 in transaction fees. The interest rate on the Note is 10% per annum. The Note has a maturity date of thirteen (13) months from the Effective Date. The Note is self-amortizing, such that it may be repaid in cash in eight (8) monthly installments of $35,000 plus accrued interest. In lieu of cash payments, the Company may elect to convert the note to shares at 70% of the arithmetic average of the two (2) lowest VWAPs of the shares of Common Stock during the twenty (20) consecutive Trading Day period immediately preceding the date of such conversion. In addition, the Company retains the option of pre-paying the Note at any time at an amount equal to 125% of the outstanding principal and the accrued and unpaid interest. The initial tranche received from this transaction was $50,000. A second tranche of $50,000 was received on June 9, 2014, and a third tranche of $50,000 was received on August 8, 2014. In connection with this transaction, a commission has been paid to Carter Terry & Company, a registered broker-dealer, consisting of $8,000 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $60,147 on the first tranche, and $52,713 for the second tranche. This value was recorded as a discount on debt and offset to derivative liability. In addition there was a $16,500 discount as a result of the principal owed ($165,000) exceeding the cash received ($150,000). This resulted in a total discount limited to the Note principal of $170,000 including amortization of $41,403 as of December 31, 2014. As of December 31, 2014, the principal balance due on this note was $179,947, which includes $9,547 in accrued interest, and a debt discount of $96,745 was recorded, net principal of $73,655. As of March 31, 2015, the principal balance due on this note was $142,163 net of $41,634 debt discount, which includes $13,797 in accrued interest.

On May 9, 2014, the Company issued $34,000 Convertible Redeemable Notes ("the LG Note", or collectively “the Notes”) to LG Capital Funding, LLC ("LG", or “the Lender”). The LG Note carries a 10% original issue discount (the “OID”), such that the outstanding balance upon issuance is $37,400. The LG Note has a maturity date of twelve (12) months from the Effective Date, and accrues interest at 5% per annum. The Notes may be converted to shares of Common Stock of the Registrant at a conversion price of 70% of the arithmetic average of the two (2) lowest VWAPs

(volume weighted average price) of the shares of Common Stock during the twenty-five (25) consecutive Trading Day period immediately preceding the date of such conversion. No conversion can occur prior to 180 days from the Effective Date. The initial tranche received from this transaction was $34,000, less $2,000 in legal fees, and a commission paid to Carter Terry & Company, a registered broker-dealer, consisting of $2,270 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $32,024 on the note. This value was recorded as a discount on debt and offset to derivative liability. In addition there was a $3,400 discount as a result of the principal owed ($37,400) exceeding the cash received ($34,000). This resulted in a total discount limited to the Note principal of $35,424 including amortization of $13,975 as of December 31, 2014. As of December 31, 2014, the principal balance due was $38,674, which includes $1,274 in accrued interest, and a debt discount of $30,080 was recorded, net principal of $7,320. As of March 31, 2015, the principal balance due was $35,292 net of $3,785 debt discount, which includes $1,677 in accrued interest.

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On July 14, 2014, the Company issued a $250,000 Convertible Promissory Note (the "Note") to JSJ Investments Inc. ("JSJ", or "the Lender"). The Note has a maturity date of six (6) months from the Effective Date, and accrues interest at 10% per annum. The Principal Sum due to the Lender shall be prorated based on the consideration actually paid by the Lender, as well as any other interest or fees, such that the Registrant is only required to repay the amount funded and the Registrant is not required to repay any unfunded portion of the Note. The initial tranche received from this transaction was $100,000. Unless the Note is prepaid in cash within 120 days of the effective date, the Lender has the right at its election upon maturity of the Note to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Registrant. The Conversion Price is at a 42% discount to the average of the three lowest volume weighted average prices (VWAP) on the previous twenty (20) trading days to the date of Conversion, or 42% discount to the average of the three lowest VWAPs on the previous twenty (20) trading days that would be obtained if the conversion were to be made on the date that the Note was executed. In connection with this transaction, a commission has been paid to Carter Terry & Company, a registered broker-dealer, consisting of $8,000 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $100,000 on the note. This value was recorded as a discount on debt and offset to derivative liability. This resulted in a total discount limited to the Note principal of $100,000 including amortization of $42,391 as of December 31, 2014. As of December 31, 2014, the principal balance due was $104,658, which includes $4,658 in accrued interest, and a debt discount of $7,609 was recorded, net principal of $92,391. During the three month period ended March 31, 2015, stock conversions reduced the outstanding balance of principal and accrued interest due by $4,879, and the Company issued an aggregate of 449,011 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of March 31, 2015, the principal balance due on this note was $102,218, which includes $7,097 in accrued interest.

