

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

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2017

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

For the transition period from _____ to _____

Commission file number 000-28837

NEW JERSEY MINING COMPANY

(Name of small business issuer in its charter)

Idaho
(State or other jurisdiction of incorporation or
organization)

82-0490295
(I.R.S. employer identification No.)

201 N. Third Street, Coeur d Alene, ID 83814

(Address of principal executive offices) (zip code)

(208) 625-9001

Registrant's telephone number, including area code

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

None

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

Common Stock, No par value per share

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

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

Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the

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preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large accelerated filer ☐

Non-accelerated filer ☐

Accelerated filer ☐

Smaller reporting company ☒

Emerging Growth Company ☐

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

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

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

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

3

GLOSSARY OF SIGNIFICANT MINING TERMS

4

PART I

6

ITEM 1. DESCRIPTION OF THE BUSINESS

6

ITEM 2. DESCRIPTION OF PROPERTIES

9

ITEM 3. LEGAL PROCEEDINGS

19

ITEM 4. MINE SAFETY DISCLOSURES

20

PART II

21

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

21

ITEM 6. SELECTED FINANCIAL DATA

22

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

22

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

24

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

25

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

44

ITEM 9A. CONTROLS AND PROCEDURES

44

ITEM 9B. OTHER INFORMATION

44

PART III

45

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

45

ITEM 11. EXECUTIVE COMPENSATION

46

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

47

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

48

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

48

PART IV

49

ITEM 15. EXHIBITS

49

SIGNATURES

50

Table of contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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the establishment and estimates of mineralization;

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the grade of mineralization;

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anticipated expenditures and costs in our operations;

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

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

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expected future financing and its anticipated outcome;

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anticipated liquidity to meet expected operating costs and capital requirements;

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

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

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factors expected to impact our results of operations.

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

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risks related to our limited operating history;

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

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

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risks related our mineral operations being subject to government regulation;

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

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risks related to future legislation regarding climate change;

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

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risks related to land reclamation requirements and costs;

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

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risks related to our insurance coverage for operating risks;

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

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

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risks related to mineral estimates;

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

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risks related to the competitive industry of mineral exploration;

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

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

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risks related to potential conflicts of interest with our management;

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risks related to our dependence on key management;

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

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risks related to our business model;

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

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risks related to our shares of common stock.

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

as of the date made. We disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events, except as required by law.

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

Table of contents

GLOSSARY OF SIGNIFICANT MINING TERMS

Ag-Silver.

Au-Gold.

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

Argillites-Metamorphic rock containing clay minerals.

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

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

Bedrock-Solid rock underlying overburden.

Cu-Copper.

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

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

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

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

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

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

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

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

GPT-grams per metric tonne.

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

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

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

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

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

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

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

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

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

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

Table of contents

Quartzites-Metamorphic rock containing significant amounts of quartz.

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

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

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

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

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

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

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

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

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

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

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

Wallrock-Usually barren rock surrounding a vein.

Table of contents

PART I

ITEM 1. DESCRIPTION OF THE BUSINESS

Form and Year of Organization

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

Any Bankruptcy, Receivership or Similar Proceedings

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

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

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

BUSINESS OF THE COMPANY

General Description of the Business

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

The Company's portfolio of mineral properties includes:

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

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

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

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

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

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

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

Competitive Business Conditions

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

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

Table of contents

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

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

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

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

Effect of Existing or Probable Governmental Regulations on the Business

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

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

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

Table of contents

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

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

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

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

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

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

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

Number of Total Employees and Number of Full Time Employees

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

REPORTS TO SECURITY HOLDERS

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

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

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

Table of contents

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

ITEM 2. DESCRIPTION OF PROPERTIES

Figure - Project Location Map

GOLDEN CHEST MINE

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

Table of contents

Property Location

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

Property Ownership

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

Property History

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

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

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

Present Condition, Work Completed, and Exploration Plans

Exploration & Development by NJMC & Golden Chest LLC

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

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

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

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

Table of contents

The Juniper Lease & Mine Modernization

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

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

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

Plans to Resume Underground Operations

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

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

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

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

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

Open-Pit Gold Production at Golden Chest

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

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

Table of contents

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

Present Condition of Plant & Equipment

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

Geology & Mineralization

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

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

NEW JERSEY MILL

Property Location

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

Project Ownership

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

Present Condition of Plant & Equipment

Mill Expansion and Crescent Ore Processing

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

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

Mill Upgrades and Golden Chest Ore Processing

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

Table of contents

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

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

Current Ore Processing Operations

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

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

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

BUTTE HIGHLANDS PROJECT

Property Location

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

Property Ownership

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

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

Butte Highlands Joint Venture

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

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

Property History

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

Table of contents

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

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

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

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

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

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

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

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

Present Condition, Work Completed, and Exploration Plans

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

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

Present Condition of Plant & Equipment

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

Geology & Mineralization

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

NEW JERSEY MINE PROJECT

Property Location

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

Table of contents

Property Ownership

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

Property History

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

Present Condition, Work Completed, and Exploration Plans

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

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

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

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

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

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

Geology & Mineralization

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

TOBOGGAN PROJECT

Property Location

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

Property Ownership

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

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

Table of contents

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

Property History

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

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

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

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

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

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

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

Present Condition, Work Completed, and Exploration Plans

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

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

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

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

Table of contents

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

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

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

Geology & Mineralization

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

McKINLEY PROJECT

Property Location

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

Property Ownership

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

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

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

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

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

Property History

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

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

Table of contents

Present Condition, Work Completed, and Exploration Plans

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

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

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

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

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

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

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

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

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

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

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

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

Present Condition of Plant & Equipment

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

Table of contents

Geology and Mineralization

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

EASTERN STAR PROJECT

Property Location

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

Property Ownership

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

Property History

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

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

Present Condition, Work Completed, and Exploration Plans

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

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

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

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

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

ITEM 3. LEGAL PROCEEDINGS

None

Table of contents

ITEM 4. MINE SAFETY DISCLOSURES

Pursuant to Section 1503(a) of the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the fiscal year ended December 31, 2017, the Company did not have a citation for a violation of mandatory health or safety standards that could significantly and substantially (S&S citation) contribute to the cause and affect a mine safety or health hazard under section 104 of the Federal Mine Safety and Health Act of 1977. There were no legal actions, mining-related fatalities, or similar events in relation to the Company's United States operations requiring disclosure pursuant to Section 1503(a) of the Dodd-Frank Act.

Table of contents

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

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

Year Ending December 31, 2017

First Quarter

Second Quarter

Third Quarter

Fourth Quarter

Year Ending December 31, 2016

First Quarter

Second Quarter

Third Quarter

Fourth Quarter

Shareholders

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

Dividend Policy

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

Transfer Agent

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

Securities Authorized for Issuance Under Equity Compensation Plans

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

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

Equity Compensation Plan Information

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

Table of contents

Recent Sales of Unregistered Securities

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

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

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

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

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

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

ITEM 6. SELECTED FINANCIAL DATA

Not required for smaller reporting companies.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Plan of Operation

New Jersey Mining Company is a gold producer focused on diversifying and building its asset base and cash flows through a portfolio of mineral properties located in historic producing gold districts in Idaho and Montana.

The Company's plan of operation is to generate positive cash flow, while reducing debt and growing its production and asset base over time while being mindful of corporate overhead. The Company's management is focused on utilizing its in-house skillsets to build a portfolio of producing mines and milling operations with a primary focus on gold and secondary focus on silver and base metals.

The Company's properties include: the Golden Chest Mine (currently in production), the New Jersey Mill, (majority ownership interest), and a 50% carried to production interest in the past producing Butte Highlands Mine located in Montana. In addition to its producing and near-term production projects, New Jersey Mining Company has additional exploration prospects, including the McKinley and Eastern Star located in Central Idaho, and additional holdings near the Golden Chest in the Murray Gold Belt.

Highlights of 2017 include:

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

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

Table of contents

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

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

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

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

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

.

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

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

Results of Operations

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

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

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

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

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

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

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

Table of contents**Financial Condition and Liquidity**

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

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

As a result of its planned production, equity sales and ability to restructure debt, management believes cash flows from operations and existing cash are sufficient to conduct planned operations and meet contractual obligations for the next 12 months.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

[Table of contents](#)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Financial Statements

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

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

DeCoria, Maichel & Teague, P.S.

