NEW JERSEY MINING CO
Form 10-K
March 29, 2013

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2012

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

For the transition period ______________ to________________

Commission file number 000-28837

NEW JERSEY MINING COMPANY
(Name of small business issuer in its charter)

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

89 Appleberg Road, Kellogg, Idaho 83837
(Address of principal executive offices) (zip code)

(208) 783-3331
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 [X]

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 [X]

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

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 [ ]	Accelerated Filer [ ]
Non-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]

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, 2012 was $5,575,700.

On March 1, 2013 there were 45,515,862 shares of the registrant s Common Stock outstanding.

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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 tunnel, generally driven at right angles to the strike of a vein.

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

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

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

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

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

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

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

GPT-grams per metric tonne.

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

Grade-A term used to assign the concentration of metals per unit weight of ore. An example-ounces of gold per 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 in a specific area or geologic formation.

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

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

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

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

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

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

Quartzites-Metamorphic rock containing quartz.

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

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

Reserves-That part of a mineral deposit which could be economically and legally extracted or produced 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.

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 which 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.

PART I

ITEM 1.

DESCRIPTION OF THE BUSINESS

BUSINESS DEVELOPMENT

With the exception of historical matters, the matters discussed in this report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and involve risks and uncertainties that could cause actual results to differ materially from projections or estimates contained herein. Such forward-looking statements include statements regarding planned levels of exploration and other expenditures, anticipated mine lives, timing of production and schedules for development and permitting. Factors that could cause actual results to differ materially include, among others, metals price volatility, permitting delays, and the Company s ability to secure funding. Most of these factors are beyond the Company s ability to predict or control. The Company disclaims any obligation to update any forward-looking statement made herein. Readers are cautioned not to put undue reliance on forward-looking statements.

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

The Company is involved in exploring for and developing gold, silver, and base metal ore resources in the Pacific Northwest of the USA. The Company has a portfolio of mineral properties including: the Golden Chest mine, the Niagara copper silver-deposit, the New Jersey mine and mill, the Toboggan exploration project, and several other exploration prospects. The New Jersey Mill Joint Venture is a consolidated subsidiary.

The Company is executing a strategy of mineral exploration that is focused on the Belt Basin area of northern Idaho and western Montana. See Location Map. The exploration focus for the Company is primarily gold with silver and base metals of secondary emphasis. In addition to mineral exploration, the Company is also the manager of the New Jersey Mill Joint Venture which processes both silver and gold ores through an expanded 350 tonnes per day flotation plant. The Company also provides contract drilling and engineering services to its joint venture partners which provides another source of revenue. The Company modified its strategy in 2010. The former strategy was to conduct exploration for gold, silver and base metal deposits in the greater Coeur d Alene Mining District of northern Idaho while concurrently conducting mining and mineral processing operations on ore reserves it has located on its exploration properties. The new strategy now de-emphasizes the generation of cash by mining and milling and emphasizes the exploration of its properties in order to increase the amount of reserves before making a production decision. The new financial strategy involves forming joint ventures with partners who 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.

The new strategy is less reliant on private placements of common stock with qualified investors, though the Company s exploration and development progress is still dependant on securing financing in one form or another.

Competitive Business Conditions

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. Recently, the Company has been successful in completing two joint ventures, one at the Golden Chest mine and the other to expand the throughput capacity of its New Jersey mill.

We also compete with other mining companies for exploration properties such as for gold properties in the Coeur d Alene mining district.

The Company also competes for skilled labor within the mining industry.

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

Effect of Existing or Probable Governmental Regulations on the Business

Our business is subject to extensive federal, state and local laws and regulations governing development, production, labor standards, occupational health, waste disposal, the use of toxic substances, environmental regulations, mine safety and other matters. The Company is subject to potential risks and liabilities occurring as a result of mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the Company (or to other companies in the minerals industry) at a reasonable price. To the extent that the

Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing, and are generally becoming more restrictive.

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

The New Jersey mine and the Golden Chest properties are part of the expanded Bunker Hill Superfund Site. Current plans for expanded cleanup do not include any of our mines. There is no known evidence that previous operations at the New Jersey mine prior to 1910 caused any groundwater or stream pollution or discharged any tailings into the South Fork of the Coeur d'Alene River; however, such evidence could be uncovered. The nature of the risk would probably be to clean up or cover old mine tailings that may have washed downstream from upstream mining operations. 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 mines. Recently, the EPA has proposed a new cleanup plan that greatly increases the number of historic mine sites to be reclaimed, however, the plan has not been approved. NJMC has not received any notifications that it could be liable for any environmental cleanup.

Estimate of the Amount Spent on Exploration for the Last Two Years

During the years ended December 31, 2012 and 2011, we spent $1,046 and $10,850, respectively, on exploration activities.

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. Our exploration programs on public land can be delayed for significant periods of time (one to two years) because of the slow permitting process applied by the USFS. We believe the USFS permitting delays are caused by insufficient manpower, complicated regulations, misplaced priorities, and sympathy for environmental groups who oppose all mining projects.

The Company 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 has 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 impoundments are less than 30 feet high from toe to crest. An Idaho cyanidation permit was granted October 10, 1995 [No. CN-000027]. Construction of the Concentrate Leach Plant (CLP) at the New Jersey mine was completed in November of 2007. The Idaho Cyanidation permit requires monthly surface water and quarterly groundwater monitoring during the operation of the CLP. It is estimated that water monitoring cost associated with operating the CLP is approximately $6,000 per year.

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

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

The Company 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 employees is 6 including President Fred Brackebusch and Vice President Grant Brackebusch.

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 2013. 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 10K reports, quarterly 10-Q reports, and 8-K reports since that time.

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.

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 1 - Project Location Map

NEW JERSEY MINE

Location

The New Jersey mine is an underground mine and mill complex located four kilometers east of Kellogg, Idaho, in the Coeur d'Alene Mining District. The property includes the gold bearing Coleman vein system, a base metal Sullivan-type prospect known as the Enterprise, and another gold prospect called the Scotch Thistle. The mine is adjacent to U.S. Interstate 90 and is easily accessed by local roads throughout the entire year. Three phase electrical power is supplied to the New Jersey mill by Avista Utilities. The area is underlain by argillites and quartzites of the Prichard Formation [member of Belt Supergroup] which commonly hosts gold mineralization.

