

NEW JERSEY MINING CO
Form 10-Q
August 14, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended June 30, 2014

or

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

(Exact name of registrant as specified 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) 783-3331

Registrant's telephone number, including area code

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(D) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period as the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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 X .

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes [] No [X]

On August 1, 2014, 90,160,148 shares of the registrant's common stock were outstanding.

NEW JERSEY MINING COMPANY

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTERLY PERIOD

ENDED JUNE 30, 2014

TABLE OF CONTENTS

PART I-FINANCIAL INFORMATION

3

Item 1: CONSOLIDATED FINANCIAL STATEMENTS

3

**Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

10

Item 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

12

Item 4: CONTROLS AND PROCEDURES

12

PART II - OTHER INFORMATION

13

Item 1. LEGAL PROCEEDINGS

13

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

13

Item 3. DEFAULTS UPON SENIOR SECURITIES

13

Item 4. MINE SAFETY DISCLOSURES

13

Item 5. OTHER INFORMATION

13

Item 6. EXHIBITS

13

PART I-FINANCIAL INFORMATION**Item 1: CONSOLIDATED FINANCIAL STATEMENTS****New Jersey Mining Company***(An Exploration Stage Company)***Consolidated Balance Sheets****June 30, 2014 and December 31, 2013****ASSETS**

| | June 30, 2014 (Unaudited) | December 31, 2013 |
|---|------------------------------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 214,914 | \$ 636,127 |
| Investment in marketable equity security at fair value (cost-\$3,869) | 14,508 | 9,672 |
| Joint venture receivables | 103,217 | 61,143 |
| Other current assets | 42,330 | 45,970 |
| Total current assets | 374,969 | 752,912 |
| Property, plant and equipment, net of accumulated depreciation | 5,149,459 | 4,908,724 |
| Mineral properties, net of accumulated amortization | 540,433 | 540,433 |
| Total assets | \$ 6,064,861 | \$ 6,202,069 |

LIABILITIES AND STOCKHOLDERS EQUITY

| | | |
|--|-----------|-----------|
| Current liabilities: | | |
| Accounts payable | \$ 35,212 | \$ 40,208 |
| Accrued payroll and related payroll expenses | 27,273 | 22,016 |
| Note payable related party, current | 40,750 | 36,701 |
| Obligations under capital lease, current | 9,027 | 26,367 |
| Notes payable, current | 53,445 | 55,663 |
| Total current liabilities | 165,707 | 180,955 |
| Asset retirement obligation | 11,525 | 10,949 |
| Note payable related party, non-current | 161,313 | 180,417 |
| Notes payable, non-current | 168,523 | 193,880 |

Edgar Filing: NEW JERSEY MINING CO - Form 10-Q

| | | |
|--|--------------|--------------|
| Total non-current liabilities | 341,361 | 385,246 |
| Total liabilities | 507,068 | 566,201 |
| Commitments (Note 2) | | |
| 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; | 12,218,219 | 11,755,469 |
| 2014-79,760,148 and 2013-73,760,148 shares issued and outstanding | | |
| Deficit accumulated during the exploration stage | (9,865,025) | (9,302,024) |
| Accumulated other comprehensive income: | | |
| Unrealized gain on marketable equity security | 10,639 | 5,803 |
| Total New Jersey Mining Company stockholders equity | 2,363,833 | 2,459,248 |
| Non-controlling interest in New Jersey Mill Joint Venture | 3,193,960 | 3,176,620 |
| Total stockholders' equity | 5,557,793 | 5,635,868 |
| Total liabilities and stockholders' equity | \$ 6,064,861 | \$ 6,202,069 |

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

New Jersey Mining Company

(An Exploration Stage Company)

Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)

