NEW JERSEY MINING CO
Form 10-12G/A
June 04, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10/A

Amendment No. 2

GENERAL FORM FOR REGISTRATION OF SECURITIES

Pursuant to Section 12(b) or (g) of The Securities Exchange Act of 1934

NEW JERSEY MINING COMPANY
(Exact name of registrant as specified in its charter)

Idaho	**82-0490295**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

201 N. Third Street, Coeur d Alene, ID	**83814**
(Address of principal executive offices)	(zip code)

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

None	N/A
Title of each class to be registered	Name of each exchange on which each class is to be registered

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

Common Stock; No Par Value	N/A

Title of each class to be registered	Name of each exchange on which each class is to be registered

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	¨	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	x

TABLE OF CONTENTS

GLOSSARY

Ag- Silver

Au- Gold

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

Argillites- Metamorphic rock containing clay minerals.

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

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

Bedrock- Solid rock underlying overburden.

Cu- Copper

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

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

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

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

Development Stage- As defined by the SEC- includes all issuers engaged in the preparation of an established commercially mineable deposit (reserves) for its extraction which are not in the production stage.

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

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

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

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

GPT- Grams per metric tonne.

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

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

Junior Mining Sector A term used to describe the market for smaller scale mining companies.

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

Mineralization- The presence of minerals in a specific area or geologic formation.

Net Smelter Royalty- A royalty, usually paid to a mineral claim owner that is a percentage of the proceeds from the sale of metal-bearing concentrate or metal to a smelter or refinery. Also known as an NSR, the cost of smelting, refining, and transport to the smelter is deducted before the royalty is applied. However, the cost of mining and milling is not deducted. Typical net smelter royalty rates are from 1% to 5%.

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

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

Pillar An area of ore left to support the overlying strata or hanging-wall in a mine.

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

Pyrite- An iron sulfide. A common mineral associated with gold mineralization.

Quartz- Crystalline silica (SiO^2). An important rock-forming and gangue material in gold veins.

Quartzites- Metamorphic rock containing quartz.

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

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

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

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

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

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

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

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

Tonne- metric ton which equals 1,000 kilograms or 1.1023 U.S. short tons.

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

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

Wallrock- Usually barren rock surrounding a vein.

4

Forward Looking Statements

This Form 10 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended that are intended to be covered by the safe harbor created by such sections. These "forward-looking statements involve risks and uncertainties, principally in the sections entitled Business, Financial Information and Properties. All statements other than statements of historical fact contained in this Form 10, including statements regarding future events, our future financial performance, business strategy, and plans and objectives of management for future operations, are forward-looking statements. We have attempted to identify forward-looking statements by terminology including anticipates, believes, can, continue, could, estimates, expects, intends, may, plans, potential, or the negative of these terms or other comparable terminology. Although we do not make forward looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. These statements are only predictions and involve known and unknown risks, uncertainties and other factors in this Registration Statement, which may cause our or our industry s actual results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. New risks emerge from time to time and it is not possible for us to predict all risks, nor can we address the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause our actual results to differ materially from those contained in any forward-looking statements.

You should not place undue reliance on any forward-looking statement, each of which applies only as of the date of this Registration Statement. You should be aware that the occurrence of the events described in this Registration Statement could negatively affect our business, operating results, financial condition and stock price. Except as required by law, we undertake no obligation to update or revise publicly any of the forward-looking statements after the date of this Registration Statement to conform our statements to actual results or changed expectations.

Item 1. Business.

BUSINESS DEVELOPMENT

Form and year of organization

New Jersey Mining Company (the Company or NJMC) was incorporated under the laws of the State of Idaho on July 18, 1996 (Ex. 3.0). The Company completed its organization on December 31, 1996, when all of the assets and liabilities of the New Jersey Joint Venture a partnership, were acquired by the Company in a share exchange transaction. The New Jersey Joint Venture had been formed in 1994 for the purpose of developing the New Jersey mine. The mine is located east of Kellogg, Idaho in the Coeur d Alene Mining District.

Any bankruptcy, receivership or similar proceeding

There has not been any bankruptcy, receivership, or similar proceeding.

Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business

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

BUSINESS OF THE COMPANY

Business Description

The Company was incorporated in Idaho in 1996 and the assets of the New Jersey Joint Venture (NJJV) were acquired by New Jersey Mining Company (the Company). New Jersey Mining Co. is a mining and milling company, focused primarily on providing contract milling services to mines in need of milling of their ore at our New Jersey mill facility. In addition, the Company is exploring and evaluating its own properties for small-scale production. During 2013 the Company s exploration activities were confined to the Golden Chest mine where it mined an exploratory raise on the Popcorn vein producing 200 tonnes of material. Additionally, the Company drilled two surface exploration core holes for a total of 488 meters on the northern part of the Golden Chest property, and Juniper Resources, LLC of Boise, Idaho drilled 20 holes for a total of 2,564 meters at the Golden Chest to further define the Skookum Shoot. No exploration activity took place in 2013 at the remaining properties held by the Company. Also, the Company processed 865 tonnes in the fourth quarter of 2013 on a custom-milling basis for a customer with a mine located in central Idaho about 280 miles from the New Jersey mill.

Recent Business Development

On May 16, 2013 the Company filed a Form 15 with the U.S. Securities & Exchange Commission terminating its registration and reporting requirements. The Company first registered its securities in January 2000 and maintained its registration and reporting status until filing the Form 15. In September 2013 the Company underwent a change in management. The new management team decided to re-register the Company s common stock.

During 2013, the Company's exploration activity was very limited due to the lack of available financing for junior mining companies. The remaining ore from a Crescent mine stockpile of 2,968 tonnes was milled. A stockpile from the Golden Chest mine was milled along with about 200 tonnes from an exploration raise on the Popcorn vein. The total tonnage milled from the Golden Chest was 1,682 tonnes at an average grade of 2.46 gpt Au and gold recovery in the floatation circuit was 91% as indicated by sampling. On September 3, 2013 a Mining Lease (Ex. 10.2) was executed with Juniper Resources, LLC of Boise, Idaho for a portion of the Golden Chest mine known as the Skookum Shoot which covers about 400 meters of strike-length along the Idaho fault. Juniper completed 2,564 meters of drilling in 20 holes with the goal of defining the Skookum Shoot.