Mill Joint Venture Agreement

On January 7, 2011, the Company signed a joint venture 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 expansion of the mill to process 350 tonnes per day and received a 35% interest in joint venture assets plus the right to process 7,000 tonnes of their ore per month. NJMC is the manager of the joint venture and retains a 65% interest in the joint venture assets plus the right to process 3,000 tonnes per month of its own ores. The property covered by the joint venture agreement includes the crushing circuit, grinding circuit, flotation circuit, concentrate leach plant, patented and unpatented claims (excluding mineral rights), and buildings.

Mineral Property

The Company owns 62 acres of patented mining claims, mineral rights to 108 acres of fee land, and approximately 130 acres of unpatented mining claims. The unpatented claims are on federal land administered by the BLM. The Coleman pit and the current underground workings are located on the patented mining claims wholly owned by the Company.

Mineral Leases

A mineral lease, known as the Grenfel lease, with Mine Systems Design, Inc. (MSD) covers the mineral rights to 68 acres located north of the New Jersey mine area. The lease has a fifteen year term and thereafter so long as mining operations are deemed continuous. The lessor may terminate the lease upon the Company's failure to perform under the terms of the lease. A 3% net smelter return (NSR) royalty will be paid to the lessor if production is achieved. However, the NSR royalty shall not exceed 10% of the net proceeds, except the NSR royalty shall not be less than 1%. No advance royalties or other advance payments are required by this lease.

History

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

Present Condition and Work Completed on the Property

The construction of an expanded mill capable of processing 350 tonnes per day of sulfide ore to produce a single flotation concentrate was completed in 2012. The mill expansion cost approximately $3.2 million which was funded completely by UMS. The expansion project included the installation of a new cone crusher, a new fine ore bin, new conveyors, a new 2.4m by 4.0m ball mill, additional flotation cells, a new paste thickener, associated pumps, and a new building. The Concentrate Leach Plant (CLP) has not been renovated. During 2012, a total of 8,470 dry tonnes of silver ore from the Crescent mine were processed at the New Jersey mill.

Since 2001, the Company has drilled 14 holes for a total of 1,765 meters to explore the Coleman vein and associated zones of gold mineralization. The drilling confirmed the continuity of the Coleman vein system and discovered a broad zone of low grade (0.70 gpt gold) gold mineralization known as the Grenfel zone. The best intercept was in DDH02-02 which assayed 2.76 gpt gold over 12.5 meters including 2.5 meters of 6.80 gpt gold. In 2008, about 400 meters of drilling was completed at the Scotch Thistle gold prospect revealing areas of silica enrichment and alteration, but no economic intervals of gold mineralization.

In 2008, the Company completed an underground exploration program of drifting on the Coleman vein on the 740 level. A total of 84 meters of drifting were completed with 20 meters of that on the vein before it was displaced by a fault. No exploration or development work was completed by the Company in 2009. In 2010, a raise was driven upward on the 740 level to explore a narrow high-grade vein that crosscut the main Coleman vein at nearly a right angle. This raise was driven about 12 meters vertically and produced 367 dry tonnes for the New Jersey mill that assayed 2.68 gpt gold. No exploration work was completed on the Coleman vein or other prospects at the New Jersey mine in 2012.

As of December 31, 2012, the Company had a net capital cost of $4,344,711 associated with the mineral processing plant and a capitalized development plus investment cost of $604,792 associated with the mine.

Exploration Plans

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

Geology and Reserves

The description of the geology of the New Jersey mine and the calculation of mineral resources have been completed by the Company. The description of the geology of the area can be verified from third party published reports by the U.S. Geological Survey and unpublished reports by Oscar Hershey, former Coeur d'Alene District geologist. The Company is solely responsible for the reserve calculations.

Geology

The Prichard Formation, which is 25,000 feet in thickness, underlies the New Jersey mine area which is adjacent to and north of the major Osburn fault. The Prichard Formation is divided into nine rock units of alternating argillites, siltites, and quartzites, and 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 which cut the bedding in Prichard argillite and quartzite. Associated sulfides are pyrite, arsenopyrite, chalcopyrite, low-silver tennatite, galena, and sphalerite.

Reserves

The reserves at the New Jersey mine, as of this date, are those contained in an underground mine plan. The designed stope block extends from the surface to the Keyhole Tunnel level. Grade estimation for the block is based upon calculated head grades from production from the Coleman vein during the 2008 and 2010 exploration campaigns.

Underground Mine (Proven & Probable)

Ore Block	Metric Tonnes	Gold Grade (grams per tonne)	Ounces (gold)
Total	51,604	3.20	5,310

The reserve tonnages are diluted. That is, the expected dilution from underground mining is accounted for in the grade and tonnage of the reserve block. The ounces stated in the above table are contained ounces. The cutoff grade used was 1.5 grams/tonne gold. The cutoff grade is based on historical costs of underground mining on the Coleman vein with a flotation processing plant recovering 85% of the gold. Gold prices used are based upon a three year average or $47.86/gram ($1,488.34/troy ounce). Proven and probable reserves are combined as they cannot be readily separated.

GOLDEN CHEST

Location

The Golden Chest mine is an underground mine located in Reeder Gulch about 2.4 kilometers east of Murray, Idaho along Forest Highway 9. The property consists of 24 patented mining claims and 70 unpatented claims covering approximately 515 hectares (1,270 acres). The site is accessible by an improved dirt road. A 30 ft by 20 ft steel-clad pole building is present near the ramp portal and is used as a shop and a dry. A second pole building 36 ft by 70 ft was erected on the site in 2011 and is used for core logging and office space. Single phase electrical power supplied by Avista Utilities has been installed to the portal site in Reeder Gulch and the new core building.

Property Ownership

Beginning in December 2010, the Golden Chest is owned by Golden Chest LLC (GC), which is owned 50% by the Company (NJMC) and 50% by Marathon Gold Corporation through its wholly-owned US subsidiary, Marathon Gold USA Corp. (MUSA). GC purchased the mine from Metaline Contact Mines and J.W. Beasley Interests for $3,750,000. As of December 31, 2012, GC had paid $1,125,000, and has agreed to pay the sellers $2,375,000over the next four years with a final payment of $250,000 on the seventh anniversary. The sellers have a first mortgage on the mine as security for future payment owing. There are no production royalties underlying the Golden Chest property.

Present Condition and Work Completed on the Property

The Company started work on the property in 2004. A ramp 440 meters in length connecting the surface to the historic No. 3 level, known as the North Ramp, was completed in the fourth quarter of 2008.