For the Three and Six Month Periods Ended June 30, 2014 and 2013

| | <u>June 30, 2014</u> | | <u>June 30, 2013</u> | |
|---|----------------------|--------------|----------------------|--------------|
| | Three Months | Six Months | Three Months | Six Months |
| Revenue: | | | | |
| Sales of gold | \$ | \$ | \$ 2,139 | \$ 10,447 |
| Joint venture management fee income | 63 | 139 | 5,420 | 6,567 |
| Contract milling income | | | 20,729 | 25,318 |
| Total revenue | 63 | 139 | 28,288 | 42,332 |
| Costs and expenses: | | | | |
| Milling costs | 38,334 | 51,537 | 9,613 | 18,280 |
| Exploration | 75,967 | 160,535 | 134 | 231 |
| Net gain on sale of equipment | | | (13,208) | (108,208) |
| Depreciation and amortization | 15,508 | 30,034 | 29,636 | 57,652 |
| General and administrative expenses | 172,163 | 328,688 | 21,564 | 78,718 |
| Total operating expenses | 301,972 | 570,794 | 47,709 | 46,673 |
| Operating income (loss) | (301,909) | (570, 655) | (19,421) | (4,341) |
| Other (income) expense: | | | | |
| Timber expense | | | | 300 |
| Royalties and other income | (7,923) | (19,809) | (406) | (8,685) |
| Interest income | (151) | (278) | | (49) |
| Interest expense | 810 | 12,430 | 14,370 | 28,691 |
| Equity in loss of Golden Chest LLC | | | 15,500 | 99,500 |
| Total other (income) expense | (7,264) | (7,657) | 29,464 | 119,757 |
| Income tax (provision) benefit | | | | |
| Net loss | (294,645) | (562,998) | (48,885) | (124,098) |
| Net loss attributable to non-controlling interest | | | 3,194 | 5,507 |
| Net loss attributable to New Jersey Mining Company | \$ (294,645) | \$ (562,998) | \$ (45,691) | \$ (118,591) |
| Other comprehensive loss: | | | | |
| Net loss | (294,645) | (562,998) | (48,885) | (124,098) |
| Unrealized gain (loss) on marketable equity security | 4,836 | 4,836 | 17,409 | 11,656 |
| Comprehensive loss | \$ (289,809) | \$ (558,162) | \$ (31,476) | \$ (112,442) |
| Comprehensive loss attributable to non-controlling interest | | | 3,194 | 5,507 |
| | \$ (289,809) | \$ (558,162) | \$ (28,282) | \$ (106,935) |

Comprehensive loss attributable to
New Jersey Mining Company

| | | | | |
|---|------------|------------|------------|------------|
| Net loss per common share-basic and \$ diluted | 0.004\$ | 0.01 | \$.001 | \$ 0.003 |
| Weighted average common shares outstanding-basic and diluted | 79,760,148 | 77,771,198 | 45,713,884 | 45,615,420 |

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

New Jersey Mining Company

(An Exploration Stage Company)

Consolidated Statements of Cash Flows (Unaudited)

For the Six Month Periods Ended June 30, 2014 and 2013

| | 2014 | June 30, 2013 |
|--|-------------------|------------------|
| Cash flows from operating activities: | | |
| Net loss | \$ (562,998) | \$ (124,098) |
| Adjustments to reconcile net loss to net cash (used) by operating activities | | |
| Depreciation and amortization | 30,034 | 57,652 |
| (Gain) loss on sale of equipment | | (108,208) |
| Accretion of asset retirement obligation | 576 | 576 |
| Equity in loss of Golden Chest LLC | | 99,500 |
| Stock based compensation | 57,750 | |
| Change in: | | |
| Joint venture receivables | (42,073) | (26,184) |
| Other current assets | 3,640 | 9,870 |
| Inventory | | 10,201 |
| Accounts payable | (4,999) | 65,068 |
| Accrued payroll and related payroll expense | 5,255 | 5,062 |
| Account payable Marathon Gold | | (62,500) |
| Net cash (used) by operating activities | (512,815) | (73,061) |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (270,769) | |
| Purchase of mineral property | | (4,500) |
| Contributions to Golden Chest LLC | | (99,500) |
| Proceeds from sale of equipment | | 112,000 |
| Net cash provided (used) by investing activities | (270,769) | 8,000 |
| Cash flows from financing activities: | | |
| Sales of common stock and warrants, net of issuance costs | 405,000 | 10,000 |
| Principal payments on notes payable | (27,575) | (30,271) |
| Principal payments on note and other payables, related party, net | (15,054) | 77,811 |
| Net cash provided by financing activities | 362,371 | 57,540 |
| Net change in cash and cash equivalents | (421,213) | (7,521) |
| Cash and cash equivalents, beginning of period | 636,127 | 9,950 |
| Cash and cash equivalents, end of period | \$ 214,914 | \$ 2,429 |

Supplemental disclosure of cash flow information

Edgar Filing: NEW JERSEY MINING CO - Form 10-Q

| | | | |
|--|----|----------|--------|
| Interest paid in cash, net of amount capitalized | \$ | 12,429\$ | 28,691 |
| Non-cash investing and financing activities: | | | |
| Common stock issued for: | | | |
| Mineral properties agreement | | \$ | 9,000 |
| Debt relieved from sale of equipment | | \$ | 10,636 |
| Capital lease paid by non-controlling interest | \$ | 17,340\$ | 15,575 |

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

New Jersey Mining Company

(An Exploration Stage Company)

Notes to Consolidated Financial Statements

(Unaudited)

1.