In September 2013, the Company s management changed as Fred Brackebusch resigned as President, Treasurer and Director of the Company. Additionally, Ivan Linscott, Katherine Sims, and William Rust resigned as Directors of the Company. Tina Brackebusch resigned as corporate Secretary as well. The newly appointed management team consisted of Delbert Steiner as Chief Executive Officer and Chairman of the Board, John Swallow as President and member of the Board and Grant Brackebusch as Vice President and member of the Board. In the fall 2013, the Company completed a private placement selling 22,000,000 units, each unit comprised of one share common stock and one half warrant, for a total of $1,100,000 being raised before paying a 10% brokerage fee to Pennaluna & Co, a FINRA licensed brokerage firm.

The year ended with the Company acquiring Idaho Champion Resources, LLC (ICR) in a share exchange transaction (Ex. 10.3) .. Idaho Champion Resources holds the Rupp mining lease which is a long term mining lease on a sizeable tract of land between Lucille and Riggins, Idaho. ICR also holds a 12-month option to purchase the McKinley mine (Ex. 10.6) near Lucille, Idaho which consists of four patented mining claims covering approximately 62 acres. The Company exchanged 5,000,000 shares of common stock at a valuation of $.05/share for 100% of the membership units of ICR, valuing the transaction at $250,000.

Additionally, the Company terminated its agreement with Revett Metals Associates related to the Niagara project and gave notice of withdrawal and terminated its agreement with Revett Metals Associates on the Copper Camp Project in November, 2013.

Principal products or services and their markets

New Jersey Mining Co. is a mining and milling company, focused primarily on providing contract milling services to regional mines within a radius of about 150 air-miles that are in need of milling of their ore at our New Jersey mill facility. The New Jersey mill is a 360 tonne per day single-circuit flotation plant with a permitted concentrate leaching circuit. In addition, the Company is exploring and evaluating its own properties for small-scale production. As a contract milling service provider, our principal product is the milling or concentrating service provided by our mill. We generally produce a precious metal-bearing concentrate for sale to a smelter or refiner for the customer s benefit and invoice the customer for a unit price per tonne of ore milled.

We also plan to seek out joint venture partners to finance mineral exploration and ore production on our portfolio of mineral properties

The Company s portfolio of mineral properties includes the New Jersey mine, the Golden Chest mine, the McKinley mine, the Toboggan project, the Giant Ledge project, and the Silver Button project.

Exploration and development activities in 2014 are expected to be limited to the Golden Chest and McKinley mines. No exploration activity took place in 2013 at the following properties held by the Company: the New Jersey mine, the McKinley mine, the Toboggan project, the Giant Ledge project, and the Silver Button project.

We are seeking joint venture partners for the following projects: the Toboggan, the Giant Ledge and the Silver Button. Presently, there are no exploration activities on these properties.

Distribution methods of the products or services

The Company modified its business strategy in 2013. The new strategy focuses on taking advantage of excess capacity at the New Jersey Mill and generating cash flow by processing ore. We will focus on obtaining ore from small scale, high-grade, near-production properties in the region surrounding the mill, not necessarily the Coeur d Alene mining district but within a 150 air-mile radius of the New Jersey Mill. Custom milling agreements may vary, but typically the party that is producing the ore is responsible for the cost of shipping the ore to the New Jersey mill. We plan to use our milling capacity to earn an interest in some of these properties or perform custom milling services for a fee.

The base of the Company and the focus of management is centered on the New Jersey Mill. The New Jersey Mill was expanded with planned mill feed coming from the nearby Crescent Silver Mine, owned by United Silver. United Silver had challenges with the economic viability of the Crescent over the last couple of years, which lead to reduced cash flow. Additionally, United Silver recently filed for receivership and the mine has since been on care and maintenance. It is now owned by Crescent Silver LLC, an entity controlled by the main creditor of United Silver. The Company does not anticipate the Crescent Mine will be providing ore to the New Jersey Mill in the foreseeable future.

Typically a mill is associated with a nearby mine and constructed to mainly process ore from that mine, with some overage or excess capacity available for smaller amounts of ore sometimes available to outside mines. Companies that are focused exclusively on exploration typically do not have the means to produce and/or mill ore whether for their own account or for others.

New Jersey Mining Co. is a mining and milling company, focused primarily on providing contract milling services to mines in need of milling of their ore. In addition, the Company is evaluating its own properties for small-scale production, as ownership of a mill greatly enhances the potential return on properties under our control.

Status of any publicly announced new product or service

Not applicable

Competitive business conditions and competitive position in the industry and methods of competition

The Company competes on several different fronts within the mining industry both from a milling perspective and an exploration/production perspective. The Company competes with other junior mining companies for the capital necessary to sustain its exploration and development programs, however control of the New Jersey Mill sets the Company apart from other companies strictly focused on exploration and raising capital. The cash flow potential of the New Jersey Mill provides a base for the Company and is the main focus of management.

Recently, the Company has been successful in completing two joint ventures, one at the Golden Chest mine and the other to expand the throughput capacity of its New Jersey mill (Ex. 10.1). The Company also competes with other mining companies for exploration properties such as for gold and silver properties in the Coeur d Alene mining district, however the New Jersey Mill does allow the Company a competitive advantage in the evaluation of potential projects.

A large number of companies within our industry do not have direct use of a mill and must evaluate potential properties from a different economic viewpoint. Our position differs from those that would need to build a mill to process their ore, or would likely have to contract with the Company for processing their ore at the mill. For instance, late in 2013, a small exploration company shipped 865 tonnes of ore to the New Jersey Mill to help with the evaluation of their property. This client hauled ore about 280 miles from their property to our mill. In addition to this customer, there are other potential customers located within a 150 air-mile radius of our mill that have indicated interest in our contract milling services.

The Company anticipates the mill running at full capacity by late fall 2014 with ore being shipped by our joint venture partner developing the Skookum portion of the Golden Chest Mine. It was anticipated that the development work at the Golden Chest would have been commenced earlier in 2014, however this has been delayed. The Company has been informed that development at the Golden Chest will begin in June, 2014, with ore shipped to the mill in October, 2014. Given the uncertainty of timing, the Company did not actively seek long-term customers for the mill, as our joint venture partner is anticipating 12-18 months of production, at full capacity.

In more general terms, we are also subject to the risks inherent to the mining industry. The primary risk of mineral exploration is the low probability of finding an economically viable deposit of ore. We will attempt to mitigate this risk by focusing our efforts in areas already known to host deposits, and also by acquiring properties we believe will have the geologic and technical merits to host economic mineralization. Another significant risk is the price of metals such as gold and silver. If the prices of these metals were to fall substantially, it would, most likely, lead to a loss of investor interest in the mineral exploration sector which would make it more difficult to raise capital.