For each year from 2004 through 2008, the Company completed an exploration core drilling program on the Golden Chest property. A total of 3,415 meters of core drilling were completed from the surface during this period. These holes were targeted to extend the Idaho vein below the No. 3 and were successful. In 2011, the GC joint venture partners completed the most aggressive exploration project in the history of the mine which included 11,300 meters of surface core drilling. A total of 102 NQ-2 size drill holes were completed. Other surface work completed included the construction of a new core shed, construction of new roads, surface geologic work, surface and underground surveying, and the reestablishment of patented claim corners. Work completed underground included the rehabilitation of No. 3 level and an exploration crosscut on the Intermediate level. In 2012, a total of 7,000 meters of drilling amongst 42 holes was completed at the Golden Chest. Additionally, an exploration drift was completed on the Popcorn vein revealing a strike length of 40 meters of vein that averaged 23 gpt gold across a true thickness of 0.5 meter. The exploration work completed in 2012 resulted in the second Canadian National Instrument 43-101 resource report for the property.

Exploration and Development Plans

The Company is considering alternative plans for development of the Golden Chest mine, but currently the mine is on a care and maintenance basis, but with a short term plan to process some stockpiled low grade ore and possibly some high grade ore from certain areas in the mine.

Geology

Gold mineralization occurs in veins associated with a thrust fault that has exploited the top of a quartzite unit on the east limb of a north-trending synclinal fold. The mineralization occurs in two types of quartz veins which 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, sphalerite, galena, chalcopyrite, scheelite and rare visible gold. Gold mineralization is of Mesozoic age and related to granitic intrusive rocks.

Reserves

Currently, there are no mineral reserves, as recognized by the SEC, at the Golden Chest.

NIAGARA PROJECT

Location

The Niagara copper-silver deposit is located near the forks of Eagle Creek about seven kilometers northwest of the Company's Golden Chest operation. The property is without known ore reserves, and consists of 33 unpatented claims that cover about 650 acres. Access to the site is maintained through the use of a USFS road which is closed to the general public. No electrical energy is present at the site.

Mineral Agreement

In 2012, the Company terminated an exploration agreement and option to purchase mining claims for the Niagara project with Desert Copper USA Corporation (DUSA), a wholly-owned subsidiary of Desert Copper Corporation, a Canadian corporation. The Company retains a 100% interest in the Niagara project subject to a mining lease with Revett Metals Associates (RMA). The mining lease requires that the NJMC pay a 3% Net Smelter Royalty of 3% on any production from the property, and calls for an annual minimum advance royalty payment of $18,000.

History

An exploration program completed by Earth Resources Company on the Niagara property in the 1970's identified a large volume of copper-silver mineralization within the Revett formation. The historic exploration program included eight drill holes and six trenches on the outcrop of the mineralized strata. Earth Resources also completed metallurgical testwork that indicated conventional flotation will achieve recoveries of 94% for copper and 90% for silver. Earth Resources also completed preliminary economic studies on the deposit. Kennecott owned the claims that cover the Niagara deposit for a period of time after Earth Resources. RMA re-staked the property in 2004 after Kennecott dropped the claims.

Present Condition and Work Completed on the Property

During 2008, the Company completed five holes of core drilling for a total of 1,062 meters at the Niagara project. Three of the holes were targeted to intercept the copper-silver deposit in the Revett formation and were successful. The drilling increased the area of copper-silver mineralization of the Niagara deposit. As an example, drillhole 08-9 drilled through 19.4 meters grading 0.51% copper, 25 gpt silver and 0.029 gpt gold. A preliminary engineering study assessing the economic potential of open pit mining at the Niagara was completed. Two holes for a cumulative total of 413 meters were drilled in the hanging wall of the Murray Peak fault in the Prichard formation to investigate a gold-in-soil anomaly and magnetic high. Low level, anomalous gold and tellurium mineralization were found by this drilling. No work was completed at the Niagara in 2012.

Exploration and Development Plans

The Company is currently seeking joint venture partners to fund the exploration and development of the Niagara deposit.

As of December 31, 2012, the Company had an investment cost of $47,000 associated with the Niagara project.

Geology

The Niagara deposit occurs in a section of mineralized upper Revett Formation near the axis of a north-south striking syncline. The western limb of the syncline has been truncated by the north-south striking Murray Peak fault, a steep, west dipping reverse fault. Other faults offset the mineralized zone slightly. In the Niagara deposit, the mineralization occurs in the upper Revett Formation, which here is a light gray, massive quartzite with thin siltite interbeds. The mineralized horizon crops out along the East Fork Eagle Creek and is approximately 30 meters below the contact with the overlying St. Regis Formation. Copper minerals include bornite, chalcopyrite, chalcocite, native copper, and some copper oxide minerals. Silver minerals include stomeyerite and jalpaite. Pyrite and galena also occur in trace amounts

TOBOGGAN PROJECT

Location

The Toboggan project is an exploration property without known ore reserves. The project consists of 106 unpatented lode claims covering an area of approximately 2,100 acres in and near the East Fork of Eagle Creek drainage. The Toboggan project consists of the following prospects: Gold Butte, Mineral Ridge, Golden Reward, Progress, Little Baldy, Snowslide, CA, Lost Eagle, and Independence. The claims can be accessed from May through November using a USFS dirt road. No electrical energy is available at the site.

Mineral Agreement

The Toboggan project is comprised of 106 unpatented mining claims wholly owned by the Company of which 39 claims related to the Little Baldy prospect are leased to Hecla Silver Valley. The lease has a 20-year term and calls for annual payments to NJMC of $24,000 then escalating to $36,000 after three years and $48,000 after six years. A work commitment of $200,000 by the third year is required of Hecla with increasing work commitments thereafter. Should gold production be realized from the leased claims, a 2% net smelter return royalty is due NJMC.