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

Spokane, Washington

February 21, 2018

Table of contents

New Jersey Mining Company

Table of Contents

Page

Consolidated Balance Sheets, December 31, 2017 and 2016

27

Consolidated Statements of Operations for the years ended

December 31, 2017 and 2016

28

Consolidated Statement of Changes in Stockholders' Equity for the years ended December 31, 2017

and December 31, 2016

29

Consolidated Statements of Cash Flows for the years ended December 31, 2017 and 2016

30

Notes to Financial Statements

31-43

Table of contents**New Jersey Mining Company****Consolidated Balance Sheets****December 31, 2017 and 2016**

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

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Commitments (Notes 6 and 14)	-	-
Stockholders' equity:		
Preferred stock, no par value, 1,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, no par value, 200,000,000 shares authorized; 112,310,372 and 97,193,704 shares issued and outstanding, respectively	15,985,512	14,293,105
Accumulated deficit	(12,250,319)	(12,289,473)
Total New Jersey Mining Company stockholders' equity	3,735,193	2,003,632
Non-controlling interest	3,112,294	3,142,312
Total stockholders' equity	6,847,487	5,145,944
Total liabilities and stockholders' equity	\$ 9,379,847	\$ 8,858,012

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

Table of contents**New Jersey Mining Company****Consolidated Statements of Operations****For the Years Ended December 31, 2017 and 2016**

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

Weighted average common shares
outstanding-basic

Weighted average common shares
outstanding-diluted

107,940,360

95,002,915

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

Table of contents**New Jersey Mining Company****Consolidated Statement of Changes in Stockholders' Equity****For the Years Ended December 31, 2017 and 2016**

	Common Stock Shares	Amount	Accumulated Deficit Attributable to New Jersey Mining Company	Non-Controlling Interests	Stockholders Equity
Balance, December 31, 2015	91,760,148	\$ 13,590,739	\$ (10,981,432)	\$ 3,207,240	\$ 5,816,547
Contribution from non-controlling interest in Mill JV	-	-	-	4,330	4,330
Acquisition of GF&H Company non-controlling interest (Note 13)	175,760	57,625	68,675	(84,966)	41,334
Issuance of common stock and warrants for cash net of offering costs	1,075,000	92,500	-	-	92,500
Issuance of common stock for services	682,796	71,507	-	-	71,507
Issuance of common stock for investment in joint venture	3,000,000	210,000	-	-	210,000
Stock based compensation relating to options		220,734			220,734
Stock issued for exercise of options	500,000	50,000	-	-	50,000
Net income (loss)	-	-	(1,376,716)	15,708	(1,361,008)
Balance, December 31, 2016	97,193,704	14,293,105	(12,289,473)	3,142,312	5,145,944
Contribution from non-controlling interest in Mill JV	-	-	-	31,260	31,260
Issuance of common stock for cash net of offering costs	13,616,668	1,391,000	-	-	1,391,000
Issuance of common stock in exchange for related					

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party debt	1,500,000	160,000	-	-	160,000
Stock based compensation relating to options	-	141,407	-	-	141,407
Net income (loss)	-	-	39,154	(61,278)	(22,124)
Balance, December 31, 2017	112,310,372	\$ 15,985,512	\$ (12,250,319)	\$ 3,112,294	\$ 6,847,487

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

Table of contents**New Jersey Mining Company****Consolidated Statements of Cash Flows****For the Years Ended December 31, 2017 and 2016**

	December 31, 2017	2016
Cash flows from operating activities:		
Net loss	\$ (22,124)	\$ (1,361,008)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation and amortization	156,041	30,191
Amortization of discount on note payable	44,272	84,370
Accretion of asset retirement obligation	8,456	5,291
Stock based compensation	141,407	292,241
Change in fair value of forward gold contracts	211,461	296,098
Change in operating assets and liabilities:		
Gold sales receivables	(253,477))	(54,319)
Inventories	(60,830)	(184,324)
Joint venture receivable	(1,794)	221
Other current assets	(27,361)	5,927
Accounts payable	120,687	184,856
Accrued payroll and related payroll expenses	2,849	23,348
Interest payable related parties	18,032	4,167
Net cash provided (used) by operating activities	337,619	(672,941)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(144,464)	(131,657)
Purchase of mineral property	(30,394)	(102,823)
Deposit on equipment	(30,000)	
Proceeds from sale of equipment		17,200
Payment received on note receivable	58,386	
Gain recognized as equity transaction on GF&H acquisition (Note 13)		68,675
Purchase of GF&H non-controlling interest (Note 13)		(27,341)
Proceeds from option payment on property	15,000	10,000
Purchase of investment in joint venture		(225,000)
Purchase of reclamation bond	(45,320)	(58,000)
Net cash provided (used) by investing activities	(176,792)	(448,946)
Cash flows from financing activities:		
Sales of common stock and warrants, net of issuance costs	1,391,000	92,500
Cash from exercise of stock options		16,250
Proceeds from forward gold contracts		1,240,306

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Payments on forward gold contracts in cash	(357,766)	(60,626)
Gold purchased for payments on forward gold contracts	(319,344)	(89,550)
Principal payments on notes payable	(809,777)	(413,402)
Borrowings from related parties		475,000
Principal payments on notes and other payables, related parties	(126,416)	(50,363)
Contributions from non-controlling interest	31,260	4,330
Net cash provided (used) by financing activities	(191,043)	1,214,445
Net change in cash and cash equivalents	(30,216)	92,558
Cash and cash equivalents, beginning of year	154,833	62,275
Cash and cash equivalents, end of year	\$ 124,617	\$ 154,833
Supplemental disclosure of cash flow information:		
Interest paid in cash, net of amount capitalized	\$ 58,941	\$ 69,918
Non-cash investing and financing activities:		
Deposit on equipment applied to purchase of equipment		\$ 13,982
Shares of common stock and warrants issued in exchange for note and interest payable, related party	\$ 160,000	
Note payable for equipment purchase	\$ 146,952	
Shares of common stock issued for investment in joint venture		\$ 210,000
Stock option exercised in exchange for reduction of note payable, related party		\$ 33,750
Shares of common stock issued for acquisition of GF&H		\$ 26,364

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

Table of contents

New Jersey Mining Company

Notes to Financial Statements

1. Description of Business

New Jersey Mining Company (the Company) was incorporated as an Idaho corporation on July 18, 1996. The Company's primary business is exploring for, developing, and extraction of gold, silver, and base metal mineral resources in the Greater Coeur d'Alene Mining District of North Idaho and extending into Western Montana. The Company is currently focused on mining and milling ore from the Golden Chest property. It is also evaluating new mineral investment and development opportunities in the western United States.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiary, the New Jersey Mill Joint Venture (NJMJV). Intercompany accounts and transactions are eliminated. The portion of entities partially owned by other investors is presented as non-controlling interests on the consolidated balance sheets and statements of operations.

Accounting for Investments in Joint Ventures

For joint ventures where the Company holds more than 50% of the voting interest and has significant influence, the joint venture is consolidated with the presentation of non-controlling interest. In determining whether significant influence exists, the Company considers its participation in policy-making decisions and its representation on the venture's management committee.

For joint ventures in which the Company does not have joint control or significant influence, the cost method is used. Under the cost method, these investments are carried at the lower of cost or fair value. For those joint ventures in which there is joint control between the parties, the equity method is utilized whereby the Company's share of the ventures' earnings and losses is included in the statement of operations as earnings in joint ventures and its investments therein are adjusted by a similar amount. The Company periodically assesses its investments in joint ventures for impairment. If management determines that a decline in fair value is other than temporary it will write-down the investment and charge the impairment against operations.

At December 31, 2017 and December 31, 2016, the Company's percentage ownership and method of accounting for each joint venture is as follows:

Joint Venture	December 31, 2017			December 31, 2016		
	% Ownership	Significant Influence?	Accounting Method	% Ownership	Significant Influence?	Accounting Method
NJMJV	65%	Yes	Consolidated	65%	Yes	Consolidated
Butte Highlands Joint Venture (BHJV)	50%	No	Cost	50%	No	Cost

Non-controlling Interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's stockholders' equity and its net income (loss). Non-controlling interests represent non-controlling investor's initial contribution at the date of the original acquisition and the non-controlling investor's share of changes in equity since that date.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes for items such as depreciation lives and methods, potential impairment of long-lived assets, deferred income taxes, fair value of forward gold contracts, fair value of stock based compensation, estimation of asset retirement obligations and reclamation liabilities. Actual results could differ from those estimates.