On August 6, 2014, the Company issued a $98,500 Convertible Promissory Note ("the Note") to KBM Worldwide, Inc. ("KBM", or "the Lender"). The interest rate on the Note is 8% per annum, and the Note has a maturity date of nine (9) months from the Effective Date. The Note carries a $13,000 original issue discount (the "OID"), as well as $3,500 in transaction fees, such that the consideration received by the Registrant is $82,000. The Company retains the option of pre-paying the Note at an amount equal to 110% of the outstanding principal and the accrued and unpaid interest within 30 days of the effective date, increasing at 5% per month to a maximum of 135% by the 6th month. Unless the Note is repaid in cash within 180 days, the Lender has the right to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company. The Conversion Price is at a 25% discount to the average of the two lowest closing prices on the previous twenty (20) trading days prior to the date of Conversion. In connection with this transaction, a commission has been paid to Carter Terry & Company, a registered broker-dealer, consisting of $6,560 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $97,603 on the note. This value was recorded as a discount on debt and offset to derivative liability. In addition there was a $16,500 discount as a result of the principal owed ($98,500) exceeding the cash received ($82,000). This resulted in a total discount limited to the Note principal of $98,500 including amortization of $19,844 as of December 31, 2014. As of December 31, 2014, the principal balance due was $101,786, which includes $3,286 in accrued interest, and a debt discount of $45,462 was recorded, net principal of $53,038. During the three month period ended March 31, 2015, stock conversions reduced the outstanding balance of principal and accrued interest due by $8,910, and the Company issued an aggregate of 3,448,875 common shares for the conversions, which was consistent with the note agreement, and therefore no gain or loss was recognized on the conversions. As of March 31, 2015, the principal balance due on this note was $83,229 net of $12,989 debt discount, which includes $6,628 in accrued interest.

On August 7, 2014, the Company issued a $125,000 Convertible Promissory Note ("the Note") to RLS Premiere Financial LLC ("RSL", or "the Lender"). The interest rate on the Note is 5% per annum, and the Note has a maturity date of twelve (12) months from the Effective Date. The Principal Sum due to the Lender shall be 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 Registrant is not required to repay any unfunded portion of the Note. The initial tranche received from this transaction was $20,000. The Company retains the option of pre-paying the Note at an amount equal to 135% of the outstanding principal and the accrued and unpaid interest. Unless the Note is repaid in cash within 180 days, the Lender has the right to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company. The Conversion Price is at a 20% discount to the average of the two lowest volume weighted average prices (VWAP) on the previous fifteen (15) trading days to the date of Conversion. The debt discount resulting from the derivative was valued on the date of grant to be $20,000 on the note. This value was recorded as a discount on debt and offset to derivative liability. This resulted in a total discount limited to the Note principal of $20,000 including amortization of $2,959 as of December 31, 2014. As of December 31, 2014, the principal balance due was $20,400, which includes $400 in accrued interest, and a debt discount of $12,000 was recorded, net principal of $8,000. As of March 31, 2015, the principal balance due was $13,582 net of $7,068, which includes $650 in accrued interest.