Sources and availability of raw materials and the names of principal suppliers

The Company has a portfolio of mineral properties including: the Golden Chest mine, the New Jersey mine and several other exploration prospects capable of providing raw materials to the mill, However, the Golden Chest is expected to provide most of the raw material for the mill for the next 18 months (see Properties).

Dependence on one or a few major customers

The Company is the manager of the New Jersey Mill Joint Venture which processes both silver and gold ores through a 360 tonne per day flotation plant. The Company also provides custom milling and engineering services to third party customers as well as its joint venture partners.

The Companies current customer base is limited to bulk testing of about 1,000 tonne bulk samples that can be processed in a short time frame. No additional customers will be sought at this time. This limitation is based on the lease of the Golden Chest property and the Lessees intent to put the Skookum Shoot, an ore shoot on the property, into production with underground work starting in the summer of 2014. The project will utilize 100% of the Company's mill capacity for at least 18 months. The company will not have excess milling capacity prior to the second quarter of 2016 consequently no other near term customers will be required. The ongoing capacity utilization at the mill will be revisited in a timely fashion to maximize the mill use in the future.

Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including duration

The Company has a number of royalty provisions in place with regard to mineral leases.

There is a royalty provision associated with our Toboggan project's 39 unpatented Little Baldy claims leased to Hecla Silver Valley, Inc. The lease began on September 12, 2012 and has a 20-year term requiring annual payments to NJMC of $24,000 then escalating to $36,000 after three years and $48,000 after six years. A work commitment of

$200,000 is required of Hecla on or before September 12, 2015 with increasing work commitments of $300,000 on or before September 12, 2018 and $400,000 on or before September 12, 2021 and $400,000 due on each consecutive three year periods in which the agreement remains effective or until commercial production commences. Once gold production begins from the leased claims, a 2% net smelter return royalty will be due and payable to NJMC.

Need for any government approval of principal products or services.

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

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

<u>Effect of existing or probable government regulations on the business</u>

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

<u>Estimate of the amount spent during each of the last two fiscal years on research and development</u>

During the years ended December 31, 2013 and 2012, the Company spent $173,794 and $1,046, respectively, on exploration activities.

<u>Costs and effects of compliance with environmental laws (federal, state and local)</u>

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

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

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

A surface mining reclamation plan for the New Jersey mine was approved by the Idaho State Department of Lands in 1993. The plan calls for grading of steep fill slopes and planting of vegetation on the area disturbed by the open pit mine. An annual reclamation fee of $133 is paid to the Idaho Department of Lands for surface disturbance associated with the New Jersey mine open pit. The Company has estimated its costs to reclaim the New Jersey mine site to be $21,000.

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

The Company believes that it is in compliance with local building codes and ordinances.

<u>Number of total employees and number of full time employees</u>

The Company's total number of full-time employees is five, of which four are full-time employees. Full-time employees include Chief Executive Officer, Delbert Steiner, President John Swallow and Vice President, Grant Brackebusch and Art Glover, the chief geologist.

Item 1A. Risk Factors.

The Company is a Smaller Reporting Company and is not required to provide the information required by this item.

Item 2. Financial Information.

Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Cautionary Statement about Forward-Looking Statements

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

a)

The amount and nature of future capital, development and exploration expenditures;

b)

The timing of exploration activities; and

c)

Business strategies and development of our business plan.

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

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

Plan of Operation

The Company is conducting mineral exploration in the region surrounding the Coeur d Alene Mining District of northern Idaho and it operates a mineral processing plant near Kellogg, Idaho. The Company s strategy is to generate cash flow from our available capacity at the New Jersey mill by focusing on small scale, high-grade, near-production properties in the region surrounding the mill within an approximate 150 air mile radius. We plan to use our milling capacity to earn an interest in some of these properties or perform custom milling services for a fee. The Company s primarily focus is on gold with silver and base metals of secondary emphasis. The Company receives revenue for providing mineral processing from t hird party customers and its joint venture partners. The Company also receives management fees from its joint venture partners.

During 2013 the Company s exploration activities were confined to the Golden Chest mine where it mined an exploratory raise on the Popcorn vein producing 200 tonnes of material. Additionally, the Company drilled two surface exploration core holes for a total of 488 meters on the northern part of the Golden Chest property, and Juniper Resources, LLC of Boise, Idaho drilled 20 holes for a total of 2,564 meters at the Golden Chest to further define the Skookum Shoot. No exploration activity took place in 2013 at the remaining properties held by the Company including the New Jersey mine, the McKinley mine, the Toboggan project, the Giant Ledge project, and the Silver Button project.

Exploration activity is planned only for the McKinley project in 2014. It is estimated that about $75,000 of exploration will be completed at the McKinley in 2014. The planned exploration for this year at the McKinley will include small-diameter core drilling, geologic mapping, channel sampling, and underground surveying. No exploration is planned in 2014 for the New Jersey mine, Golden Chest mine, Toboggan, Giant Ledge, and Silver Button properties. The New Jersey mine, Toboggan, Giant Ledge, and Silver Button properties are considered to be under care and maintenance. However, mine development is planned at the Golden Chest by the lessee of the Skookum shoot, Juniper Resources LLC (Juniper). Juniper is planning to start a new portal in the summer of 2014 to access gold mineralized material contained within the Skookum shoot of the Idaho vein, complete a secondary escapeway, and begin stoping of the Skookum shoot. NJMC is planning to process Skookum shoot material at its New Jersey Mill facility beginning in the autumn of 2014.

The Golden Chest project is a joint venture with Marathon Gold USA (MUSA), and the Company is the Operator. The Company s ownership of the Golden Chest joint venture was reduced to 47.78% NJMC and Marathon Gold USA Corporation s ownership was increased to 52.22% by Marathon Gold USA Corporation. The relative ownership has changed because Golden Chest LLC initiated cash calls to its two members and Marathon Gold contributed more cash.

The New Jersey mineral processing plant was expanded in order to process ore from the nearby Crescent silver mine. A definitive agreement to form a joint venture with United Mine Services, Inc., (a wholly owned subsidiary of United Silver Corp. USC) was reached in January 2011 (Ex. 10.1). The plant has been expanded from a processing rate of 4 tonnes per hour to 15 tonnes per hour USC has paid the expansion cost which was about $3.2 million. The Company owns 65% of the venture and USC owns 35%. The Company is the operator of the venture. USC has a minimum quota of ore of 7,000 tonnes per month and the Company has 3,000 tonnes per month. Each party pays its processing costs and the Company charges a management fee of $2.50/tonne. The plant was commissioned in the second quarter of 2012 and continued to process USC ore in the third quarter, processing about 9,000 tonnes. Late in the third quarter of 2012 USC encountered marketing and mining problems which resulted in idling the mill. During the first quarter of 2013 a stockpile of Crescent mine ore was processed, and Golden Chest material was processed in the second quarter of 2013.