History

Historic workings are present at the Gold Butte prospect and consist of seven adits connected by a system of narrow roads. Most of the underground work appears to have been completed by 1941. Two holes were drilled on the Gold Butte prospect in the 1980 s. Prior geophysical exploration work by Cominco-American in the Toboggan Creek area in the mid 1980 s found a large CSAMT geophysical anomaly, roughly two square kilometers in area. In 1987, Cominco American drilled a hole 500 meters in depth that was located on the eastern edge of the anomaly. It appears that the hole was located too far to the east, and that it was not drilled deep enough to investigate the large geophysical anomaly. Nord-Pacific completed a gold exploration program in the Mineral Ridge area including a soil sampling program and a reverse-circulation drilling program in 1992. Nord-Pacific identified several anomalous gold zones with their soil sampling and completed nine holes totaling 850 meters in their drilling program. All of the drillholes intercepted anomalous gold mineralization including a 1.5 meter intercept of 18.9 gpt gold. Historic workings at the Mineral Ridge prospect, which were completed before Nord-Pacific s work, include six adits as well as numerous pits and trenches. The Independence area was originally staked in 1906 and was active intermittently through the 1900 s. Work completed included four adits, and numerous pits and trenches.

For the period from March 2008 through March 2011, the Toboggan project was an exploration joint venture between Newmont Mining Corporation and the Company. Newmont completed three seasons of exploration work spending approximately $2,000,000, and then dropped the project. Newmont quitclaimed all the mining claims back to the Company, and also returned the data generated from three seasons of exploration.

Present Condition and Work Completed on the Property

During 2008, Newmont completed a comprehensive early-stage exploration program. Work completed included the staking of additional claims significantly increasing the area of the joint venture, soil sampling, rock sampling, geologic mapping, a ground-based geophysical survey at the Gold Butte, and an airborne geophysical survey over the entire joint venture area. During 2009, Newmont completed a core drilling program that consisted of six holes for a total of 1,359 meters. Two holes were drilled at each of the following prospects: Mineral Ridge, Golden Reward and Gold Butte. The best gold intercept drilled was at the Gold Butte where a pyritic quartz vein was found at 24.0 meters below the surface that assayed 2.5 gpt gold over 4.0 meters including a higher grade section that assayed 7.15 gpt gold over 1.0 meter. Thick intercepts of anomalous, but low-grade gold mineralization were drilled at the Mineral Ridge and the Golden Reward prospects. Newmont also completed geologic mapping, surface rock sampling, soil sampling, and additional claim staking. During 2010, Newmont completed both core and reverse-circulation (RC) drilling at the Toboggan project. A total of eight core holes totaling 914.2 meters and seven RC holes totaling 941 meters were drilled. Six of the core holes were drilled at Gold Butte and intercepted a fault with anomalous gold mineralization. The remaining two core holes were drilled at Mineral Ridge and both holes were terminated before hitting the target due to difficult ground conditions. The seven RC holes were drilled at various prospects near Toboggan Creek and RC-7 was the most promising with 100 meters of 100 ppb gold at the Golden Reward prospect. Newmont obtained the USFS permit necessary to drill their best targets after the conclusion of the 2010 exploration season. No exploration work was completed on the project in 2012.

Exploration and Development Plans

Joint venture partners will be sought to help advance the project.

Geology

Gold mineralization tends to occur in structurally controlled zones within the Prichard Formation which are associated with large potential feeder structures such as the Murray Peak fault, the Bloom Peak fault, and the Niagara fault. The gold mineralization can occur either as discrete, high-grade quartz veins or within wide zones of brecciation. Geochemical analysis of soils and rocks has led to the discovery of very high levels of tellurium associated with zones of higher grade gold mineralization. Electron microprobe analysis has shown the presence of gold-silver electrum and the telluride mineral petzite. The presence of telluride minerals along with the presence of alkaline intrusive rocks and areas of potassic alteration has led the Company to believe the gold mineralization is associated with a deeply buried alkaline intrusion.

GIANT LEDGE

The Giant Ledge prospect is an exploration project without known ore reserves. It lies about six kilometers southeast of Murray, Idaho, in the Granite Creek drainage, and is accessed by an historic road that has been washed out in areas. .No electrical power is present at the site. The Company s land position consists of 10 wholly owned unpatented lode claims covering an area of 200 acres. The property hosts polymetallic lead, copper and gold mineralization in and along the contact of an igneous intrusive.

History

The Giant Ledge prospect was active in the 1920 s when a 122 meter deep shaft was sunk and about 450 meters of drift development was completed. A flotation mill was erected and a minor amount of production was achieved. Bunker Hill Mining Company examined and mapped the mine workings in the 1950 s. Sunshine Mining Company conducted exploration at the Giant Ledge in the mid-1980 s and drilled two core holes.

Present Condition and Work Completed on the Property

NJMC was able to procure the drill core from Sunshine s drilling program, and the core was re-logged and assayed. The best of the mineralization showed 4.6 meters of 0.908 gpt gold and 0.24% combined copper and lead. An extensive soil sampling program was completed in conjunction with a VLF and magnetometer survey. Results of the soil sampling show a 600 meter diameter gold anomaly and the magnetometer survey shows a magnetic low coincident with the gold anomaly. No work was completed at the Giant Ledge property in 2012.

Exploration and Development Plans

If sufficient funds are available, the Company will perform a ground-based geophysical survey utilizing induced polarization (IP).

COPPER CAMP

Summary

The Copper Camp is an exploration project without known ore reserves. Copper Camp lies about eight kilometers northwest of Murray, Idaho and is accessed by the Lost Creek USFS road. Electrical power is located adjacent to the site. The project is comprised of 9 unpatented mining claims covering about 180 acres. In August of 2012, the Company terminated an exploration agreement and option to purchase mining claims with Desert Copper USA Corporation (DUSA) which covered the Copper Camp project. The Copper Camp project is held by the Company through an exploration agreement (with an option to convert to a mining agreement) with Revett Metals Associates. The exploration agreement calls for annual payments of $3,000 plus 30,000 shares of NJMC. In late 2012, the Company extended the exploration agreement for another three years.

The Copper Camp showing is an early-stage copper and silver exploration project, having been explored with limited drilling by previous operators which include Kennecott, Cominco, and U.S. Borax. Previous operators drilled core holes down dip from the outcrop and three holes penetrated the favorable Revett Formation beds showing low-grade copper-silver mineralization. At least three intercepts were made averaging 10 meters in thickness and grading 0.10% to 0.20% copper and 1.7 to 3.3 grams per tonne (gpt) silver. One short 0.18 meter interval at 173.2 meters of depth had structurally controlled bornite mineralization grading 4.45% copper and 84.0 gpt silver. The Company has submitted a POO to the USFS for a core drilling program at Copper Camp.. The timing of drilling will be dependent on the Company s ability to secure adequate funding. No work was completed on the Copper Camp prospect in 2012.