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On September 3, 2014, the Company issued a $550,000 Promissory Note ("the 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, a 3% Closing and Due Diligence Fee, 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 unfunded portion of the Note. The Note has a maturity date of twenty four (24) months from the Effective Date. If the Note is repaid within ninety (90) days of the Effective Date, the interest rate shall be zero percent (0%). Should the Note still be outstanding after 90 days, a one-time 5% interest rate will be applied. In addition, the Lender has the right, at any time after the Effective Date, at its election, to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company. The Conversion Price is the lesser of $0.10 or 70% of the average of the two lowest closing prices in the 25 trading days previous to the conversion. The initial consideration received as of the date of this report is $75,000. In connection with this transaction, a commission has been paid to Meyers and Associates, a registered broker-dealer, consisting of $5,250 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $77,569 on the note. This value was recorded as a discount on debt and offset to derivative liability. In addition there was a $7,500 discount as a result of the principal owed ($82,500) exceeding the cash received ($75,000). This resulted in a total discount limited to the Note principal of $84,750 including amortization of $3,130 as of December 31, 2014. As of December 31, 2014, the principal balance due was $89,224, which includes $6,499 in accrued interest, and a debt discount of $70,953 was recorded, net principal of $11,772. As of March 31, 2015, the principal balance due was $29,737 net of $60,520 debt discount, which includes $7,533 in accrued interest.

On September 3, 2014, the Company issued a $53,000 Convertible Promissory Note ("the KBM Note") to KBM Worldwide, Inc. ("KBM", or "the Lender"). The interest rate on the KBM Note is 8% per annum, and the KBM Note has a maturity date of twelve (12) months from the Effective Date. The KBM Note carries a $5,000 original issue discount (the "OID"), as well as $3,000 in transaction fees, such that the purchase price is $48,000, and the net consideration received by the Company is $45,000. The Company retains the option of pre-paying the KBM Note at an amount equal to 110% of the outstanding principal and the accrued and unpaid interest within 30 days of the effective date, increasing at 5% per month to a maximum of 135% by the 6th month. Unless the KBM Note is repaid in cash within 180 days, the Lender has the right to convert all or part of the outstanding and unpaid Principal Sum and accrued interest (and any other fees) into shares of fully paid and non-assessable shares of common stock of the Company. The Conversion Price is at a 25% discount to the average of the two lowest closing prices on the previous twenty (20) trading days prior to the date of Conversion. In connection with this transaction, a commission has been paid to Carter Terry & Company, a registered broker-dealer, consisting of $3,600 in cash. The debt discount resulting from the derivative was valued on the date of grant to be $50,373 on the note. This value was recorded as a discount on debt and offset to derivative liability. This value was recorded as a discount on debt and offset to derivative liability. In addition there was a $8,000 discount as a result of the principal owed ($53,000) exceeding the cash received ($45,000). This resulted in a total discount limited to the Note principal of $55,000 including amortization of $3,899 as of December 31, 2014. As of December 31, 2014, the principal balance due was $54,461, which includes $1,461 in accrued interest, and a debt discount of $35,815 was recorded, net principal of $17,185. As of March 31, 2015, the principal balance due was $31,242 net of $22,818 debt discount, which includes $1,060 in accrued interest.

On December 5, 2014, the Company and Tangiers Investors, LP ("Tangiers", or "the Lender") executed a Master Loan and Security Agreement (the "Agreement") pertaining to an aggregate of nine (9) convertible notes (the "Notes") previously issued to Tangiers since December 29, 2011, and currently outstanding in the aggregate principal amount of $794,323 plus accrued interest. The Agreement extends the maturity date on all of the Notes collectively to November 30, 2015, and resets the conversion price as applied to the first principal amount of $100,000 of any of the Notes that Tangiers elects to convert into shares to 70% of the of the lowest VWAP of the Registrant's common stock during the twenty (20) consecutive trading days prior to the date of conversion. The Agreement also provides that a forbearance fee in the amount of $150,000 shall be added to the aggregate principal balance due. All other terms of the

individual Notes as originally agreed remain in effect. As of March 31, 2015, a discount on forbearance was recorded, net principal of $150,000, $81,095 in debt discount, and $2,625 in accrued interest.

During Q1, 2015 the Company received $15,000 in cash advances from a shareholder, collateralized by the Company's ownership of 217,391 shares of Ximen Mining Corp. As of March 31, 2015, the balance due on this loan was $15,122, which includes $122 in accrued interest.