The Company and Significant Accounting Policies:

These unaudited interim consolidated financial statements have been prepared by the management of New Jersey Mining Company (the Company) in accordance with accounting principles generally accepted in the United States of America for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the interim consolidated financial statements have been included.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions, which could have a material effect on the reported amounts of the Company's financial position and results of operations. Operating results for the three and six month periods ended June 30, 2014 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2014.

For further information refer to the financial statements and footnotes thereto in the Company's audited financial statements for the year ended December 31, 2013 included in Amended Form 10 as filed with the Securities and Exchange Commission on July 2, 2014.

The Company's consolidated financial statements are prepared in accordance with accounting guidance for exploration stage entities as it devotes substantially all of its efforts to acquiring and developing mining interests that will eventually provide sufficient net profits to sustain the Company's existence. Until such interests are engaged in major commercial production, the Company will continue to prepare its financial statements and related disclosures in

accordance with entities in the exploration stage.

Principles of Consolidation

At June 30, 2014, the consolidated financial statements include the accounts of the Company and the accounts of our majority owned New Jersey Mill Joint Venture. Intercompany items and transactions between companies included in the consolidation are eliminated.

New Accounting Pronouncements

In June 2014 the Financial Accounting Standards Board issued Accounting Standard Update No. 2014-10 (the ASU). This update changes the requirements for disclosures as it relates to exploration stage entities. The ASU specifies that the inception to-date information is no longer required to be presented in the financial statements of an exploration stage entity. The amendments in the ASU are effective for annual reporting periods beginning after December 15, 2014 and interim periods therein, with early application permitted for any financial statements that have not yet been issued. The Company has elected to apply the amendments as of the three month period ended June 30, 2014.

2.

Related Parties

In August 2012 the Company entered into a note by Mine Systems Design (MSD) to purchase property for \$223,807 at 12% interest to be paid in 60 monthly payments. At June 30, 2014 the remaining amount due was \$198,414 and \$12,503 has been paid in interest during the six months ended June 30, 2014.

New Jersey Mining Company*(An Exploration Stage Company)***Notes to Consolidated Financial Statements****(Unaudited)****3.****Joint Ventures**

The Company jointly owns with Marathon Gold USA (MUSA) and acts as the manager of the Golden Chest LLC (GC). United Silver Corp. (USC), now Crescent Silver (Crescent) holds the non-controlling interest in the Company's New Jersey Mill Joint Venture (Mill JV). 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. For joint ventures in which the Company does not have joint control or significant influence, the cost method is used. For those joint ventures in which there is joint control between the parties, and the Company has significant influence, the equity method is utilized.

At June 30, 2014 and December 31, 2013, the Company's percentage ownership and method of accounting for each joint venture is as follows:

| Joint Venture | % Ownership | June 30, 2014 | | December 31, 2013 | | |
|--------------------------------|------------------------|-----------------------------------|------------------------------|--------------------------|-----------------------------------|------------------------------|
| | | Significant Influence? | Accounting Method | % Ownership | Significant Influence? | Accounting Method |
| New Jersey Mill Joint Venture | 66% | Yes | Consolidated | 66% | Yes | Consolidated |
| Golden Chest LLC Joint Venture | 48% | No | Cost | 48% | No | Cost |

New Jersey Mill Joint Venture Agreement

In June of 2012 Crescent completed its buy-in for 35% of the Mill JV with a cumulative \$3.2 million contribution to bring the capacity of the mill to 15 tonnes/hr. As of June 30, 2014, an account receivable existed with Crescent for \$83,276 for monthly operating costs and lease payments.

Golden Chest LLC Joint Venture

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

4.**Non-Controlling Interest in Mill JV**

Crescent Silvers non-controlling interest in the Company's Mill Joint Venture represents their investment in the Joint Venture less any losses associated with their share. Their investment changed as follows from December 31, 2013 to June 30, 2014:

| | | |
|--|----|-----------|
| Balance January 1, 2014 | \$ | 3,176,620 |
| Capital lease paid by non-controlling interest | | 17,340 |
| Balance June 30, 2014 | | 3,193,960 |

5.**Earnings per Share**

For the three and six month periods ended June 30, 2014, the effect of the Company's potential issuance of shares from the exercise of 14,000,000 outstanding warrants and 2,250,000 options to purchase common stock would have been anti-dilutive. No warrants were outstanding at June 30, 2013 Accordingly, only basic net loss per share has been presented for both periods presented.