During the fourth quarter of 2013 the Company terminated its agreement with Revett Metals on the Niagara and Copper Camp projects, because the Company did not believe further exploration would be profitable.

Changes in Financial Condition

The Company maintains an adequate cash balance by increasing or decreasing its exploration expenditures as limited by availability of cash from operations or from financing activities. The cash balance at the end of the fourth quarter of 2013 was $636,127. The cash balance increased during the quarter, from $308,296 the previous quarter.

Critical Accounting Policies and Estimates

See Note 2 to our consolidated financial statements contained in Item 15 of this Form 10 for a complete summary of the significant accounting policies used in the presentation of our financial statements. As described in Note 2, we are required to make estimates and assumptions that affect the reported amounts and related disclosures of assets, liabilities, revenue and expenses. We believe that our most critical accounting estimates are related to asset impairments and asset retirement obligations.

Our critical accounting policies and estimates are as follows:

Asset Impairments

Significant property acquisition payments for active exploration properties are capitalized. The evaluation of our mineral properties for impairment is based on market conditions for minerals, underlying mineralized material associated with the properties, and future costs that may be required for ultimate realization through mining operations or by sale. If no mineable orebody is discovered, or market conditions for minerals deteriorate, there is the potential for a material adjustment to the value assigned to mineral properties. We review the carrying value of long lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the asset is used, and the effects of obsolescence, demand, competition, and other economic factors.

Asset Retirement Obligations

We have an obligation to reclaim our properties after the surface has been disturbed by exploration methods at the site. As a result we have recorded a liability for the fair value of the reclamation costs we expects to incur in association with our Coleman Property. We estimate applicable inflation and credit-adjusted risk-free rates as well as expected reclamation time frames. To the extent that the estimated reclamation costs change, such changes will impact future reclamation expense recorded. A liability is recognized for the present value of estimated environmental remediation (asset retirement obligation) in the period in which the liability is incurred if a reasonable estimate of fair value can be made. The offsetting balance is charged to the related long-lived asset. Adjustments are made to the liability for changes resulting from passage of time and changes to either the timing or amount of the original present value estimate underlying the obligation.

Results of Operations

Revenues

Revenue for the period ending December 31, 2013 was $113,701 as compared to $902,032 for the comparable period of 2012. Revenue was less in 2013 due to decreased contracting services. The net loss for the period ending December 31, 2013 was $798,977 compared to a loss of $735,866 for the comparable period of 2012. The difference in net loss for 2013 compared to the loss for the corresponding period in 2012 was due to reduction in consulting income.

The New Jersey mineral processing plant is expected to begin milling ore for the Golden Chest mine late in the third quarter of 2014. The ore will be mined from the Skookum Shoot at the Golden Chest and the mill is planned to increase its production rate gradually to 9,000 tonnes per month by the end of the fourth quarter of 2014.

The amount of money to be spent on exploration at the Company s mines and prospects depends primarily on contributions of our joint venture partners, particularly at the Golden Chest. If new joint venture partners are engaged at the Toboggan Project, exploration activities would increase.

On November 30, 2013 the Golden Chest LLC (GC) signed a lease agreement (Ex. 10.2) with Juniper Resources, LLC (Juniper) of Boise, Idaho for a defined portion of the Golden Chest mine property, (a 400 meter strike length along the Idaho vein below the No. 3 Level). The lease with Juniper calls for an initial payment of $50,000 to GC, which was paid, and a work requirement of 1,500 to 3,000 meters of core drilling which has also been completed. Juniper signed the lease and made a payment of $200,000 to Golden Chest LLC at the end of November 2013. Juniper is required to make land payments of $125,000 per quarter to J.W. Beasley Interest, LLC on behalf of Golden Chest LLC. Additionally, Juniper will pay a 2% net smelter royalty to Golden Chest LLC on all gold production from the leased area with the $250,000 initial payments treated as an advance on this royalty. The lease has a term of 39 months.

Liquidity and Capital Resources

Liquidity increased during the period ended December 31, 2013 due to financing in the form of an equity issuance of common shares through a Regulation D offering. Future sources of liquidity will include both internal and external sources. Plans call for the Company to provide custom milling services at its New Jersey mill as a source of internal liquidity, and sources of external liquidity such as equity offerings may be pursued as well. The Company s commitment for capital expenditures decreased during the period ended December 31, 2013 as it rented under-utilized equipment, such as a drilling rig, and dropped mineral properties that no do not meet management s criteria for near-term production potential.

Contractual obligation including lease and note principal payments as of December 31, 2013 are as follows:

2014	83,229
2015	45,592
2016	44,704
2017	2,207
2018	2,462
Thereafter	98,915
Total	$ 249,543

March 31, 2013 the following reflect the Company s cash balance and capital commitments.

Cash and cash equivalents	*$*	733,091
Joint venture receivables		92,574
Other current assets		45,900
Accounts payable		56,965
Accrued payroll and related payroll expenses		28,667
Note payable related party, current		44,977
Obligations under capital lease, current		17,813
Notes payable, current		52,077
Asset retirement obligation		11,237
Note payable related party, non-current		171,007
Notes payable, non-current		181,310

Changes in Assets and Liabilities

Changes in Cash and Cash Equivalents

Cash and Cash Equivalents increased to $636,127 from $9,950 in the period ended December 31, 2013 compared to December 31, 2012, an increase of $626,177, most significantly because of fund raising activities from the private placement which raised $1,100,000 in the third and fourth quarters of 2013.

Changes in Joint Venture Receivables

Joint venture receivables increased to $61,143 from $12,525 as of December 31, 2013, compared to December 31, 2012, an increase of $48,618 because of renewed activity with joint venture partners at year end 2013 which resulted in a higher amount due to the company for payroll paid by the company on behalf of the joint ventures. Additionally, the receivable from UMS is significantly bigger because of a failure to make timely payments during their receivership process.

Changes in Other Current Assets

Other Current Assets increased to $45,970 from $13,160 as of December 31, 2013, compared to December 31, 2012, an increase of $32,810 because of a receivable on Custom Milling due from Tara Minerals.