SILVER BUTTON/ROUGHWATER PROSPECT

Summary

The Silver Button is an exploration project without known ore reserves, covers an area of 20 acres, and is located in the Clark Fork mining district of northern Idaho. Clark Fork is about 96 kilometers north of Kellogg, Idaho. The property was staked by the Company in 2004 and is located in the Lightning Creek drainage. Float collected from over a 100 m length of a vein subcrop on a talus slope contained silver minerals as identified by microscopic and chemical analyses. Access to the site is via foot trail and no electrical power is available at the site. Only preliminary field sampling and claim staking have taken place at the prospect. No additional exploration is planned at this time. As of December 31, 2012, the Company had an investment cost of $25,500 associated with this property.

ITEM 3.

LEGAL PROCEEDINGS

The Company was recently dismissed as a plaintiff in a lawsuit regarding a public right of way for the East Fork of Eagle Creek Road near Murray, Idaho. A ruling was made against the remaining plaintiff Shoshone County which the County plans to appeal.

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, 2012, the Company had four violations of mandatory health or safety standards that could significantly and substantially (S&S citations) 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. Three of the citations were assessed a penalty of $100 with the assessment pending on the fourth. All four citations were cured through corrective action by the Company. 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.

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, 2012	**High Bid**	**Low Bid**
First Quarter	$0.24	$0.16
Second Quarter	$0.18	$0.10
Third Quarter	$0.16	$0.10
Fourth Quarter	$0.14	$0.06
Year Ending December 31, 2011	**High Bid**	**Low Bid**
First Quarter	$0. 32	$0. 24
Second Quarter	$0. 32	$0. 19
Third Quarter	$0. 23	$0. 18
Fourth Quarter	$0. 23	$0. 16

Shareholders

As of March 10, 2013 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, 601 E. Seltice Way Suite 202, Post Falls, Idaho 83854.

Securities Authorized for Issuance Under Equity Compensation Plans

The Company has not adopted an equity compensation plan for the award of options, warrants or rights to employees or non-employees. The Company has in the past issued 2,000 shares as a safety award to each employee, excluding management and directors, three times per year after one year of service has been achieved. At a Board of Directors meeting on November 9, 2009, the Directors approved a compensation plan for the Board of Directors under which each Director receives 25,000 shares of unregistered Common Stock annually. In 2011 and 2012 these shares were valued at $5,000 and $1,625, respectively. No additional fees are paid for attendance at Board of Directors meetings, committee membership or committee chairmanship Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	0	0	0
Equity compensation plans not approved by security holders	0	0	0
Total	0	0	0

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 the bid price for our common stock as quoted by the OTC Market.

Recent Sales of Unregistered Securities

For the year ended December 31, 2012, the Company issued 210,000 shares of restricted common stock for director s fees, and mining lease payments. A value of $15,750 (for an average value of $0.075 per share) was assigned to these fees. See the statement of shareholders' equity (Item 8 Financial Statements) for a detailed list. 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.

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

When we use the terms "New Jersey Mining Company," the "Company," "NJMC," "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 Report on Form 10-K 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-K 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 of northern Idaho and it operates a mineral processing plant near Kellogg, Idaho. The financial strategy involves forming joint ventures with partners who contribute cash to earn their equity interest. The strategy includes finding and developing ore reserves of significant quality and quantity to justify investment in mining and mineral processing facilities. The Company s primarily focus is on gold with silver and base metals of secondary emphasis. The Company receives revenue for providing core drilling and engineering services from its joint venture partners, as well as management fees.

All exploration is now being done at the Golden Chest mine. Other exploration properties include the Toboggan, Niagara/Copper Camp, the Coleman, and the Giant Ledge.

Exploration activities at the Golden Chest during 2012 decreased substantially compared to 2011. Exploration activity decreased because it was necessary to conserve cash. During 2012, about 7,000 meters of drilling was completed. The Company conducted core drilling operations at the Golden Chest for the venture with Marathon Gold. In the first quarter of 2013, a updated 43-101 resource estimate was completed by an independent engineering firm. The additional drilling data was incorporated into the new resource calculations,

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 now actively 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 unpatented claims that form part of the Toboggan Project were leased to a subsidiary of Hecla Mining Co.

The Niagara copper-silver deposit, also located in the Murray, Idaho area, in the Revett formation was drilled in the 1970 s, and the Company drilled five holes since which expanded the resource. Results of the recent drilling also indicate that gold would be a significant byproduct. Preliminary open pit mining studies have been completed. Early in the fourth quarter of 2011, an option agreement was signed with Desert Copper USA Corp. [now Daycon Minerals Corp.] relating to the Niagara and Copper Camp properties. Daycon terminated the Option Agreement in August 2012 unencumbering the properties.

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

The New Jersey mineral processing plant was expanded in order to process ore from the nearby Crescent silver mine. A definitive venture agreement was signed with United Silver Corp (USC), owner of the Crescent mine, in January 2011. The plant was expanded from a processing rate of 4 tonnes/hr to 15 tonnes/hr. USC paid the expansion cost which was $3.2 million. After completion of the expansion, the Company now owns about 65% of the venture and USC owns the remainder. The Company is the operator of the venture. USC has a minimum quota of ore of 7,000 tonnes per month and the Company has 3,000 tonnes per month. Each party will pay its processing costs and the Company will charge a management fee of $2.50/tonne. The plant was commissioned during 2012, but ore production from the Crescent mine was curtailed by USC for economic reasons so the plant became idle in September 2012 and remained idle until yearend. Currently, the plant is operating on a part time basis to clean up stockpile ore from the Crescent mine. Plans are to process some stockpiled low grade ore from the Golden Chest mine and possibly some high grade ore from certain areas in the Golden Chest mine.

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 2012 was $9,950 compared to $612,989 at the end of 2011.

The cash balance decreased during the year, from $612,989 to $9,950, primarily due to less income from drilling services, management fees and engineering services. Also joint funding of the Golden Chest joint venture was required in 2012.

Results of Operations

Income Earned during the development stage (revenue) for 2012 was $904,299 as compared to $1,453,176 for 2011. Revenue was lower in 2012 due to less contracting services. The net loss attributable to the Company was $722,892 for 2012 compared to a loss of $473,085 for 2011. The net loss for 2012 was higher than 2011 because of lower revenue.