New Jersey Mining Company*(An Exploration Stage Company)***Notes to Consolidated Financial Statements****(Unaudited)****6.****Property, Plant, and Equipment**

Property, plant and equipment at June 30, 2014 and December 31, 2013, consisted of the following:

| | June 30, 2014 | December 31, 2013 |
|--------------------------------|---------------|----------------------|
| Mill land | \$ 225,289 | \$ 225,289 |
| Mill building | 522,786 | 522,786 |
| Milling equipment | 3,853,111 | 3,716,011 |
| | 4,601,186 | 4,464,086 |
| Less accumulated depreciation | (144,236) | (144,236) |
| Total mill | 4,456,950 | 4,319,850 |
| Building and equipment at cost | 496,959 | 495,037 |
| Less accumulated depreciation | (372,125) | (348,021) |
| Total building and equipment | 124,834 | 147,016 |
| Land | 567,675 | 441,858 |
| Total | \$ 5,149,459 | \$ 4,908,724 |

During the six months ended June 30, 2014 and 2013, \$9,805 and \$0 respectively in interest expense was capitalized to the mill.

7.**Mineral Properties**

Mineral properties at June 30, 2014 and December 31, 2013 consisted of the following:

| | June 30, 2014 | December 31, 2013 |
|-------------------------------|---------------|----------------------|
| New Jersey | \$ 271,340 | \$ 271,340 |
| McKinley | 250,000 | 250,000 |
| Silver Button/Roughwater | 25,500 | 25,500 |
| Toboggan | 5,000 | 5,000 |
| Less Accumulated Amortization | (11,407) | (11,407) |
| Total | \$ 540,433 | \$ 540,433 |

8.**Equity****Stock Purchase Warrants Outstanding**

Transactions in common stock purchase warrants for the period ended June 30, 2014 are as follows:

| | Number of Warrants | Exercise Prices |
|---|-----------------------|-----------------|
| Balance December 31, 2013 | 11,000,000 | \$ 0.15 |
| Issued in connection with private placement | 3,000,000 | 0.15 |
| Balance June 30, 2014 | 14,000,000 | 0.15 |

These warrants expire as follows:

| <u>Shares</u> | <u>Exercise Price</u> | <u>Expiration Date</u> |
|---------------|-----------------------|------------------------|
| 11,000,000 | \$0.15 | May 31, 2015 |
| 3,000,000 | \$0.15 | March 4, 2017 |

New Jersey Mining Company*(An Exploration Stage Company)***Notes to Consolidated Financial Statements****(Unaudited)****9.****Stock Options**

In April 2014 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 the Company.

On April 30, 2014, 2,250,000 options were issued to management, 750,000 options vested immediately and the remaining 1,500,000 vested at a rate of 750,000 each year on the anniversary for 2 additional years, and they expire after 3 years. Each option allows the holder to purchase one share of the Company's stock at \$0.10 prior to expiration. Utilizing the Black Scholes option pricing model, an expected life of three years, a risk free rate of 0.87%, and expected volatility of 170.80% compensation cost of \$173,250 is associated with the options. Of this \$57,750 was recorded as a general and administrative expense in the second quarter of 2014 and a like amount will be recorded in 2015 and 2016 related to these options.

| | Number of Options | Exercise Prices |
|------------------------------|----------------------|-----------------|
| Balance January 1, 2014 | 0 | 0 |
| Issued | 2,250,000\$ | 0.10 |
| Balance June 30, 2014 | 2,250,000\$ | 0.10 |
| Exercisable at June 30, 2014 | 750,000\$ | 0.10 |

These options expire as follows:

| <u>Options</u> | <u>Exercise Price</u> | <u>Expiration Date</u> |
|----------------|-----------------------|------------------------|
| 750,000 | \$0.10 | April 30, 2017 |
| 750,000 | \$0.10 | April 30, 2018 |
| 750,000 | \$0.10 | April 30, 2019 |

10

Subsequent Events

A private placement was initiated by the Company in July of 2014 and completed in August 2014. Each unit consist of two shares of the Company's common stock and one purchase warrant for \$0.20; each warrant is exercisable for one share of the Company's stock at \$0.20 through August 2017; 6,000,000 units were sold for net proceeds of \$1,080,000 after deducting the 10% commission.