Table of contents

New Jersey Mining Company

Notes to Financial Statements

2. Summary of Significant Accounting Policies, continued

Revenue Recognition

Revenue is recognized when title and risk of ownership of metals or metal bearing concentrate have passed and collection is reasonably assured. Revenue from the sale of metals may be subject to adjustment upon final settlement of estimated metal prices, weights and assays, and are recorded as adjustments to revenue in the period of final settlement of prices, weights and assays; such adjustments are typically not material in relation to the initial invoice amounts. Revenues from mill operations and custom milling are recognized in the period in which the milling is performed and collection of payment is deemed probable. Revenue from harvest of raw timber is recognized when a contract has been established, the timber has been shipped, and payment is deemed probable. Sales of timber found on the Company's mineral properties are not a part of normal operations.

Inventories

Inventories include concentrate inventory and supplies inventory. Concentrate inventory is valued at the lower of full cost of production or estimated net realizable value based on current metal prices. Costs consist of mining, transportation, royalties, and milling costs including applicable overhead, depreciation, depletion and amortization relating to the operations. Costs are allocated based on the stage at which the ore is in the production process. Supplies inventory is stated at the lower of cost or estimated net realizable value. At December 31, 2017 inventories consisted of \$219,660 in concentrate inventory and \$25,494 in supplies inventory. At December 31, 2016 all inventory was concentrate inventory.

Income Taxes

Income taxes are accounted for under the liability method. Under this method deferred income tax liabilities or assets are determined at the end of each period using the tax rate expected to be in effect when the taxes are expected to be paid or recovered. A valuation allowance is recorded to reduce the deferred tax assets if there is uncertainty regarding their realization.

Uncertain tax positions are evaluated in a two-step process, whereby (i) it is determined whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (ii) for those tax positions that meet the more-likely-than-not recognition threshold, the largest amount of tax benefit that is greater than 50%

likely of being realized upon ultimate settlement with the related tax authority would be recognized.

Fair Value Measurements

When required to measure assets or liabilities at fair value, the Company uses a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used. The Company determines the level within the fair value hierarchy in which the fair value measurements in their entirety fall. The categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Level 1 uses quoted prices in active markets for identical assets or liabilities, Level 2 uses significant other observable inputs, and Level 3 uses significant unobservable inputs. The amount of the total gains or losses for the period are included in earnings that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date.

During 2017 and 2016, the Company determined fair value on a recurring basis as follows:

	December 31, 2017	December 31, 2016	Fair Value Hierarchy
Liabilities:			
Forward gold contracts (Note 14)	\$ (920,579)	\$ (1,386,228)	2

Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, reclamation bond, note receivable, notes payable to related parties, and notes payable approximate their fair values.

Concentration

In 2016 and 2017, the Company has sold its gold flotation concentrate product to a concentrate broker, H&H Metals Corp, a related party (see Note 12). In 2017 and 2016 floatation concentrates accounted 98% and 76.4%, respectively, of all gold sales. The remaining 2% and 23.6% in 2017 and 2016, respectively, were dore and gold impregnated in carbon sold to DH Fell and SIPI Metals Corp.

Table of contents

New Jersey Mining Company

Notes to Financial Statements

2. Summary of Significant Accounting Policies, continued

Net Income (Loss) Per Share

Net income (loss) per share is computed by dividing the net amount excluding net income (loss) attributable to a non-controlling interest by the weighted average number of common shares outstanding during the year. Diluted net income (loss) per share reflects the potential dilution that could occur from common shares issuable through stock options, warrants, and other convertible securities. For the year ended December 31, 2017, stock options of 2,750,000 and warrants of 1,200,000 are included in the calculation of diluted income per share. Excluded from the diluted earnings per share calculation were 4,912,500 options and 8,095,834 warrants. These options and warrants were excluded because the exercise prices were greater than the average trading prices of the Company's common stock for the period. For the year ended December 31, 2016, the effect of the Company's potential issuance of shares from the exercise of 7,500,000 stock options and 10,737,500 warrants would have been anti-dilutive. Accordingly, only basic net loss per share has been presented.

Reclassifications

Certain prior period amounts have been reclassified to conform to the 2017 financial statement presentation. Reclassifications had no effect on net income (loss), stockholders' equity, or cash flows as previously reported.

Cash and Cash Equivalents

The Company considers cash in banks and other deposits with an original maturity of three months or less when purchased to be cash and cash equivalents.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation and amortization are based on the estimated useful lives of the assets and are computed using straight-line or units-of-production methods. The expected useful lives of most of the Company's buildings are up to 50 years and equipment life expectancy ranges between 2 and 10 years. When assets are retired or sold, the costs and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in operations.

Mineral Properties

Significant payments related to the acquisition of mineral properties, mineral rights, and mineral leases are capitalized.

If a commercially mineable ore body is discovered, such costs are amortized when production begins using the units-of-production method based on estimated reserves. If no commercially mineable ore body is discovered, or such rights are otherwise determined to have no value, such costs are expensed in the period in which it is determined the property has no future economic value.

Mine Exploration and Development Costs

The Company expenses exploration costs as such in the period they occur. Mine development costs are capitalized as deferred development costs after proven and probable reserves have been identified. Amortization of deferred development costs is calculated using the units-of-production method over the expected life of the operation based on the estimated recoverable mineral ounces.

Pre-Development Activities

Pre-development activities involve cost incurred that may ultimately benefit production, such as underground ramp development, pumping, and open-pit development, which are expensed due to the lack of evidence of economic development, which is necessary to demonstrate future recoverability of these expenses. These costs are charged to operations as incurred.

Claim Fees

Unpatented claim fees paid at time of staking are expensed when incurred. Recurring renewal fees which are paid annually are recorded as other current assets and expensed over the course of the year.

Impairment of Long-Lived Asset

The Company evaluates the carrying amounts of its long-lived assets for impairment whenever events and circumstances indicate the carrying value may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. Estimated undiscounted future net cash flows from each mineral property are calculated using estimated future production, three-year average metals prices, operating capital and costs, and reclamations costs. An impairment loss is recognized when the estimated discounted future cash flows expected to result from the use of an asset are less than the carrying amount of the asset. The Company's estimates of future cash flows are subject to risks and uncertainties. It is reasonably possible that changes in estimates could occur which may affect the expected recoverability of the Company's investments in mineral properties.

Table of contents

New Jersey Mining Company

Notes to Financial Statements

2. Summary of Significant Accounting Policies, continued

Asset Retirement Obligations and Remediation Costs

Mineral properties are subject to standards for mine reclamation that have been established by various governmental agencies. Asset retirement obligations are related to the retirement of the mine when a contractual obligation has been established and a reasonable estimate of fair value can be determined. These obligations are initially measured at fair value with the resulting cost capitalized at the present value of estimated reclamation costs. An asset and a related liability are recorded for the fair value of these costs. The liability is accreted and the asset amortized over the life of the related asset. Adjustments are made for changes resulting from either the timing or amount of the original estimate underlying the obligation. If there is an impairment to an asset's carrying value and a decision is made to permanently close the property, changes to the liability are recognized and charged to the provision for closed operations and environmental matters. Separate from asset retirement obligations, the Company records liability for remediation costs when a reasonable estimate of fair value can be determined. Accrued remediation costs are not discounted.

Reclamation Bond

Various laws and permits require that financial assurances be in place for certain environmental and reclamation obligations and other potential liabilities. At December 31, 2017 and 2016, the Company had a \$103,320 and \$58,000 reclamation bond, respectively, for the Golden Chest Mine.

Stock Based Compensation

All transactions in which goods or services are received for the issuance of shares of the Company's common stock or options to purchase shares of common stock are accounted for based on the fair value of the goods or services received or the fair value of the equity interest issued, whichever is more reliably measurable. The value of common stock awards is determined based upon the closing price of our stock on the date of the award. The Company estimates the fair value of stock-based compensation using the Black-Scholes model, which requires the input of some subjective assumptions. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them (expected life), the estimated volatility of our common stock price over the expected term (volatility), employee forfeiture rate, the risk-free interest rate and the dividend yield. Changes in the subjective assumptions can materially affect the estimate of the fair value of stock-based compensation.