There was no gold production in 2012 nor in 2011. There are plans for limited gold production in 2013 because of the processing of stockpiled low grade ore at the Golden Chest and some mining planned for an exposed high grade vein called the Popcorn vein.

Plans at the Golden Chest mine include only minimal mining activity in 2013 in order to help defray holding costs and property payments.

The New Jersey mineral processing plant will be operated on a part time basis in 2013 to process stockpiles from both the Crescent mine and Golden Chest mine. Mill operations may expand if more development is done at the Crescent mine by USC and if high grade underground mining at the Golden Chest is expanded.

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

The Company provides surface drilling services at the Golden Chest and receives payment from Golden Chest LLC. Currently, Golden Chest LLC is funded 50% by Marathon Gold and 50% by the Company. The Company also receives a management fee as Manager of the venture. The Company receives a management fee for processing ore for United Silver Corp.

Changes in Joint Venture Receivables

Joint Venture receivables decreased in 2012 compared to 2011 as a result of decreased activity with the Company's joint ventures.

Changes in Other Current Assets

Other current assets decreased in 2012 compared to 2011 because of an decrease in prepaid claim fees and in 2011 an account receivable existed with Desert Copper.

Deposits

Deposits decreased in 2012 compared to 2011 because of a deposit on land for the mill that was recorded at the end of 2011.

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

Property, Plant and Equipment increased in 2012 compared to 2011 because of increased investment in the New Jersey Mill Joint Venture by our joint venture partner.

Accounts Payable

Accounts payable decreased in 2012 compared to 2011 because minimal activity was occuring at the end of 2012.

Accrued Payroll and Related Payroll Expenses
Accrued payroll and related payroll expenses decreased in 2012 compared to 2011 because of decreased activity related to the GC LLC and the Golden Chest Mine.

Account Payable Related Party
Accounts payable related party increased in 2012 compared to 2011 because of a new note that was extended to the Company by MSD to purchase some property.

Account Payable Marathon Gold
Account payable Marathon Gold increased because Marathon extended the Company credit in December 2012.

Noncontrolling interest in New Jersey Mill Joint Venture
Noncontrolling interest in New Jersey Mill Joint Venture increased in 2012 compared to 2011 because of investment in the New Jersey Mill Joint Venture by the Company's joint venture partner United Mine Services.

Drilling and Exploration Income
Drilling and exploration income decreased for 2012 compared to 2011 because of decreased drilling activity at the Golden Chest

Joint Venture Management Fees
Joint venture management fee income decreased for 2012 compared to 2011 because of decreased activity at the Golden Chest.

Engineering Services Income
Engineering services income decreased in 2012 compared to 2011 because the Mill expansion project was completed midyear.

Drilling and Exploration Contract Expense
Drilling and exploration contract expense has decreased for 2012 compared to 2011 because of decreased drilling activity at the Golden Chest

Changes in Management Costs
Management expenses decreased for 2012 compared to 2011 because of decreased activity at the end of the year.

Changes in Exploration Costs
Exploration expenses decreased for 2012 compared to 2011 because of decreased activity

Gain on Sale of Mineral Property
Gain on sale of mineral property decreased in 2012 compared to 2011 because no mineral property was sold in 2012.

Depreciation
Depreciation increased in 2012 compared to 2011 most notably because of the new core drill which was placed in service in June 2011.

General and Administrative
General and administrative expenses have decreased in 2012 compared to 2011 because of decreased activity.

Interest
Interest expense has increased in 2012 compared to 2011 because 2011's interest expense was capitalized as part of the mill expansion.

Equity in Loss of Golden Chest LLC
Equity in loss of Golden Chest LLC increased in 2012 compared to 2011 because the Company began funding 50 percent of the Golden Chest LLC's activities.

ITEM 7A.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for smaller reporting companies.

ITEM 8.

CONSOLIDATED FINANCIAL STATEMENTS

New Jersey Mining Company
(A Development Stage Company)
Table of Contents

New Jersey Mining Company
(A Development Stage Company)
Consolidated Balance Sheets
December 31, 2012 and 2011

		2012		2011
ASSETS				
Current assets:				Restated-Note 8
Cash and cash equivalents	$	9,950	$	612,989
Investment in marketable equity security at fair value (cost-$3,868)		20,261		19,344
Joint venture receivables		12,525		131,718
Other current assets		13,160		55,442
Deposits				44,280
Inventory		19,466		18,410
Total current assets		75,362		882,183
Property, plant and equipment, net of accumulated depreciation		5,035,276		3,967,467
Mineral properties, net of accumulated amortization		710,075		699,575
Total assets	$	5,820,713	$	5,549,225
LIABILITIES AND STOCKHOLDERS EQUITY				
Current liabilities:				
Accounts payable	$	47,548	$	122,060
Accrued payroll and related payroll expenses		6,805		54,367
Note payable related party, current		37,899		1,500
Account Payable Marathon Gold		62,500		
Obligations under capital lease, current		32,009		30,153
Notes payable, current		148,834		102,151
Total current liabilities		335,595		310,231
Asset retirement obligation		9,797		8,645
Note payable related party, non-current		184,940		
Obligations under capital lease, non-current		26,367		58,376
Notes payable, non-current		166,839		308,362
Total non-current liabilities		387,943		375,383
Total liabilities		723,538		685,614
Commitments (Note 6 and 8)				
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; 2012-45,515,862 and 2011-45,305,862 shares issued and outstanding		10,439,219		10,423,469
Deficit accumulated during the development stage		(8,509,851)		(7,786,959)
Accumulated other comprehensive income:				

Unrealized gain on marketable equity security		16,392		15,475
Total New Jersey Mining Company stockholders equity		1,945,760		2,651,985
Non-controlling interest in New Jersey Mill Joint Venture		3,151,415		2,211,626
Total stockholders' equity		5,097,175		4,863,611
Total liabilities and stockholders equity	$	5,820,713	$	5,549,225

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

New Jersey Mining Company
(A Development Stage Company)
Consolidated Statements of Operations and Comprehensive Income (Loss)
For the Years Ended December 31, 2012 and 2011,
And from Inception (July 18, 1996) through December 31, 2012