Item 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Cautionary Statement about Forward-Looking Statements

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

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

The timing of exploration activities; and

Business strategies and development of our business plan.

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

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

Plan of Operation

The Company is conducting gold exploration in the Gold Belt of the Coeur d'Alene Mining District as well as at the McKinley Project near Riggins, Idaho, and the Eastern Star Property in the Elk City area. The Company also operates a mineral processing plant near Kellogg, Idaho.

As a result of United Silver (now Crescent Silver LLC) shutting down the Crescent mine, the Company adjusted its business plan in order to focus on contract milling and potential cash flow. The exploration aspect of the Company will focus on performing its own exploration and evaluation of near-term production opportunities and/or forming joint ventures with partners who will contribute cash to earn their interest. The strategy includes finding and developing ore reserves of significant quality and quantity to justify investment in mining and mineral processing facilities, with utilization of the New Jersey Mill as the primary goal. The Company's primary focus is on gold with silver and base metals of secondary emphasis. When applicable, the Company receives revenue for providing mineral processing, and related services from its joint venture partners, as well as management fees.

At the Golden Chest, the Company drilled two exploration holes outside of the Juniper lease area in late 2013. All current exploration is now being conducted at the McKinley Project, Elk City, and the Golden Chest Mine. Other exploration properties include the Toboggan and the Coleman.

Exploration activities at the Golden Chest during 2013 were largely performed by Juniper Resources as part of their due diligence on the Skookum Project. The Golden Chest project is a joint venture agreement with Marathon Gold USA (MUSA). The Company, has 48% ownership and is the Operator.

The Toboggan Project is a group of prospects in the Murray, Idaho District that contain gold and silver telluride minerals. The Toboggan Project was being explored by Newmont North America Exploration Limited under a joint venture agreement. Newmont did not complete their earn-in by March 20, 2011 and the joint venture agreement was terminated. Newmont returned all the unpatented claims held by the venture to the Company. The Company is searching for a new joint venture partner to continue exploration of the favorable gold prospects examined by Newmont. During the third quarter of 2012 some of the claims that form part of the Toboggan Project were leased to a subsidiary of Hecla Mining Co.

At the Coleman underground mine future plans are to conduct further drilling to locate higher grade reserves.

The New Jersey mill is currently preparing to process ore from the Golden Chest for the next 18 to 24 months at a rate of 9000 metric tonnes per month. In preparation for that milling project the Company is installing a gravity concentrator in the grinding circuit at the mill with an estimated cost of \$165,000, Milling operations are expected to commence in October of 2014

Changes in Financial Condition

The Company maintains an adequate cash balance by increasing or decreasing its exploration expenditures as limited by availability of cash from operations or from financing activities. The cash balance at the end of the second quarter of 2014 was \$214,914. The cash balance decreased from \$733,091 at the end of the previous quarter due to purchase of capital improvements at the New Jersey Mill and general operations.

Results of Operations

There was no significant Income Earned during the Exploration Stage (Revenue) for the second quarter of 2014 or 2013. The net loss for the second quarter of 2014 was \$294,645 compared to a loss of \$48,885 for the second quarter of 2013. The net loss increase for the second quarter of 2014 compared to the loss for the corresponding quarter in 2013 was due to increased exploration and general and administrative activities.

The Company plans to process ore from the Golden Chest Skookum project for Juniper Resources which should commence later in 2014. The Company has no additional plans for production as of the second quarter of 2014, however it is hopeful its exploration activities result in mill feed for the New Jersey Mill in the future.

The amount of money to be spent on exploration at the Company's mines and prospects depends primarily on contributions of our joint venture partners, fundraising, and cash flow from the mill

During the third quarter of 2013, an option agreement to enter a mining lease was signed by Golden Chest LLC with Juniper Resources whereby Juniper conducted confirmatory drilling on a defined portion of the Golden Chest property. Juniper exercised the mining lease and has made certain payments to Golden Chest LLC (including property payments) thus relieving the Company from making its share of these payments. In addition, the Company will share in a 2% Net Smelter Return and the Company will likely gain income from processing ore from the lessor at the New

Jersey mill. The development of a portal commenced at the Golden Chest in June, 2014.

Joint Venture Receivables

Joint Venture Receivables increased as of June 30, 2014, compared to December 31, 2013, due to delayed payment by Crescent for their portion of funding for mill activities.