Derivatives

The Company measures derivative contracts as assets or liabilities based on their fair value. Gains or losses resulting from changes in the fair value of derivatives in each period are recorded in current earnings (losses). None of the Company's derivative contracts qualify for hedge accounting. The Company does not hold or issue derivative financial instruments for speculative trading purposes.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 Revenue Recognition, replacing guidance currently codified in Subtopic 605-10 Revenue Recognition-Overall with various SEC Staff Accounting Bulletins providing interpretive guidance. The new ASU establishes a new five step principles-based framework in an effort to significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. In August 2015, the FASB issued ASU No. 2015-14 Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date. ASU No. 2015-14 defers the effective date of ASU No. 2014-09 until annual and interim reporting periods beginning after December 15, 2017. The Company has performed an assessment of the impact of implementation of ASU No. 2014-09, and concluded it will not change the timing of revenue recognition or amounts of revenue recognized compared to how revenue is recognized under current policies. ASU No. 2014-09 will require additional disclosures, where applicable, on (i) contracts with customers, (ii) significant judgments and changes in judgments in determining the timing of satisfaction of performance obligations and the transaction price, and (iii) assets recognized for costs to obtain or fulfill contracts.

In February 2016, the FASB issued ASU No. 2016-02 Leases (Topic 842). The update modifies the classification criteria and requires lessees to recognize the assets and liabilities on the balance sheet for most leases. The update is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the potential impact of implementing this update on the consolidated financial statements.

Table of contents

New Jersey Mining Company

Notes to Financial Statements

2. Summary of Significant Accounting Policies, continued

In August 2016, the FASB issued ASU No. 2016-15 Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The update provides guidance on classification for cash receipts and payments related to eight specific issues. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of implementing this update on the consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18 Statement of Cash Flows (Topic 230): Restricted Cash. The update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early adoption permitted. The Company does not expect this update to have a material impact on the consolidation financial statements.

In January 2017, the FASB issued ASU No. 2017-01 Business Combinations (Topic 805): Clarifying the Definition of a Business. The update clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The update is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company will apply the provisions of the update to potential future acquisitions occurring after the effective date.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

3. Going Concern

The Company is currently producing from the open-pit at the Golden Chest Mine and began underground operations in early November 2017. In addition, during 2017, production has generated cash flow from operations of \$337,619

and the Company's working capital position has improved approximately \$1.3 million from December 31, 2016 to December 31, 2017. Planned production for the next 18 months indicates the trend to improve. The Company has also been successful in raising required capital to commence production and fund ongoing operations, completing a forward gold sale of \$1.2 million in 2016 and common stock and warrants sales of \$1,391,000 in 2017. The Company has utilized the proceeds for equipment purchase, to reduce debt, and pay off the remaining note balance on the Golden Chest Mine project.

As a result of its planned production, equity sales, and the Company's ability to meet debt obligations, management believes cash flows from operations and existing cash are sufficient to conduct planned operations and meet contractual obligations for the next 12 months.

4. Note Receivable

On September 30, 2014, the Company loaned \$58,386 to Premium Exploration (USA) Inc under a convertible promissory note. The note carries simple interest at 8% and was to mature on August 1, 2015 at which time the principal and interest was due. Premium Exploration filed for bankruptcy and the Company received payment in July 2017 in the bankruptcy proceedings of \$77,576 which included the original note principal, accrued interest, penalties, and fees. The balance has been paid in full as of December 31, 2017.

Table of contents**New Jersey Mining Company****Notes to Financial Statements****5. Property, Plant and Equipment**

Property, plant and equipment at December 31, 2017 and 2016, consisted of the following:

	2017	2016
Mill		
Land	\$ 225,289	\$ 225,289
Building	536,193	536,193
Equipment	4,192,940	4,192,940
	4,954,422	4,954,422
Less accumulated depreciation	(428,760)	(307,302)
Total mill	4,525,662	4,647,120
Building and equipment	673,338	434,897
Less accumulated depreciation	(222,648)	(223,264)
Total building and equipment	450,690	211,633
Land		
Bear Creek	266,934	266,934
Little Baldy	47,139	62,139
BOW	230,449	230,449
Eastern Star	250,817	250,817
Gillig	79,137	79,137
Highwater	40,133	40,133
Total land	914,609	929,609
Total	\$ 5,890,961	\$ 5,788,362

During the year ended December 31, 2012, a lease agreement was entered into with Hecla Mining Company (Hecla) on the Company's Little Baldy land holding. Under the agreement, Hecla has paid \$15,000 in 2017 and \$10,000 in 2016 to the Company for the option to obtain NJMC's interest in the land. The Company has recorded these lease payments as a reduction in the carrying value of the land for the years ended December 31, 2017 and 2016.

6. Mineral Properties

Mineral properties are as follows:

	December 31, 2017	December 31, 2016
New Jersey	\$ 248,289	\$ 215,127
McKinley	250,000	250,000
Golden Chest	1,649,142	1,586,324
Toboggan	5,000	5,000
Less accumulated amortization	(16,475)	(9,551)
Total	\$ 2,135,956	\$ 2,046,900

During the year ended December 31, 2016, \$6,253 of interest was capitalized for the construction at the Golden Chest property. No interest was capitalized in the year ended December 31, 2017.

New Jersey

The Coleman property is located at the New Jersey Mine area of interest and consists of 62 acres of patented mining claims, mineral rights to 108 acres of fee land, 80 acres of land for which the Company owns the surface but not the mineral rights, and approximately 130 acres of unpatented mining claims. The Coleman property was acquired in October 2002.

McKinley

The McKinley project is located near the town of Lucille, Idaho and encompasses three historic hard rock mines on private land in central Idaho. The Company started exploring the property in 2013. A prior lessee is due a 1% to 2% NSR sliding scale royalty on future production based on the price of gold capped at a total of \$500,000.

Table of contents

New Jersey Mining Company

Notes to Financial Statements

Golden Chest

The Golden Chest is an exploration and underground mine project located near Murray, Idaho consisting of 25 patented and 70 unpatented mining claims. A 2% Net Smelter Royalty is payable on production at the Golden Chest to a former joint venture partner. Royalty expense of \$80,865 and \$6,916 was recognized as costs of sales and other direct production costs in the years ended December 31, 2017 and 2016, respectively.

Toboggan

Toboggan is a gold and silver exploration project consisting of 106 claims covering 2,100 acres of federal land administered by the U.S. Forest Service. In 2001, the Company issued 50,000 shares of stock to an individual to acquire the rights. The shares were valued at \$0.10 per share for a total acquisition cost of \$5,000. This cost was for a portion of the claims in the Toboggan property that were purchased; the remaining claims were staked by the Company.

The Little Baldy prospect which a part of the Toboggan project is under lease to Hecla Mining Company (Hecla). The lease has a 20-year term and calls for annual payments to the Company of \$10,000 through the fifth year, then escalating to \$15,000 for three years, \$20,000 for one year, and \$48,000 thereafter. Should gold production be realized from the leased claims, a 2% net smelter return royalty is due to the Company. The Company is currently in the sixth year of the lease. The annual requirement for 2018 is a payment of \$15,000 and work commitment of \$200,000 between 2018 and 2020, which will be paid by Hecla.