	December 31, 2012	December 31, 2011 Restated Note-8	From Inception (July 18, 1996) Through December 31, 2012
Income earned during the development stage:			
Sales of gold	$	$	$ 437,122
Sales of concentrate			601,168
Drilling and exploration contract income	769,084	1,242,345	2,371,344
Joint venture management fee income	45,341	79,031	124,372
Mill processing fee income	21,174		21,174
Engineering services income	68,700	131,800	232,522
Total income earned during the development stage	904,299	1,453,176	3,787,702
Costs and expenses:			
Direct production costs	15,499	14,237	1,348,707
Drilling and exploration contract expense	348,391	642,478	1,197,936
Engineering services expense	19,500	39,000	71,591
Management	55,052	86,912	1,971,591
Exploration	1,046	10,850	2,420,127
Net loss (gain) on sale of or default on mineral property		128,602	(281,398)
Net gain on sale of equipment	(9,900)	(12,895)	(57,893)
Depreciation and amortization	144,393	93,934	968,107
General and administrative expenses	241,765	391,293	3,326,781
Total operating expenses	815,746	1,394,411	10,965,549
Operating income (loss)	88,553	58,765	(7,177,847)
Other (income) expense:			
Timber sales			(54,699)
Timber expense			14,554
Royalties and other income	(19,667)	(17,624)	(125,112)
Royalties expense			44,089
Gain on sale of marketable equity security			(92,269)
Interest income	(382)	(921)	(49,283)
Interest expense	21,968		113,853
Write-off of Goodwill and investment			120,950
Equity in loss of Golden Chest LLC	822,500	553,205	1,375,705
Total other (income) expense	824,419	534,660	1,347,788
Net income (loss)	(735,866)	(475,895)	(8,525,635)
Net loss attributable to non-controlling interest	12,974	2,810	15,784
	(722,892)	(473,085)	(8,509,851)

Net income (loss) attributable to New Jersey Mining Company						
Income tax (provision) benefit						
Other comprehensive income (loss):						
Unrealized gain (loss) on marketable equity security		918				16,393
Comprehensive income (loss) attributable to New Jersey Mining Company	$	(721,974)	$	(473,085)	$	(8,493,458)
Net loss per common share-basic and diluted	$	(0.02)	$	(0.01)	$	(0.34)
Weighted average common shares outstanding-basic and diluted		45,311,682		45,039,830		24,689,996

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

New Jersey Mining Company
(A Development Stage Company)
Consolidated Statement of Changes in Stockholders' Equity
For the Years Ended December 31, 2012, and 2011 (audited), and for the Period From Inception (July 18, 1996) Through December 31, 2012

	Common Stock Shares	Common Stock Amount	Accumulated Deficit	Accum. Other Comprehensive Income	Treasury Stock	Total Stockholders' Equity
Issuance of common stock for:						
Assets and liabilities of New Jersey Joint Venture	10,000,000	$ 207,968	$	$	$	$ 207,968
Acquisition of Plainview Mining Company	1,487,748	148,000				148,000
Cash from sales	228,816	110,115				110,115
Services	14,000					
Net loss			(44,174)			(44,174)
Balance, December 31, 1997	11,730,564	466,083	(44,174)			421,909
Issuance of common stock for:						
Acquisition of Plainview Mining Company	1,512,252	152,000				152,000
Cash from sales	117,218	29,753				29,753
Services	18,000					
Treasury stock acquired with Plainview acquisition					(136,300)	(136,300)
Net loss			(30,705)			(30,705)
Balance, December 31, 1998	13,378,034	647,836	(74,879)		(136,300)	436,657
Issuance of common stock for services	79,300	-				

Net loss			(23,738)		(23,738)
Balance, December 31, 1999	13,457,334	647,836	(98,617)	(136,300)	412,919
Issuance of common stock for:					
Silver Strand property	50,000	68,750			68,750
Services	62,100	4,313			4,313
Net loss			(20,492)		(20,492)
Balance, December 31, 2000	13,569,434	720,899	(119,109)	(136,300)	465,490
Issuance of common stock for:					
Grenfel lease	1,000,000	100,000			100,000
Lost Eagle property	50,000	5,000			5,000
Roughwater property	255,000	25,500			25,500
Services	68,400	6,840			6,840
Net loss			(6,448)		(6,448)
Balance, December 31, 2001	14,942,834	858,239	(125,557)	(136,300)	596,382
Issuance of common stock for:					
Cash	1,700,000	255,000			255,000
Services	9,835	1,475			1,475
Directors fees	15,000	2,250			2,250
Acquisition of Gold Run Gulch Mining Company	1,916,250	273,954			273,954
Net loss, as previously reported			(51,307)		(51,307)
Balance, December 31, 2002, as previously reported	18,583,919	1,390,918	(176,864)	(136,300)	1,077,754
			(9,883)		(9,883)

Change in accounting for exploration costs						
Correction of error in accounting for stock issuance costs		(25,500)	25,500			
Balance, December 31, 2002, restated	18,583,919	1,365,418	(161,247)		(136,300)	1,067,871

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

New Jersey Mining Company
(A Development Stage Company)
Consolidated Statement of Changes in Stockholders' Equity, continued:
For the Years Ended December 31, 2012, and 2011 (audited), and for the Period From Inception (July 18, 1996) Through December 31, 2012

	Common Stock		Accumulated	Accum. Other Comprehensive	Treasury	Total Stockholders'
	Shares	Amount	Deficit	Income	Stock	Equity
Balance, December 31, 2002	18,583,919	1,365,418	(161,247)		(136,300)	1,067,871
Issuance of common stock for:						
Exercise of stock purchase warrants	810,000	200,750				200,750
Cash, net of issuance costs	795,000	318,000				318,000
Management and directors fees	381,200	144,326				144,326
Equipment	5,000	3,000				3,000
Services	21,915	7,262				7,262
Exploration lease	20,000	8,000				8,000
Treasury stock cancelled	(1,947,144)	(136,300)			136,300	
Net loss			(379,274)			(379,274)
Balance, December 31, 2003	18,669,890	1,910,456	(540,521)		0	1,369,935
Issuance of common stock for:						
Exercise of stock purchase warrants	1,437,500	398,750				398,750
Cash	1,184,550	511,440				511,440
Management and directors fees	153,460	102,273				102,273
Equipment	28,650	16,476				16,476
Services	26,750	14,550				14,550