Property, Plant, and Equipment

Property, Plant, and Equipment increased as of June 30, 2014, compared to December 31, 2013 because of the construction and installation of a new gravity concentrator at the mill, Crescent is not participating in this expansion.

Sales of Gold

Sales of Gold income decreased for the periods ended June 30, 2014, compared to the comparable periods last year because the remaining inventory was liquidated in 2013.

Joint Venture Management Fee Income

Joint Venture management income decreased for the periods ended June 30, 2014, compared to the comparable periods last year because of a lack of current activity at the Golden Chest under the Joint Venture agreement for which the Company was paid a management fee.

Contract Milling Income

Contract Milling income decreased for the periods ended June 30, 2014, compared to the comparable periods last year because no milling has occurred in 2014. Currently a gravity circuit expansion is underway.

Exploration Expense

Exploration expense increased for the periods ended June 30, 2014 compared to the comparable periods last year because of resumed activities by the company including exploration activities and the McKinley and Eastern Star properties.

(Gain) Loss on Sale of Equipment

Gain on Sale of Equipment decreased in 2014 compared to 2013 because a core drill was sold in 2013.

General and Administrative Expense

General and Administrative expense increased for the periods ended June 30, 2014 compared to the comparable periods last year because of resumed operations by the company following a period of relative dormancy in 2013.

Interest Expense

Interest Expense decreased in the 3 month period ending June 30, 2014 compared to the comparable period last year because some interest paid was capitalized to the mill as part of the Mill expansion.

Changes in Equity in Loss and Contributions to Golden Chest LLC

Equity in loss of Golden Chest LLC decreased in 2014 compared to the comparable periods last year because of less activity and fewer cash calls occurring at the Golden Chest. The activity this year at the Golden Chest has been conducted by the operators of the Juniper lease.

Item 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for small reporting companies.

Item 4:

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At June 30, 2014, 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) of the Securities Exchange Act of 1934 (the Exchange Act), which disclosure controls and procedures are designed to insure that information required to be disclosed by a 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.

Based upon that evaluation, it was concluded that our disclosure controls were effective as of June 30, 2014, to ensure timely reporting with the Securities and Exchange Commission. Specifically, the Company's corporate governance and disclosure controls and procedures provided reasonable assurance that required reports were timely and accurately reported in our periodic reports filed with the Securities and Exchange Commission.

Changes in internal control over financial reporting

The President and Principal Accounting Officer conducted evaluations of our internal controls over financial reporting to determine whether any changes occurred during the quarter ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. There was no material change in internal control over financial reporting in the quarter ended June 30, 2014.

PART II - OTHER INFORMATION

Item 1.

LEGAL PROCEEDINGS

We are not subject to any material legal proceedings.

Item 2.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Neither the constituent instruments defining the rights of the Company's securities filers nor the rights evidenced by the Company's outstanding common stock have been modified, limited or qualified.

No shares of the Companies stock were issued during the period ending June 30, 2014

Item 3.

DEFAULTS UPON SENIOR SECURITIES

The Company has no outstanding senior securities.

Item 4.

MINE SAFETY DISCLOSURES

Pursuant to Section 1503(a) of the 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 quarter ended June 30, 2014, the Company had no citations for a violation of mandatory health or safety standards that could significantly and substantially (S&S citation) contribute to the cause and effect 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.

Item 5.**OTHER INFORMATION**

None

Item 6.**EXHIBITS**

Number

Description

| Number | Description |
|---------|---|
| 3.1 | Articles of Incorporation. Filed as an exhibit to the registrant's registration statement on Form 10-SB (Commission File No. 000-28837) and incorporated by reference herein. |
| 3.2 | Bylaws. Filed as an exhibit to the registrant's registration statement on Form 10-SB (Commission File No. 000-28837) and incorporated by reference herein. |
| 31.1 | <u>Certification pursuant to Section 302 of the Sarbanes-Oxley act of 2002.*</u> |
| 31.2 | <u>Certification pursuant to Section 302 of the Sarbanes-Oxley act of 2002.*</u> |
| 32.1 | <u>Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</u> |
| 32.2 | <u>Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</u> |
| 101.INS | XBRL Instance Document |

Edgar Filing: NEW JERSEY MINING CO - Form 10-Q

| | |
|---------|--|
| 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 |

* as filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NEW JERSEY MINING COMPANY

By: /s/ John Swallow

John Swallow,

its: President

Date August 14, 2014

By: /s/ Delbert Steiner

Delbert Steiner,

its: Chief Executive Officer and Chief Financial Officer

Date: August 14, 2014