Changes in Inventory

Inventory decreased to $0 from $19,466 as of December 31, 2013 compared to December 31, 2012 because the remaining inventory from operations was sold.

Changes in Property, Plant, and Equipment, net of accumulated depreciation

Property, Plant and Equipment decreased to $4,908,724 from $5,035,276 as of December 31, 2013, compared to December 31, 2012, a decrease of $126,552, because of disposal of equipment including a pick-up truck, drill, and excavator and accumulated depreciation recorded.

Changes in Mineral Property net of accumulated depreciation

Mineral Property decreased to $540,433 from $710,075 as of December 31, 2013, compared to December 31, 2012, a decrease of $169,642, because of a write-down of the Coleman property capitalized amount to reflect a lower current gold price and write off of Niagara and Copper Camp properties, The McKinley property was added in December for $250,000.

Accrued Payroll and Related Payroll Expenses

Accrued Payroll and Related Payroll expenses increased to $22,016 from $6,805 as of December 31, 2013, compared to December 31, 2012, an increase of $15,211, because of an increase in the Company's operating activity and resulting increased payroll at the end of 2013.

Account Payable Marathon Gold

Account Payable Marathon Gold decreased to $0 from $62,500 as of December 31, 2013 compared to December 31, 2012 because the short term payable from Marathon to the Company was paid during 2013.

Changes in Notes Payable, current

Notes Payable current decreased to $55,663 from $148,834 as of December 31, 2013 compared to December 31, 2012, a decrease of $93,171. In addition to normal note payments this decrease was in part because of a $47,053 reclassification of short to long term payable from refinancing.

Changes in Notes Payable, non-current

Notes Payable non-current increased to $193,880 from $166,839 As of December 31, 2013 compared to December 31, 2012, an increase of $27,041. This increase was due to a of a $47,053 reclassification of short to long term payable from refinancing.

Changes in Revenues, Cost, and Expenses

Sales of Gold

Sales of Gold increased to $21,049 from $0 in 2013 compared to 2012 because the remaining inventory from operations was sold.

Drilling and Exploration Contract Income

Drilling and Exploration Contract income decreased from $769,084 to $0 in 2013 compared to 2012 because no drilling activity occurred in 2013 at the Golden Chest under the Joint Venture agreement.

Joint Venture Management Fee Income

Joint Venture Management income decreased from $45,341 to $8,890 in 2013 compared to 2012, a decrease of $36,451, because no drilling activity occurred in 2013 at the Golden Chest under the Joint Venture agreement. The management fees that were earned were for basic maintenance activities which occurred under the joint venture agreement.

Contract Milling Income

Contract milling income increased from $21,174 to $83,762 in 2013 compared to 2012, an increase of $62,588 because of increased custom milling activity by the Company at the Mill Joint Venture in 2013.

Engineering Services Income and Expense

Engineering services income decreased from $68,700 to $0 in 2013 compared to 2012 because engineering services provided to USC were completed at the time the mill was commissioned and are no longer being received.

Contract Milling Costs

Contract Milling costs increased from $15,499 to $82,544 in 2013 compared to 2012, an increase of $67,045, because of increased custom milling activity by the Company at the Mill Joint Venture in 2013.

Drilling and Exploration Contract Expense

Drilling and Exploration Contract expense decreased from $348,391 to $154 for period ended December 31, 2013, compared to the comparable period last year, a difference of $348,237, because no drilling activity occurred in 2013 at the Golden Chest under the Joint Venture agreement.

Exploration

Exploration expense increased to $173,794 from $1,046 in 2013 compared to 2012, an increase of $172,748 because of renewed exploration activity including core drilling at the Golden Chest by the Company as a result of funding availability.

Net loss (gain) on Sale of or Abandonment of Mineral Property

Net loss (gain) on Sale of or Abandonment of Mineral Property increased to $109,000 from $0 in 2013 compared to 2012 because of the write off of the Niagara and Copper Camp Properties.

Write down of Mineral Property

Write down of Mineral Property increased to $324,142 from $0 in 2013 compared to 2012 because of a write-down of the Coleman property capitalized amount to reflect a lower current gold price.

(Gain) Loss on Sale of Equipment

Gain on Sale of Equipment increased to $108,208 from $9,900 in 2013 compared to 2012, a difference of $98,308 because equipment that was sold in 2013 resulted in a higher gain than the equipment sold in 2012. Most notably a core drill sold in 2013 resulted in a $95,000 gain.

Depreciation

Depreciation decreased to $98,208 from $144,393 in the period ending December 31, 2013, a decrease of $46,185, compared to the comparable period last year, most notably because of one of the core drills was depreciated and sold resulting in less depreciation expense in 2013.

General and Administrative Expense

General and Administrative expense decreased to $184,805 from $241,765 in the period ending December 31, 2013, compared to the comparable period last year, a decrease of $56,960, because of decreased company activity for the majority of the year. In 2012 activity was normal for approximately 6 months with reduced activity for the last 6 months because of a lack of funding. In 2013 that reduced activity level remained through the first three quarters with normal activity resuming in the fourth quarter following successful financing.

Distribution from Golden Chest LLC

Distribution from Golden Chest LLC increased to $119,450 from $0 in the period ending December 31, 2013 compared to the comparable period last year because of advanced royalty payments received on the Golden Chest Joint venture from Juniper Resources.

Interest Expense

Interest expense increased to $55,621 from $21,968 in 2013 compared to 2012, an increase of $33,653 because no capital projects were undertaken in 2013 for which interest could be capitalized as was the case in 2012 with the mill expansion.

Equity in Loss of Golden Chest LLC

Equity in loss of Golden Chest LLC decreased from $822,500 to $99,500 in 2013 compared to 2012, a decrease of $723,000 because of decreased funding by the Company of the Joint Venture and also reverting to the cost method of accounting for the venture with the loss of control. Expenditures are now recognized as exploration expenses rather than Equity in loss of Golden Chest LLC.

Changes in Cash Flow

Depreciation

Depreciation decreased to $98,208 from $144,393 in the period ending December 31, 2013, a decrease of $46,185, compared to the comparable period last year, most notably because of one of the core drills was depreciated and sold resulting in less depreciation expense in 2013.

(Gain) Loss on Sale of Equipment

Gain on Sale of Equipment increased to $108,208 from $9,900 in 2013 compared to 2012, a difference of $98,308 because equipment that was sold in 2013 resulted in a higher gain than the equipment sold in 2012. Most notably a core drill sold in 2013 resulted in a $95,000 gain.