7. Notes Payable

At December 31, 2017 and 2016 notes payable are as follows:

	2017	2016
Property with shop 36 month note payable, 4.91% interest rate payable monthly, remaining principal of note due in one payment at end of term in June 2019, collateralized by property, monthly payments of \$459	\$ 35,416	\$ 39,021

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Property 120 month note payable, 11.0% interest rate payable monthly, remaining principal of note due in one payment at end of term in March 2021, collateralized by property, monthly payments of \$1,124	91,155	98,559
Tailings pump, 35 month note payable, 17.5% interest rate payable monthly through May of 2018, monthly payments of \$3,268, collateralized by equipment	14,641	48,035
Haul truck, 20 month note payable, 10.0% interest rate payable monthly through May of 2019, monthly payments of \$6,020, collateralized by equipment	97,126	
Compressor 48 month note payable, 5.25% interest rate payable monthly through November 2021, monthly payments of \$813, collateralized by equipment	34,452	
Note payable for mineral property, 10 quarterly payments, 0.0% interest rate discounted at 10%, collateralized by mineral property, quarterly payments of \$125,000, less related discount of \$44,272		750,728
Total notes payable	272,790	891,343
Due within one year	95,988	623,185
Due after one year	\$ 176,802	\$ 268,158

Future principal payments of debt at December 31, 2017 are as follows:

	Note
2018	95,988
2019	75,616
2020	13,572
2021	87,614
Total \$	272,790

Table of contents**New Jersey Mining Company****Notes to Financial Statements****8. Asset Retirement Obligation**

The Company has established asset retirement obligations associated with the ultimate closing of its mineral properties where there has been or currently is operations. Obligations were established for the New Jersey mill in 2014 and the Golden Chest mine in 2016. Activity for the years ended December 31, 2017 and 2016 is as follows:

	2017	2016
Balance at January 1	\$ 72,218	\$ 28,656
Accretion expense	8,456	5,291
Revision of estimated reclamation costs	40,886	38,271
Balance at December 31	\$ 121,560	\$ 72,218

In 2016 management estimated the initial cost to reclaim the Golden Chest mine to be \$42,182. During the year ended December 31, 2017, the obligations for the Golden Chest and New Jersey mill properties were revised in consideration of additional disturbance activity and timing of future reclamation. The estimated reclamation costs were discounted using credit adjusted, risk-free interest rate of 5.0% from the time the obligation was incurred to the time management expects to pay the retirement obligation.

9. Joint Venture Arrangements**New Jersey Mill Venture Agreement (N.J.MJV)**

In January 2011, the Company and United Mine Services, Inc. (UMS) entered into a joint venture agreement relating to the New Jersey mineral processing plant. To earn a 35 percent interest in the venture, UMS provided \$3.2 million funding to expand the processing plant to 15 tonnes/hr. The Company is the operator of the venture and charges operating costs to UMS for milling its ore up to 7,000 tonnes/month, retain a milling capacity of 3,000 tonnes/month, and as the operator of the venture receive a fee of \$2.50/tonne milled. UMS subsequently dissolved and its interest in the mill was transferred to Crescent Silver, LLC (Crescent). As of December 31, 2017 and 2016, an account receivable existed with the Mill Joint Venture from Crescent for \$4,682 and \$2,888, respectively. To date, no ore has been processed under this joint venture arrangement.

Butte Highlands Joint Venture

On January 29, 2016, the Company purchased a 50% interest in Butte Highlands JV, LLC (BHJV) from Timberline Resources Corporation for \$225,000 in cash and 3,000,000 restricted shares of the Company's common stock valued at \$210,000 for a total consideration of \$435,000. Highland Mining, LLC (Highland) is the other 50% owner and manager of the joint venture. Under the agreement, Highland will fund all future project exploration and mine development costs. The Agreement stipulates that Highland is manager of BHJV and will manage BHJV until such time as all mine development costs, less \$2 million are distributed to Highland out of the proceeds from future mine production. The Company has determined that because it does not currently have significant influence over the joint venture's activities, it will account for its investment on a cost basis. The Company purchased the interest in the BHJV to provide additional opportunities for exploration and development and expand the Company's mineral property portfolio.

Table of contents**New Jersey Mining Company****Notes to Financial Statements****10. Income Taxes**

The Company did not recognize a provision (benefit) for income taxes for the years ended December 31, 2017 and 2016 due to consolidated net losses for those periods and net deferred tax assets having a full valuation allowance.

At December 31, 2017 and 2016, the Company had net deferred tax assets principally arising from the net operating loss carry forward for income tax purposes multiplied by an expected tax rate of 27% and 40%, respectively. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the deferred tax assets, a valuation allowance equal to 100% of the net deferred tax asset has been established at December 31, 2017 and 2016.

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (the "Act") resulting in significant modifications to existing law. The Company completed the accounting for the effects of the Act during the quarter ended December 31, 2017. The Company did not incur any income tax benefit or provision for the year ended December 31, 2017 as a result of the changes to tax laws and tax rates under the Act. The Company's net deferred tax asset was reduced by approximately \$1.6 million during the year ended December 31, 2017, which consisted primarily of the remeasurement of federal deferred tax assets and liabilities from 35% to 21%.

The significant components of net deferred tax assets at December 31, 2017 and 2016 were as follows:

	December 31, 2017	December 31, 2016
Deferred tax asset		
Net operating loss carry forward	\$ 2,909,200	\$ 4,346,000
Mineral properties	620,500	920,000
Asset retirement obligation	6,500	8,000
Stock based compensation	156,600	176,000
Derivative contracts	136,500	44,000
Discount on note payable	42,000	118,000
Total deferred tax assets	3,871,300	5,612,000
Valuation allowance	(3,198,800)	(4,712,000)

	672,500	900,000
Deferred tax liabilities		
Acquisition of mineral interest	(60,500)	(90,000)
Property, plant, and equipment	(612,000)	(810,000)
Total deferred tax liabilities	(672,500)	(900,000)
Net deferred tax asset	\$ 0	\$ 0

At December 31, 2017 and 2016 the Company had net operating loss carry forwards of approximately \$10,816,000 and \$10,476,000 respectively for both federal and state purposes, which expire in the years 2020 through 2037.

The income tax benefit shown in the financial statements for the years ended December 31, 2017 and 2016 differs from the statutory rate as follows:

	December 31, 2017	December 31, 2016
Provision (benefit) at statutory rate for the period	\$ (7,700)	\$ (476,000)
State taxes, net of federal taxes	(1,100)	(68,000)
Adjustment of prior year tax benefit to actual	(36,400)	15,000
Change in federal tax rate	(1,558,400)	
Increase (decrease) in valuation allowance	1,513,200	559,000
Total provision (benefit)	\$ 0	\$ 0

We are open to examination of our income tax filings in the United States and state jurisdictions for the 2015 through 2017 tax years. Certain tax positions taken in the 2015 through 2017 tax years could result in adjustments to our exploration and development costs for tax purposes. However, such adjustments would not result in a tax provision because they would result in a revision to the net operating loss carry forwards balance. In the event that the Company is assessed penalties and or interest, penalties will be charged to other operating expense and interest will be charged to interest expense.

Table of contents

New Jersey Mining Company

Notes to Financial Statements

11. Equity

The Company has authorized 200,000,000 shares of no par common stock at December 31, 2017 and 2016. In addition, the Company has authorized 1,000,000 shares of no par preferred stock, none of which had been issued at December 31, 2017 or 2016.

The Company began a private placement in the fourth quarter 2016 which ran through the first quarter of 2017. Each unit consisted of two shares of the Company's common stock and one stock purchase warrant with each warrant exercisable for one share of the Company's stock at \$0.20 through February 2020. As of December 31, 2016, 537,500 units were sold consisting of 1,075,000 shares and 537,500 warrants for net proceeds of \$92,500 after deducting the 10% commission and other related placement fees. In March 2017, the Company completed the private placement. In 2017, an additional 3,200,000 shares and 1,600,000 warrants were sold for net proceeds in 2017 of \$291,000 after deducting the 10% commission. At closing of the private placement in March 2017, the total units for the private placement were 2,137,500 units, consisting of 4,275,000 shares and 2,137,500 warrants. Net proceeds of the private placement in total were \$383,500.

The Company offered an additional private placement in March 2017. The private placement was for 4,250,000 units, each unit consisting of two shares of the Company's stock and one stock purchase warrant with each warrant exercisable for one share of the Company's stock at \$0.20 through April 2020. No commission was paid with this private placement. Proceeds were \$750,000 in cash and \$100,000 exchanged for a note and interest payable to the Company's president, John Swallow. The Company's concentrate broker, H&H Metals Corp., who purchases the Company's gold flotation concentrate product participated in this private placement purchasing 1,250,000 units for \$250,000.

The Company offered an additional private placement in November 2017. The private placement was for 1,708,334 units, each unit consisting of two shares of the Company's stock and one stock purchase warrant with each warrant exercisable for one share of the Company's stock at \$0.20 for 36 months. No commission was paid with this private placement. Proceeds were \$350,000 in cash and \$60,000 exchanged for a note and interest payable to the Company's president, John Swallow. H&H Metals Corp participated in this private placement purchasing 1,041,667 units for \$250,000.