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The following table summarizes all of the Convertible Notes outstanding as of March 31, 2015 and December 31, 2014:

	March 31, 2015	December 31, 2014
Mortgage payable – Ruby Mine	$ 1,697,055	$ 1,697,055
Secured note payable with annual interest rate of 8%	25,788	30,099
Discount on note payable	-	-
Net note payable	1,722,843	1,727,154
Convertible notes:		
Secured convertible notes payable with annual interest rate of 10%	230,771	220,000
Unsecured convertible notes payable with annual interest rate of 10%	190,400	195,279
Unsecured convertible notes payable with annual interest rate of 9.9%	275,000	275,000
Unsecured convertible notes payable with annual interest rate of 8%	286,904	298,500
Unsecured convertible notes payable with annual interest rate of 7%	501,119	486,968
Unsecured convertible notes payable with annual interest rate of 5%	331,067	332,275
Discount on debt from derivative valuation	(488,522)	(762,510)
Total convertible notes	1,326,739	1,045,512
Total Debt	$ 3,049,582	$ 2,772,666

NOTE 8 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, 2015, and December 31, 2014, was $20,280 and 31,049, respectively. Amortization was $23,269 and $13,536 for the three month periods ended March 31, 2015 and 2014, respectively.

These costs include commissions paid to Carter Terry & Company, a registered broker-dealer, consisting of $55,620 in cash. These amounts were 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.

During the twelve month period ending December 31, 2014, 1,841 restricted shares of common stock of the Company valued at $10,310 were issued to Carter Terry & Company as part of their commission package. As of March 31, 2015, $19,440 in stock payable related to deferred financing costs remains due.

NOTE 9 DERIVATIVE LIABILITIES

During the year ended December 31, 2014, the Company issued additional convertible notes totaling $1,147,500, which were considered tainted upon issuance. The related derivative liability was valued at inception and equal to

$1,701,255 from a $188,497 loss and a $1,512,758 discount. In addition, the Company retired $503,503 in stock conversions, which resulted in a settlement of derivative liabilities to additional paid in capital of $850,355. All instruments with embedded derivative liabilities or included in the derivative liability due to the tainted equity environment were re-valued at December 31, 2014, with all changes flowing through the gain/loss on derivative for a total gain on derivative of $326,673 for the twelve months ended December 31, 2014. The derivative liability related to convertible debt was valued at $1,383,730, and the derivative liability related to warrants was $83 as of December 31, 2014.

During the three months ended March 31, 2015, the Company did not issue any additional convertible notes. An additional $25,000 was drawn from an existing note, which was considered tainted upon issuance. The related derivative liability of this draw was valued at inception and equal to $13,364 net of $11,636 debt discount. In addition, the Company retired $32,685 in stock conversions, which resulted in a settlement of derivative liabilities to additional paid in capital of $36,230. All instruments with embedded derivative liabilities or included in the derivative liability due to the tainted equity environment were re-valued at March 31, 2015, with all changes flowing through the gain/loss on derivative for a total gain on derivative of $775,131 for the three months ended March 31, 2015. The derivative liability related to convertible debt was valued at $584,088, and the derivative liability related to warrants was $3.

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The following shows the changes in the derivative liability measured on a recurring basis for the three months ended March 31, 2015, and for the year ended December 31, 2014.

Derivative Liability at December 31, 2014	$ 1,383,813
Gain on Derivative Liability	(775,131)
Settlement to APIC from Conversion	(36,230)
Additions to Liability for Convertible Debt recorded as debt discount	11,636
Additions to Liability for Convertible Debt expensed due to value of derivative exceeding debt	-
Derivative Liability at March 31, 2015	$ 584,088

The following tabular presentation reflects the components of derivative financial instruments on the Company's balance sheet at March 31, 2015 and December 31, 2014:

Derivative Liabilities:	March 31, 2015	December 31, 2014
Embedded derivative liability in convertible debt	$ 246,423	$ 753,258
Derivative liability due to tainted equity – convertible debt	337,662	630,472
Derivative liability due to tainted equity – warrants	3	83
Total Derivative Liability	$ 584,088	$ 1,383,813