Write down of Goodwill, Investment, and Mineral Property

Write down of Goodwill, Investment, and Mineral Property increased to $433,142 from $0 in 2013 compared to 2012 because of the write off of the Niagara and Copper Camp Properties and a write-down of the Coleman property capitalized amount to reflect a lower current gold price.

Equity in Loss of Golden Chest LLC

Equity in loss of Golden Chest LLC decreased from $822,500 to $99,500 in 2013 compared to 2012, a decrease of $723,000 because of decreased funding by the Company of the Joint Venture and also reverting to the cost method of accounting for the venture with the loss of control, expenditures are now recognized as exploration expenses rather than Equity in loss of Golden Chest LLC.

Common Stock issued for Exploration Expense

Common Stock issued for Exploration Expense increased from $0 to $50,000 in 2013 compared to 2012 because drilling at the Golden Chest in 2013 was paid in the Company s stock.

Deposits

Deposits decreased from $44,280 to $0 in 2013 compared to 2012 because of a deposit on land that existed in 2011 that had a positive effect on cash flows in 2012 when it was resolved.

Changes in Joint Venture Receivables

The changes in Joint Venture Receivables had a negative effect on cash flows of $48,619 in 2013, and in 2012 the effect on cash flows was a positive $119,192. This variance in change was a result of decreased company activity during the year ending December 31, 2012 and a resumption of activity in 2013 which resulted in a higher amount due to the company for payroll paid by the company on behalf of the joint ventures. Additionally, the receivable from UMS is significantly higher at December 31, 2013 because of a failure to make timely payments during their receivership process.

Changes in Other Current Assets

Changes in Other current assets had a negative effect on cash flow of $32,810 in 2013 compared to a positive change of $42,283 during the year ended December 31, 2012. Reduced activity during the latter part of 2012 resulted in a small accounts receivable balance and resumed activity in 2013 including a receivable from Tara Minerals at year end resulted in a higher balance due.

Changes in Inventory

Changes in Inventory had a positive effect on cash flow of $19,464 in 2013 with a change from ($1,053) to $19,464 as of December 31, 2013 compared to December 31, 2012 because the remaining inventory from operations in 2010 was sold.

Changes in Accounts Payable

The changes in Accounts payable had a negative effect on cash flow of $7,336 from as of December 31, 2013 which was relatively consistent, for the year ended December 31, 2012. A decrease in accounts payable of $74,511 was a result of decreased activity at year end.

Accrued Payroll and Related Payroll Expenses

Changes in Accrued Payroll and Related Payroll expenses had a positive effect on cash flow of $15,209 in 2013 and a negative effect on cash flow of $47,563 in 2012. In 2012 this was a result of decreased activity and payroll at year end and the opposite effect with an increase in payroll at the yearend 2013.

Account Payable Marathon Gold

Account payable Marathon Gold decreased to $0 from $62,500 as of December 31, 2013 compared to December 31, 2012 because the short term payable from Marathon to the Company was paid during 2013.

Purchases of Property, Plant and Equipment

Purchases of property, plant and equipment had a net negative effect on cash flow of $10,084 in 2013 as a result of the purchase of a pick-up whereas in 2012 the decrease in cash was $1,086,034 due to investment in the mill by our joint venture partner UMS.

Proceeds from Sale of Mineral Property

Proceeds from Sale of Mineral Property had a positive effect on Cash flow in 2013 because of the receipt of funds from an exploration agreement on the Little Baldy property.

Contributions to Golden Chest LLC

Contributions to Golden Chest LLC decreased from $822,500 to $99,500 in 2013 compared to 2012, a decrease of $723,000 because of decreased funding by the Company of the Joint Venture and also reverting to the cost method of accounting for the venture with the loss of control. Expenditures are now recognized as exploration expenses rather than Equity in loss of Golden Chest LLC.

Proceeds from Sale of Equipment

Proceeds from Sale of Equipment increased to $112,000 from $9,900 in 2013 compared to 2012 because equipment that was sold in 2013 resulted in a higher gain than the equipment sold in 2012. Most notably a core drill sold in 2013 resulted in a $95,000 gain.

Sales of Common Stock and Warrants, net of issuance costs

Sales of Common Stock and Warrants, net of issuance costs resulted in an increase in cash of $1,000,000 as a result of a private placement in 2013, no stock sales for cash were completed in 2012.

Principal Payments on Notes Payable

Principal Payments on Notes Payable decreased from a negative effect of $94,841 to $55,492 in 2013 compared to 2012 because fewer payments were made on outstanding notes payable in 2013 as a result of fewer notes outstanding and refinancing.

Principal Payments on Note and Other Payables, Related Party, net

Principal Payments on Note and Other Payables, Related Party, net had a positive effect on cash flow in 2012 with an increase in notes payable for property purchased and remained relatively consistent throughout 2013 decreasing slightly as payments were made on the note.

Contributions from Non-Controlling Equity Interest in Mill JV

Contributions from Non-Controlling Equity Interest in Mill JV decreased to $32,009 in 2013 from $952,764 in 2012, a difference of $920,755. USC completed their buy-in to the Mill JV in 2012 with the exception of lease payments which continued into 2013 and will be completed in 2014.

Subsequent Events

During the first quarter of 2014, the Company offered and sold Unit securities through a Regulation D, Rule 506(b) private placement realizing net proceeds of $405,000. The offering was conducted by a licensed broker dealer and all the subscribers were accredited investors. Each unit consisted of two shares of the Company s common stock and one purchase warrant. Each warrant is exercisable for one share of the Company s common stock at $0.15 per share through March 4, 2017. The Company sold 3,000,000 Unit securities priced at $0.15 per Unit.

Item 3. Properties.

Figure 1 Project Location Map

NEW JERSEY MINE

Overview

The New Jersey mine property is composed of underground and open-pit mineral resource prospects. The New Jersey mine properties include the New Jersey mill, the Coleman underground mine, the Coleman open pit , and the Scotch Thistle. These properties do not have any ore reserves. Our program has been exploratory in nature. Our exploration of these properties has produced gold-bearing mineralized material. We have mined this material and processed it at our New Jersey mill.

The New Jersey mine property includes a 360 tonne-per-day mill (mineral processing plant) that includes crushing, grinding and flotation circuits along with a concentrate leach plant that is capable of producing gold-silver dore bars. The mine property hosts the gold-bearing Coleman vein system, and another gold prospect known as the Scotch Thistle.