In October 2017, the Company utilized proceeds of the private placement to pay the remaining debt due on the Golden Chest property of \$250,000.

In 2016, the Company issued 500,000 shares of common stock pursuant to the exercise of stock purchase options at \$0.10 per share for \$16,250 cash and \$33,750 in exchange for a reduction of a note payable with a related party.

During the year ended December 31, 2016 the Company issued 3,000,000 shares of common stock for the purchase of a 50% interest in Butte Highlands joint venture at \$0.07 per share for a value of \$210,000 and 175,760 shares of common stock for the acquisition of GF&H at \$0.15 per share for a value of \$26,364. Fair values were based on the trading price of the Company's stock on the date of the respective transactions.

During the year ended December 31, 2016, the Company issued 682,796 shares of its common stock valued at \$71,507 for professional services. Fair value was based on the trading price of the Company's stock on the dates of each transaction.

Stock Purchase Warrants Outstanding

Transactions in common stock purchase warrants for the year ended December 31, 2017 and 2016 are as follows:

	Number of Warrants	Exercise Prices
Balance December 31, 2015	10,200,000	\$0.10-0.20
Issued in connection with private placement	537,500	0.20
Balance December 31, 2016	10,737,500	0.10-0.20
Issued in connection with private placements	7,558,334	0.20
Expired	(9,000,000)	0.15-0.20
Balance December 31, 2017	9,295,834	\$0.10-0.20

Table of contents

New Jersey Mining Company

Notes to Financial Statements

11. Equity, continued

These warrants expire as follows:

Shares	Exercise Price	Expiration Date
1,200,000	\$0.10	August 11, 2019
2,137,500	\$0.20	February 28, 2020
4,250,000	\$0.20	March 28, 2020
1,708,334	\$0.20	November 3, 2020
9,295,834		

Stock Options

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

In 2016 2,750,000 options were granted to management, directors, consultants, and employees of the Company. Of these options 1,225,000 vested in the fourth quarter of 2016 and the remaining 1,525,000 vested in 2017. The options expire three years after their grant date. Each option allows the holder to purchase one share of the Company's stock at \$0.15 prior to expiration. Compensation cost of \$268,032 is associated with the options. Of this, \$151,143 was recognized in 2016, and \$116,889 was recognized in 2017.

In 2017, the Company granted a total of 662,500 options to consultants and employees of the Company. These options vest in 2018. The options had a fair value of \$66,539 which is being recognized ratably over the vesting period. Compensation cost of \$24,518 was recognized in 2017. The remaining unrecognized compensation cost of \$42,021 is expected to be recognized in 2018.

Total compensation cost for granted options of \$141,407 and \$220,734 was recognized in the years ended December 31, 2017 and 2016, respectively. The 2016 amount includes \$69,591 of compensation costs for options granted in

2014 and 2015 that vested in 2016.

The weighted average fair value of stock option awards granted and the key assumptions used in the Black-Scholes valuation model to calculate the fair value of the options are as follows:

	For the Year Ended December 31,	
	2017	2016
Weighted average fair value	\$0.10	\$0.097
Options issued	662,500	2,750,000
Exercise price	\$0.15 to \$0.18	\$0.15
Expected term (in years)	3.0	3.0
Risk-free rate	1.48% to 1.98%	0.91% to 1.47%
Volatility	135.7 to 142.3%	147.1 to 148.2%

	Number of Options	Exercise Prices
Balance January 1, 2016	5,750,000	0.10-0.15
Exercised	(500,000)	0.10
Issued	2,750,000	0.15
Expired	(500,000)	0.11
Balance December 31, 2016	7,500,000	0.10-0.15
Expired	(500,000)	0.10
Issued	662,500	0.15-0.18
Balance December 31, 2017	7,662,500	0.10-0.18
Exercisable at December 31, 2017	7,000,000	\$ 0.10-0.15

At December 31, 2017, the stock options have an intrinsic value of approximately \$137,500 and have a weighted average remaining term of 2.23 years.

Table of contents**New Jersey Mining Company****Notes to Financial Statements****12. Related Party Transactions**

At December 31, 2017 and 2016, the Company had the following notes and interest payable to related parties:

	December 31, 2017	December 31, 2016
Mine Systems Design (MSD), a company in which our Company's Vice President owns 10.4%, 12% interest, monthly payments of \$4,910 through October 2018	\$ 68,299	\$ 115,868
John Swallow, Company president, 5% interest, monthly payments of \$5,834 with balloon payment of \$387,904 in February 2019	441,163	520,010
John Swallow, Company president, 5% interest, principal and interest due February 2019	192,677	341,250
Margaret Bathgate, shareholder, 5% interest, principal and interest due January 2018	100,000	100,000
	802,139	1,077,128
Accrued interest payable	10,772	4,167
Total	812,911	1,081,295
Current portion	211,829	567,580
Long term portion	\$ 601,082	\$ 513,715

Related party interest expense for the years ending December 31, 2017 and 2016 was \$53,864 and \$63,650, respectively. At December 31, 2017, \$211,829 of related party debt is payable in 2018 and the remaining \$601,082 is payable in 2019. Also see Note 14 for Forward Gold Contracts with related parties.

As of December 31, 2017 and 2016 gold sales receivable from H&H Metals, who owns 4% of the Company's outstanding common stock, were \$307,796 and \$54,319, respectively. Gold sales to H&H Metals were \$4,192,647 and \$400,120, during the years ended December 31, 2017 and 2016, respectively.

13. Acquisition of GF&H Company

On July 11, 2014, the Company acquired two thirds of the issued and outstanding common shares of GF&H Company (GF&H). In the third quarter of 2016, the Company acquired the remaining one third of GF&H's outstanding shares at which time GF&H was dissolved. For the remaining one third interest, the Company paid the non-controlling interest \$27,341 in cash and 175,760 shares of the Company's common stock valued at \$0.15 per share (\$26,364) for a total consideration of \$53,705. On the date of the acquisition, the non-controlling interest had a net asset value of \$84,966 resulting in a gain of \$31,261 which was been recognized as an addition to stockholders' equity. The Company purchased the outstanding shares of GF&H Company to consolidate the Company's land holdings in the area of the Golden Chest property and provide additional opportunities for timber revenue and mineral exploration.

14. Forward Gold Contracts

On July 13, 2016, the Company entered into a forward gold contract with Ophir Holdings LLC, a company owned by three of the Company's officers, for net proceeds of \$467,500 to fund startup costs at the Golden Chest. The agreement calls for the Company to deliver a total of 500 ounces of gold to the purchasers in quarterly payments starting December 1, 2016 for a period of two years as gold is produced from the Golden Chest Mine and New Jersey Mill. Ophir Holdings agreed to delay receipt of its December 1, 2016 payment until 2017. The equivalent of 80.5 ounces were delivered to Ophir Holdings in 2017. At December 31, 2017, future gold deliveries are 113 ounces in 2018, 222 ounces in 2019, and 84.5 ounces in 2020.

On July 29, 2016, the Company entered into a forward gold contract through GVC Capital LLC for net proceeds of \$772,806 to fund startup costs at the Golden Chest. The agreement calls for the Company to deliver a total of 904 ounces of gold to the purchasers in quarterly payments starting December 1, 2016 for a period of two years as gold is produced from the Golden Chest Mine and New Jersey Mill. The December 1, 2016 payment and 4 payments in 2017 were paid with an ounce equivalent of 565 ounces. At December 31, 2017, future gold deliveries are 339 ounces in 2018.

Table of contents**New Jersey Mining Company****Notes to Financial Statements****14. Forward Gold Contracts, continued**

The gold to be delivered does not need to be produced from the Golden Chest property. In addition, the counterparties can request cash payment instead of gold ounces for each quarterly payment. The cash payments are based on average gold prices for the applicable quarter. The contracts are accounted for as derivatives requiring their value to be adjusted to fair value each period end. The change in balance for the forward gold contracts for the year ended December 31, 2017 and 2016 is as follows:

	2017	2016
Beginning balance	\$ 1,386,228	
Proceeds from contracts		\$ 1,240,306
Payments:		
In cash	(357,766)	(60,626)
In gold purchased by the Company	(319,344)	(89,550)
Change in fair value	211,461	296,098
Ending balance	920,579	1,386,228
Current	568,609	845,198
Long term	\$ 351,970	\$ 541,030

The fair value was calculated using the market approach with Level 2 inputs for forward gold contract rates and a discount rate of 10%.