NOTE 10 COMMITMENTS AND CONTINGENCIES

During the second quarter of fiscal 2013, the Company discovered it had offered and sold certain shares of common stock without registration under the Securities Act of 1933 (the "Securities Act"), as amended, during the period from October 24, 2011 through April 25, 2013. Pursuant to Section 10(a)(3) of the Securities Act, by the time our prospectus had been in use for 9 months from the effective date of January 24, 2011, the balance sheet date of the audited financial statement contained in our prospectus was more than 16 months old, and had not been refreshed to present our current financial statements within said prospectus. This inadvertent technical failure to update our prospectus according to Section 10(a)(3) of the Securities Act may have caused our prospectus to no longer be effective as of October 24, 2011. As a result, purchasers of these securities may have the right to rescind their purchases for an amount equal to the purchase price paid for the securities, plus interest from the date of purchase, limited to the unregistered shares purchased from the original seller and still held by the original purchaser. The federal Securities Act requires that any claim for rescission be brought within one year of reporting the violation. The time periods within which claims for rescission must be brought under state securities laws vary and may be two years or more from the transaction date. As of the date of this report, approximately 50,000 shares of our outstanding common stock are subject to possible rescission. The maximum potential liability as of December 31, 2014 and December 31, 2013 was $0 and $667,758, respectively. These amounts include interest at 10% per annum from the date of the respective purchases. Due to the shares being redeemable by the holder since their inception, the shares are required to be classified outside of permanent equity on the balance sheet. Since redemption is uncertain and outside of the Company's control the shares are classified within the mezzanine section of the balance sheet at their respective redemption values. Any differences between the cash received and the redemption value was recorded to additional paid in capital. Interest of 10% is being accrued on the values and is recorded through additional paid in capital consistent with the appropriate accounting guidance covering the accounting treatment of mezzanine instruments.

The following shows the changes in the redeemable common stock from October 24, 2011 through December 31, 2014.

Cash received for 880,982 shares issued after October 24, 2011	$ 89,000
Mark redeemable common stock down to the redeemable amount	(974)
Interest on redeemable common stock	247
Redeemable common stock value at December 31, 2011	$ 88,273
Cash and note relief received for 3,636,619 shares issued	227,000
Mark redeemable common stock up to the redeemable amount	29,516
Interest on redeemable common stock	22,701
Redeemable common stock value at December 31, 2012	$ 367,490
Cash received for 5,699,885 shares issued	197,000
Mark redeemable common stock up to the redeemable amount	52,346
Interest on redeemable common stock	50,922
Redeemable common stock value at December 31, 2013	$ 667,758
Interest on redeemable common stock	29,288
Redeemable common stock value at June 30, 2014	$ 697,046
Redeemable common stock recorded to APIC at September 30, 2014	$ (697,046)
Redeemable common stock value at December 31, 2014	$ 0

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As of September 30, 2014, the federal statute of limitations as defined in the federal Securities Act has expired. Accordingly, redemption is now considered remote, and the shares have been moved from the mezzanine section of the balance sheet to Stockholders' Equity.

As of March 31, 2015 and December 31, 2014, 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. 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.

NOTE 11 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. On February 17, 2015, the Company effected a 1 for 200 reverse stock split. All information presented herein has been retrospectively adjusted to reflect these stock splits as they took place as of the earliest period presented.

NOTE 12 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 10,000 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. On December 9, 2013, the Company issued 25,000 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, which was equal to the deferred compensation relieved. As of March 31, 2015 and December 31, 2014, the outstanding balance of the NQDC plan is $993,624 and $947,624, 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	1,250	$	31,250
12/21/2007	Common	50,000	$	900,000
12/16/2008	Common	12,500	$	50,000
8/11/2009	Preferred	4,100,000	$	253,785

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NOTE 13 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 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 March 31, 2015 and December 31, 2014.

Cost estimate for reclamation work at today's cost	$ 172,914
Estimated life of mine (years)	50
Risk adjusted rate (borrowing rate)	9.9%
Estimated inflation rate	