In 2012, the Company , through a Venture Agreement with United Mine Services, Inc. completed the expansion of the New Jersey mill to a 360-tonne per day flotation plant (Ex. 10.1). The expansion included the construction of a new building, a new crushing plant, a new ball mill, and associated flotation equipment.

The mill has a permitted cyanide concentrate leach circuit which was designed to process gold sulfide ore concentrates from the Golden Chest to produce gold dore bars using the direct electro-winning process.

Location

The New Jersey mine is comprised of an open-pit, underground mine and mill complex located three miles east of Kellogg, Idaho, in the Coeur d'Alene Mining District commonly known as Idaho's Silver Valley. The mine is adjacent to U.S. Interstate Highway 90 and is easily accessed by local roads throughout the entire year.

Property Ownership

The Company owns 102 acres of private land with surface and mineral rights, 108 acres of private land with mineral rights only, 40 acres of private land with surface rights only, and approximately 130 acres of unpatented mining claims. The unpatented claims are on federal land administered by the BLM. The Coleman pit and the current underground workings are located on the patented mining claims wholly owned by the Company

In 2012, the Company terminated a mineral lease, known as the Miner's Slough and Teddy Parcel, with Mine Systems Design, Inc. which covered the mineral rights to 68 acres located north of the New Jersey mine area.

New Jersey Mill

On January 7, 2011, the Company entered into a joint venture agreement with United Mine Services, Inc. (UMS), a wholly-owned subsidiary of United Silver Corporation, to increase the ore processing capacity of the New Jersey mill (Ex. 10.1). UMS funded the expansion of the mill to process 360 tonnes per day and initially earned the right to receive a 33% interest in joint venture assets plus the right to process 7,000 tonnes of their ore per month. The Company is the manager of the joint venture. Initially, the agreement provided that the Company would retain a 67% interest in the joint venture assets plus the right to process 3,000 tonnes per month of its own ores. The property covered by the joint venture agreement includes the crushing circuit, grinding circuit, flotation circuit, concentrate leach plant, patented and unpatented claims (excluding mineral rights), and buildings. The mill joint venture owns 31 acres of private land plus 50 acres of unpatented mill site claims. The percentages of ownership have been modified by subsequent cash calls to the LLC members. Presently, the Company owns a 65% and UMS owns 35% as a result of UMS additional cash funding for the project

History of Operations

There are believed to be at least 14 gold prospects in or near the New Jersey mine area. In the late 1800 s and early 1900 s more than 2,500 feet of development workings including drifts, crosscuts, shafts, and raises, were driven by the New Jersey Mining and Milling Company (an unrelated company) to develop the Coleman vein and the northwest branch of the Coleman vein. A 10-stamp gravity mill was built and operated for a short period to process the ores.

In 1996, the Company acquired the New Jersey mine and mill site properties as a part of the corporate organization process.

Present Condition and Work Completed on the Property

Since 2001, the Company has drilled 14 holes for a total of 1,765 meters to explore the Coleman vein and associated zones of gold mineralization. The drilling confirmed the continuity of the Coleman vein system. We discovered a broad zone of low grade (0.70 gpt gold) gold mineralization known as the Grenfell zone. The best intercept was in DDH02-02 which assayed 2.76 gpt gold over 12.5 meters including 2.5 meters of 6.80 gpt gold.

In 2004, the Company added a flotation circuit at the New Jersey mill. The flotation circuit that was added to the New Jersey mill allowed for the processing of ore from the New Jersey mine, Golden Chest and Silver Strand properties adding a source of revenues.

In 2004, two exploration holes were drilled at Enterprise prospect and one at the Scotch Thistle.

In 2005, ore production began at the New Jersey mill. We processed ore from the New Jersey and Golden Chest mines. Most of the ore was produced from the Golden Chest and a total of 2,300 tonnes were processed at an average grade of 9.90 gpt Au. A bulk sulfide concentrate was made and shipped to Barrick Goldstrike Mines, Inc. in Carlin, Nevada.

In 2006, the Company began construction of a concentration leach plant to the New Jersey mill and initiated an underground exploration drift on the Coleman vein. During the year, the Company s buyer of gold concentrate stopped buying concentrates. This prompted the Company to build a leach plant.

In 2007, the Company completed construction on its concentration leach plant and completed exploration drifting on the Coleman vein at the New Jersey mine. A total of 800 tonnes of ore were mined from the underground exploration with a grade of 2.28 gpt Au. Open pit mining on the Coleman vein also provided 800 tonnes of ore at a grade of 3.25 gpt Au. All of the ore was processed at the New Jersey mill. The Company purchased a core drilling rig to reduce drilling costs and increase the flexibility of its exploration program. We drilled exploratory holes at the Enterprise mine and the Scotch Thistle.

In 2008, we drilled core holes at the Scotch Thistle and the New Jersey mine. About 400 meters of drilling was completed at the Scotch Thistle gold prospect revealing areas of silica enrichment and alteration, but no economic intervals of gold mineralization. That year the Company completed an underground exploration program of drifting on the Coleman vein on the 740 level. A total of 84 meters of drifting was completed with 20 meters of the drifting on the vein before it was displaced by a fault.

In 2009, the Company experienced the effects of the financial crisis that hit the United States and exploration activity was significantly curtailed.

In 2010, a raise was driven upward on the 740 level to explore a narrow high-grade vein that crosscut the main Coleman vein at nearly a right angle. This raise was driven about 12 meters vertically and produced 367 dry tonnes for the New Jersey mill that assayed 2.68 gpt gold.

On January 7, 2011, the Company entered into a joint venture agreement with United Mine Services, Inc. as indicated above.

In June 2012, the construction of an expanded New Jersey mill was completed. The expansion project included the installation of a new cone crusher, a new fine ore bin, new conveyors, a new 2.4m by 4.0m ball mill, additional flotation cells, a new paste thickener, associated pumps, and a new building. The Concentrate Leach Plant (CLP) was not renovated.

During 2012, a total of 8,470 dry tonnes of silver ore from the UMS-owned Crescent mine were processed at the New Jersey mill. Milling of the Crescent ore was suspended in September 2012 as the buyer of the concentrate became unable to process the concentrate because of metallurgical difficulties at their plant. In 2013, the New Jersey mill processed 2,968 dry tonnes of ore from the Crescent mine on behalf of UMS, and processed 1,682 tonnes of material from the Golden Chest mine.