Table of contents

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At the end of the period covered by this Annual Report on Form 10-K, our President who also serves as our Chief Accounting Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) and Rule 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act). Based upon that evaluation, it was concluded that our disclosure controls were effective as of the end of the period covered by this report, to ensure that: (i) information required to be disclosed by the Company in the reports that it files under the Exchange Act is recorded, processed, summarized, and reported within required time periods specified by the Securities & Exchange Commission rules and forms, and (ii) material information required to be disclosed in reports filed under the Exchange Act is accumulated and communicated to our management, including our President and Chief Accounting Officer, as appropriate, to allow for accurate and timely decision regarding required disclosure.

Internal Control over Financial Reporting

Management's Annual Report on Internal Control Over Financial Reporting

The management of New Jersey Mining Company is responsible for establishing and maintaining adequate internal control over financial reporting. This internal control system has been designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of the Company's published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The management of New Jersey Mining Company has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2017. To make this assessment, we used the criteria for effective internal control over financial reporting described in *Internal Control-Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment, we believe that, as of December 31, 2017, the Company's internal control over financial reporting is effective.

Changes in internal control over financial reporting

There was no material change in internal control over financial reporting in the quarter ended December 31, 2017.

ITEM 9B. OTHER INFORMATION

None.

Table of contents**PART III****ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE**

Name & Address	Age	Position	Term
Delbert W. Steiner 201 N. Third Street	72	Chairman of the Board	8/29/2013 to 12/1/2014 and 5/2/2015 to 1/10/17 CEO and 8/29/2013 to present Chairman
Coeur d Alene, ID 83814 John Swallow 201 N. Third Street	51	Chief Executive Officer/ President & Director	8/29/2013 to 12/1/2014 and 5/2/2015 to present President 1/20/17 to present CEO and 8/29/2013 to present Director
Coeur d Alene, ID 83814 Grant A. Brackebusch P.O. Box 131	48	Vice President & Director	7/18/1996 to present
Silverton, ID 83867 Kevin Shiell 201 N. Third Street	59	Director	1/10/17 to present
Coeur d Alene, ID 83814 Monique Hayes 4159 E. Mullan Trail Rd Coeur d Alene, ID 83814	52	Secretary	11/20/16 to present

Directors are elected by shareholders at each annual shareholders meeting to hold office until the next annual meeting of shareholders or until their respective successors are elected and qualified.

John Swallow was named Chief Executive Officer and President on January 10, 2017. Prior to being named as CEO, Mr. Swallow was appointed as the President and a Director of the Company on August 29, 2013. He resigned as president in December 2014, and subsequently reappointed as President on May 5, 2015 following the resignation of

Mr. Highsmith. He holds a B.S. in Finance from Arizona State University. Mr. Swallow was the Vice President of Timberline Drilling, Inc. from November 2011 until accepting the role of President with the Company. From September 2009, until November 2011, Mr. Swallow was self-employed. From January 2006 until September 2009 he served as chairman of Timberline Resources Corporation. He brings wide-ranging experience from within the local mineral exploration industry as well as extensive knowledge of the junior equity markets. Mr. Swallow's extensive experience in the drilling industry, his previous roles as a chairman of a board and as a vice president of a corporation qualify him to sit on the Board of the Company.

Delbert Steiner resigned as Chief Executive Officer on January 10, 2017 but remained as Chairman of the Board of Directors of the Company as previously appointed on August 29, 2013. In December 2014, he resigned as Chief Executive Officer, and was subsequently reappointed as Chief Executive Officer on May 5, 2015 following the resignation of Mr. Highsmith. He holds a B.S. from Lewis Clark State College and a Juris Doctor from the University of Idaho. He has held the position of CEO and Chairman for the Vancouver based Premium Exploration, Inc. since 2005 and was responsible for day-to-day business and financial decision making. He practiced law for more than 25 years and has an extensive background in environmental and mining law, including permitting projects from the exploration to mining phases. Mr. Steiner's extensive background in the mining industry and in operating a publicly traded company qualifies him to sit on the Board of the Company.

Grant A. Brackebusch, P.E. has served as the Vice President and a Director of the Company since 1996. He holds a B.S. in Mining Engineering from the University of Idaho. He is registered in Idaho as a Professional Engineer. He has worked for New Jersey Mining Company since 1996 and worked for Newmont Mining previously. Currently, he supervises the mining operation at the Golden Chest Mine including the operation of the New Jersey Mill. He has experience with permitting, exploration, open-pit and underground mining as well as mineral processing. Mr. Brackebusch's extensive mining background, knowledge of the Company's day to day operations, and industry expertise qualifies him to sit on the Board of the Company.

Kevin Shiell has more than 35 years of operating and management experience in the mining and mineral processing industries, primarily in Montana, Idaho and Nevada. He has held executive leadership positions at several public companies, including General Manager and Vice President of Mine Operations at Stillwater Mining Company, Chief Operating Officer at MDM Gold, and various mine supervisory positions at Hecla Mining Company. Mr. Shiell is currently the General Manager of the Hollister and Midas Gold Mines which are owned and operated by Klondex Mines. He brings vast operational knowledge and management experience at a transformational time in the Company's development.

Table of contents

Executive Officers and Key Employees

Monique Hayes was appointed Corporate Secretary in November 2016. She has over 10 years of investor relations corporate governance experience in the mining industry and over 10 years of communications and brand management experience. Prior to joining New Jersey Mining Company, Ms. Hayes worked for Hecla Mining Company, Revett Mining Company and Sterling Mining. Her advertising and communications experience includes working for Publicis Dialog Direct and WhiteRunkle Associates where she worked with national accounts including AT&T Wireless, Bell Atlantic and NordicTrack. Ms. Hayes attended City University where she studied business management, brand strategy and communications.

Legal Proceedings

No Director or Officer has been involved in any legal action involving the Company for the past five years.

Section 16(a) Beneficial Ownership Reporting Compliance

Under Section 16(a) of the Securities Exchange Act of 1934, as amended, and the regulations thereunder, the Company's Directors, Executive Officers and beneficial owners of more than 10% of any registered class of the Company's equity securities are required to file reports of their ownership of the Company's securities and any changes in that ownership with the SEC.

Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, we believe that during fiscal year ended December 31, 2017, all filing requirements applicable to its officers, directors and greater than 10% percent beneficial owners were complied with.

Code of Ethics

The Company adopted a Code of Ethics at a Board of Directors meeting on December 9, 2003, that applies to the Company's executive officers. The Company also adopted a Code of Ethics for all employees at the Board of Directors meeting on February 18, 2008.

Board Nomination Procedures

There have been no material changes to the procedures by which security holders may recommend nominees to the registrant's board of directors.

ITEM 11. EXECUTIVE COMPENSATION

Compensation of Officers

A summary of cash and other compensation for John Swallow, the Company's President and Chief Executive Officer, Delbert Steiner, the Company's former Chief Executive Officer and Grant Brackebusch, the Company's Vice President (the Named Executive Officers), for the two most recent years is as follows:

Executive Officer Summary Compensation Table

				Stock	Option	Nonequity	Nonqualified	All Other	
		Salary	Bonus	Awards	Awards ¹	Incentive Plan Compensa- tion	Deferred Compensa- tion Earnings	Compensa- tion	Total
Name & Principal Position	Year	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Delbert Steiner ⁽²⁾ Executive Chairman	2017	14,750			10,626				25,376
John Swallow President & Chief Executive Officer	2016	65,000			23,469				88,470
Grant Brackebusch Vice Pres.	2017	115,076			10,626				125,702
(1)	2016	75,000			23,469				98,470

Stock Awards and Options Awards include fees earned as Directors. The Company has valued all Stock Awards granted at fair value as computed in accordance with FASB Accounting Standards Codification Topic 718. The compensation of the Named Executive Officers has been set by disinterested members of the Board of Directors to a level competitive with other mining companies of similar size with similar types of operations. The executive stock compensation is for services as directors.

(2)

Mr. Steiner resigned as Chief Executive Officer on January 10, 2017, but remained as Chairman of the Board.

The Company does not have a retirement plan for its executive officers and there is no agreement, plan or arrangement that provides for payments to executive officers in connection with resignation, retirement, termination or a change in control of the Company.

Outstanding Equity Awards at Fiscal Year-end

As of December 31, 2017, 5,250,000 Options were vested and outstanding to directors Grant Brackebusch, Del Steiner, John Swallow, and Kevin Shiell.

Table of contents**Director Compensation****Director Summary Compensation Table**

Name & Principal Position		Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards ¹ (\$)	Nonequity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation (\$)	All Other Compensation (\$)	Total (\$)
Kevin Shiell		2017				10,626				10,626
Director		2016				13,740				13,740

In 2017 and 2016, Option Awards were issued to the Directors for service as directors of the Company. No additional fees are paid for attendance at Board of Directors meetings, committee membership or committee chairmanship. On occasion, Directors are retained for consulting services unrelated to their duties as Directors. These consulting services are either paid in cash or with unregistered Common Stock according to the Company's policy for share-based payment of services.

The Company does not have a retirement plan for its Directors and there is no agreement, plan or arrangement that provides for payments to Directors in connection with resignation, retirement, termination or a change in control of the Company.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information as of February 15, 2018 regarding the shares of Company Common Stock beneficially owned by: (i) each person known by the Company to own beneficially more than 5% of the Company's Common Stock; (ii) each Director of the Company; (iii) the CEO and CFO of the Company (the Named Executive Officers); and (iv) all Directors and the Named Executive Officers of the Company as a group. Except as noted below, each holder has sole voting and investment power with respect to the shares of the Company Common Stock listed as owned by that person.

Security Ownership of Certain Beneficial Owners

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Title of Class	Name and Address Of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class ⁽¹⁾
	John Swallow 201 N. Third Street		
Common	Coeur d Alene, ID 83814 Steven Mark Bathgate and Margaret Bathgate 5350 S. Roslyn Suite #400	19,127,003 (a)	14.87%
Common	Greenwood Village, CO 8011	8,600,000	6.69%

Security Ownership of Management

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class ¹
Common	John Swallow 201 N. Third Street Coeur d Alene, ID 83814	19,127,003 (a)	14.87%
Common	Delbert W. Steiner 201 N. Third Street Coeur d Alene, ID 83814	2,900,000 (b)	2.25%
Common	Grant A. Brackebusch 89 Appleberg Road Kellogg, Idaho 83837	2,956,039 (c)	2.30%
Common	Kevin Shiell 201 N. Third St.	550,000 (d)	0.43%
Common	C ur d Alene, ID 83814 Monique Hayes 4159 E. Mullan Trail	260,000 (e)	0.20%
Common	Coeur d Alene, Idaho 83814 All Directors and Executive Officers as a group (5 individuals)	25,793,042	20.06%

Table of contents

(1) Based upon 112,310,372 outstanding shares of common stock 9,295,834 warrants, and 7,000,000 vested options at February 15, 2018.

a)

Consists of 16,477,003 shares of common stock, presently exercisable options to purchase 1,500,000 shares and presently exercisable warrants to purchase 1,150,000 shares.

b)

Consists of 1,150,000 shares of common stock, presently exercisable options to purchase 1,750,000 shares.

c)

Consists of 1,156,093 shares of common stock, presently exercisable options to purchase 1,750,000 shares and presently exercisable warrants to purchase 50,000 shares.

d)

Consists of 200,000 shares of common stock, presently exercisable options to purchase 250,000 shares and presently exercisable warrants to purchase 100,000 shares.

e)

Consists of 110,000 shares of common stock, presently exercisable options to purchase 150,000 shares.

None of the Directors or Officers has the right to acquire any additional securities pursuant to options, warrants, conversion privileges or other rights. No shares are pledged as security.

Securities Authorized for Issuance under Equity Plans

In April 2014, the Company established a stock option plan to authorize the granting of stock options to officers and employee. The Company occasionally pays for goods or services with unregistered Common Stock and uses the average bid price of the stock, as quoted on the OTCQB, at the time to determine the number of shares to be issued.

Changes in Control

None.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Transactions

On December 30, 2016, 1,150,000 options were granted to management, 575,000 options vested immediately and the remaining 575,000 vested on December 29, 2017. The options expire 3 years after their grant date. Each option allows the holder to purchase one share of the Company's stock at \$0.15 prior to expiration. Utilizing the Black Scholes option pricing model, and expected life of 3 years, a risk free rate of 1.47%, and expected volatility of 148.2% a compensation cost of \$112,086 is associated with the options. Of this, \$63,205 was recorded as general and administrative expense in 2016. The remaining unrecognized compensation cost of \$48,881 was recognized in 2017.

These options that were awarded in 2017 and 2016 were for compensation as directors and corporate secretary of the Company and were recorded as management fees of \$48,881 and \$63,205 respectively.

Director Independence

The Board of Directors has determined that Delbert Steiner, John Swallow and Grant Brackebusch are not independent directors. Kevin Scheill is an independent director.

The Board of Directors does not have separately designated nominating or compensation committees. The entire Board performs these functions. The Company's audit committee is comprised of two non-executive members, Delbert Steiner and Kevin Shiell, and one executive member, John Swallow.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

The aggregate fees billed for professional services rendered by the Company's principal accountant for the audit of the annual financial statements included in the Company's annual report on Form 10-K for the fiscal years ended December 31, 2017 and December 31, 2016 and the review for the financial statements included in the Company's quarterly reports on Form 10-Q during those fiscal years, were \$45,454 and \$46,500 respectively.

Audit Related Fees

The Company incurred no fees during the last two fiscal years for assurance and related services by the Company's principal accountant that were reasonably related to the performance of the audit or review of the Company's financial statements, and not reported under "Audit Fees" above.

Tax Fees

\$5,600 in 2017 and \$10,930 in 2016 was paid to the Company's principal accountant for tax compliance, tax advice, and tax planning services.

All Other Fees

The Company incurred \$11,660 in fees related to the Company's Canadian stock exchange listing and reporting in 2017. No other fees were incurred during the last two fiscal years for products and services rendered by the Company's principal accountant.

Table of contents

Audit Committee Pre-Approval Policies

The Board of Directors has adopted an audit committee pre-approval policy. The audit committee is required to pre-approve the audit and non-audit services performed by the independent auditor in order to assure that the provision of such services do not impair the auditor's independence.

PART IV

ITEM 15. EXHIBITS

- 3.0* Articles of Incorporation of New Jersey Mining Company filed July 18, 1996
- 3.1* Articles of Amendment filed September 29, 2003
- 3.2* Articles of Amendment filed November 10, 2011
- 3.3* Bylaws of New Jersey Mining Company
- 10.1* Venture Agreement with United Mine Services, Inc. dated January 7, 2011.
- 10.2* Idaho Champion Resources Lease with Cox dated September 4, 2013
- 10.3** Rupp Mining Lease dated May 3, 2013
- 10.4** Mining Lease with Hecla Silver Valley, Inc. Little Baldy prospect dated September 12, 2012
- 10.5*** Consent, Waiver and Assumption of Venture Agreement by Crescent dated February 14, 2014
- 10.6 Form of Forward Gold Purchase Agreement dated July 13, 2016 between the Registrant and Ophir Holdings LLC and incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on July 18, 2016.
- 10.7 Form of Forward Gold Purchase Agreement dated July 29, 2016 between the Registrant and Investors and incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on August 2, 2016.
- 10.8 Registrant's Grant of Options to Directors and Officers dated December 30, 2016, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on January 4, 2017.
- 14* Code of Ethical Conduct.
- 21**** Subsidiaries of the Registrant
- 31.1**** Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2**** Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1**** Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2**** Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 99(i)

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Audit Committee Pre-Approval Policies.-Filed as an exhibit to the registrant's annual report on Form 10-KSB for the year ended December 31, 2003 and incorporated by reference herein.

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

*

Filed with the Registrant's Form 10 on June 4, 2014.

**

Filed July 2, 2014

Filed March 31, 2015.

Filed herewith.

Table of contents

SIGNATURES

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

New Jersey Mining Company

Date: February 26, 2018

By /s/ JOHN SWALLOW

John Swallow, President, Chief Executive Officer, and Chief Financial Officer

Date: February 26, 2018

By /s/ GRANT A. BRACKEBUSCH

Grant A. Brackebusch, Vice President