As of December 31, 2013, the Company had a net capital cost of $4,319,850 associated with the mineral processing plant and a capitalized development plus investment cost of $271,340 associated with the mine. In 2012 and 2013, no exploration work was completed on the Coleman vein or other prospects at the New Jersey mine.

Age, Modernization and Physical Condition of Plant and Equipment

The construction of an expanded mill capable of processing 360 tonnes per day of sulfide ore to produce a single flotation concentrate was completed in 2012. The mill expansion cost approximately $3.2 million which was funded completely by United Mine Services under the terms of the joint venture agreement (Ex. 10.1). The expansion project included the installation of a new cone crusher, a new fine ore bin, new conveyors, a new 2.4m by 4.0m ball mill, additional flotation cells, a new paste thickener, associated pumps, and a new building. The Concentrate Leach Plant (CLP) has not been renovated. Three phase electrical power is supplied to the New Jersey mill by Avista Utilities.

Geology and Mineralization

The Prichard Formation, which is up to 25,000 feet in thickness, underlies the New Jersey mine area which is adjacent to and north of the major Osburn fault. The Prichard Formation is divided into nine rock units of alternating argillites, siltites, and quartzites. The units exposed in the New Jersey mine area appear to belong to the lower members. Gold mineralization is associated with sulfide-bearing quartz veins cut the bedding in Prichard argillite and quartzite. Associated sulfide minerals are pyrite, arsenopyrite, chalcopyrite, galena, and sphalerite. A low silver variety of the sulfosalt mineral tennantite is also present.

Two mineralized systems are found at the New Jersey, the Coleman vein, and the Scotch Thistle. The Coleman vein is a gold-bearing quartz vein which cuts bedding of the Prichard formation. Associated sulfide minerals are pyrite, arsenopyrite, tennantite, galena and sphalerite. Visible gold can be found in the Coleman vein and is usually associated with tennantite. Cumulative strike length of the Coleman vein and related branches has been measured to be approximately 460 meters.

Exploration Plans

At the Coleman vein, future plans are to conduct further drilling to locate higher grade ores once more funds become available for exploration. There are no plans for exploration in 2014. Presently, the New Jersey mine is on care and maintenance.

GOLDEN CHEST

Overview

The Golden Chest mine property is both an open-pit and underground gold-bearing mineral resource property. The property comprises 24 patented mining claims covering approximately 280 acres and 70 unpatented claims covering a total of approximately 1,000 acres.

Our program has been exploratory in nature. Our exploration of these properties has produced metal bearing materials. We have mined this material and processed it at our New Jersey mill. The Golden Chest is an exploration project without known ore reserves.

Location

The Golden Chest mine is an underground mine located in Reeder Gulch about 2.4 kilometers east of Murray, Idaho along Forest Highway 9, Shoshone County, Idaho. The property consists of 24 patented mining claims covering approximately 280 acres and 70 unpatented claims covering approximately 1,000 acres. The site is accessible by an improved dirt road.

Property Ownership

The Golden Chest mine property was acquired by Golden Chest LLC, an Idaho limited liability company on December 15, 2010. Golden Chest LLC originally acquired the property from Metaline Contact Mines, and J.W. Beasley Interests, LLC for $3,750,000 payable on a promissory note and subject to a mortgage. The purchase agreement was amended on October 15, 2013 and provides for a change in the payment schedule and default terms.

Additionally, the mortgage associated with the note was released on October 9, 2013.

The Company, through Golden Chest LLC, a joint venture with Marathon Gold USA, Inc. owns 280 acres of patented mining claims and approximately 1,000 acres of unpatented mining claims. The unpatented claims are on federal land administered by the Bureau of Land Management and the U.S. Forest Service.

Prior to the purchase of the Golden Chest Mine by Golden Chest LLC, New Jersey Mining Company had acquired the mine interest by an exploration lease with a mining lease option in 2003.

On January 3, 2005, New Jersey Mines entered into a Mining Lease with Metaline Contact Mines and J.W. Beasley Interests, LLC for the Golden Chest Mine property.

Golden Chest LLC

The Golden Chest mine is owned by Golden Chest LLC (GC), a limited liability company organized by NJMC for the purpose of joint venturing the mine development with Marathon Gold USA Corp. GC was originally capitalized ownership at 50% NJMC and 50% Marathon Gold USA Corp.

In December 2010, Golden Chest LLC purchased the Golden Chest mine from Metaline Contact Mines and J.W. Beasley Interests for $3,750,000 on a 7-year installment purchase agreement. Prior to the purchase, NJMC operated under a mining lease.

As of December 31, 2013, Golden Chest LLC had paid $1,625,000, with the balance of $2,125,000 payable on the 15th of the last month of each quarter at $125,000 until March 15, 2018 when the unpaid balance will be due.

Currently, Golden Chest LLC is owned 47.78% by the Company and 52.22% by Marathon Gold USA Corporation. The relative ownership has changed because Golden Chest LLC initiated cash calls to its two members and Marathon Gold contributed more cash. In November 2013, pursuant to an agreement to lease the Skookum Shoot, Juniper Resources, LLC agreed to make the payments under our purchase agreement.

History of Operations

The Golden Chest was the location of one of the first lode claims in the district and is the largest historic lode producer of gold in the district with production estimated at approximately 65,000 ounces mostly from shallow underground mining of the Katie and Dora high grade veins. Most of this historic mining took place in the late 1890's and 1900's.

Cominco-American and Golden Chest Inc. (GCI) conducted geologic and geophysical studies in the late-1970s and early-1980s, targeting gold and massive sulfides. Drill tests by GCI included four underground holes and one surface diamond drill hole totaling more than 2,000 feet. The surface hole intersected a 60-foot zone containing multiple low grade gold-bearing quartz veins.

Newmont Exploration Ltd. followed GCI s discovery by evaluating the veins for bulk mineable potential from 1987 to 1990. It completed a geochemical survey of the project area which included 1,430 soil samples and 157 rock chip samples. Soil samples from the mine area were anomalous in both gold and arsenic, indicating a well-developed vein system. Newmont then drilled 35 shallow reverse-circulation and five core holes, establishing an historic resource most of which is related to a large quartz vein system, the Idaho vein, on the south end of the property.

The Company commenced operations in 2004 at the Golden Chest. It conducted small scale underground mining comprised of 8,400 tonnes grading 6.90 gpt. A ramp extending 500 meters and connecting with the No. 3 level was driven. NJMC also completed about 3,500 meters of core drilling on the property primarily focused on extending the Idaho vein at depth which was successful.

Present Condition and Work Completed on th