Exploration lease	20,000	12,000				12,000
Net loss			(922,555)			(922,555)
Balance, December 31, 2004	21,520,800	2,965,945	(1,463,076)		0	1,502,869
Issuance of common stock for:						
Cash	309,100	125,000				125,000
Exercise of stock purchase warrants	195,250	78,100				78,100
Management and directors fees	334,275	132,725				132,725
Services	82,170	37,826				37,826
Exploration and lease	149,400	74,321				74,321
Equipment	11,500	4,700				4,700
Value of shares issued in prior years		24,050				24,050
Net loss			(590,485)			(590,485)
Balance, December 31, 2005	22,602,495	3,442,667	(2,053,561)		0	1,389,106
Issuance of common stock for:						
Cash	4,521,250	1,368,500				1,368,500
Management and directors fees	236,480	127,063				127,063
Services	162,860	56,137				56,137
Exploration	10,000	5,750				5,750
Lease	30,000	15,000				15,000
Equipment	23,400	12,200				12,200
Unrealized gain in marketable equity security				911,250		911,250
Net loss			(991,602)			(991,602)
Balance, December 31, 2006	27,586,485	5,027,317	(3,045,163)	911,250	0	2,893,404

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

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New Jersey Mining Company
(A Development Stage Company)
Consolidated Statement of Changes in Stockholders' Equity, continued:
For the Years Ended December 31, 2012, and 2011 (audited), and for the Period From Inception (July 18, 1996) Through December 31, 2012

	Common Stock Shares	Common Stock Amount	Accumulated Deficit	Accum. Other Comprehensive Income	Total Stockholders' Equity
Balance, December 31, 2006	27,586,485	$ 5,027,317	$ (3,045,163)	$ 911,250	$ 2,893,404
Issuance of common stock for:					
Cash	4,014,761	1,533,319			1,533,319
Exercise of warrants	200,000	120,000			120,000
Management and directors fees	274,386	142,500			142,500
Services	52,104	27,157			27,157
Exploration	52,200	32,560			32,560
Mineral property agreement	60,000	30,000			30,000
Property, plant and equipment	20,756	10,239			10,239
Accounts payable	30,500	12,205			12,205
Unrealized gain (loss) in marketable equity security				(525,909)	(525,909)
Net loss			(1,453,268)		(1,453,268)
Balance, December 31, 2007	32,291,192	6,935,297	(4,498,431)	385,341	2,822,207
Issuance of common stock for:					
Cash	2,400	950			950
Exercise of warrants	4,350,000	1,740,000			1,740,000
Management and directors fees	318,700	108,000			108,000
Services	74,000	32,000			32,000
Exploration	35,100	15,390			15,390
Mineral property agreement	75,000	21,000			21,000
Property, plant and equipment	14,000	5,600			5,600
Unrealized gain (loss) in marketable equity security				(375,544)	(375,544)
Net loss			(1,423,829)		(1,423,829)

Balance, December 31, 2008	37,160,392		8,858,237		(5,922,260)		9,797		2,945,774
Issuance of common stock for:									
Cash	138,000		34,500						34,500
Management and directors fees	1,139,320		334,298						334,298
Services	125,520		29,098						29,098
Exploration	50,000		11,250						11,250
Mineral property agreement	72,000		18,000						18,000
Unrealized gain (loss) in marketable equity security							7,999		7,999
Net loss					(850,786)				(850,786)
Balance, December 31, 2009	38,685,232	$	9,285,383	$	(6,773,046)	$	17,796	$	2,530,133

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

New Jersey Mining Company
(A Development Stage Company)
Consolidated Statement of Changes in Stockholders' Equity, continued:
For the Years Ended December 31, 2012, and 2011 (audited), and for the Period From Inception (July 18, 1996) Through December 31, 2012

	Common Stock Shares	Common Stock Amount	Accumulated Deficit	Accum. Other Comprehensive Income	Non-Controlling Interest	Total Stockholders' Equity
Balance, December 31, 2009	38,685,232	$ 9,285,383	$ (6,773,046)	$ 17,796	$	$ 2,530,133
Issuance of common stock for:						
Cash	5,820,530	980,160				980,160
Exercise of warrants	206,500	33,936				33,936
Management and director's fees	150,000	30,000				30,000
Services	81,000	17,425				17,425
Mineral property agreement	72,000	18,000				18,000
Accounts payable	2,600	525				525
Unrealized gain (loss) in marketable equity security				(2,321)		(2,321)
Net loss			(540,828)			(540,828)
Balance, December 31, 2010	45,017,862	10,365,429	(7,313,874)	15,475		3,067,030
Contributions from non-controlling interest in Mill Joint Venture					2,214,436	2,214,436
Issuance of common stock for:						
Cash	22,800	5,000				5,000
Management and director's fees	150,000	30,000				30,000
Services	80,200	16,040				16,040
Exploration	5,000	1,000				1,000
Accounts payable	30,000	6,000				6,000
Net loss attributable to non-controlling interest					(2,810)	(2,810)
Net loss attributable to The Company-Restated Note-8			(473,085)			(473,085)
Balance, December 31, 2011, Restated	45,305,862	10,423,469	(7,786,959)	15,475	2,211,626	4,863,611

Note-8						
Contributions from non-controlling interest In Mill Joint Venture					952,763	952,763
Issuance of common stock for:						
Management and directors fees	150,000	9,750				9,750
Mineral property agreement	60,000	6,000				6,000
Unrealized gain (loss) in marketable equity security				917		917
Net loss attributable to non-controlling interest					(12,974)	(12,974)
Net income			(722,892)			(722,892)
Balance, December 31, 2012	45,515,862	$ 10,439,219	$ (8,509,851)	$ 16,392	$ 3,151,415	$ 5,097,175

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

New Jersey Mining Company
(A Development Stage Company)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011,
And from Inception (July 18, 1996) through December 31, 2012

	Years Ended December 31, 2012	2011 Restated Note-8	From Inception (July 18, 1996) through December 31, 2012
Cash flows from operating activities:			
Net income (loss)	$ (735,866)	$ (475,895)	$ (8,525,635)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Depreciation and amortization	144,393	93,934	968,107
(Gain) loss on sale of equipment	(9,900)	(12,895)	(46,621)
Write-off of goodwill and investment			120,950
Loss (gain) on sale of mineral property		128,666	(281,334)
Gain on sale of marketable equity security			(92,269)
Accretion of asset retirement obligation	1,152	2,892	8,960
Equity in loss of Golden Chest LLC	822,500	553,205	1,375,705
Common stock issued for:			
Management and directors fees	9,750	30,000	1,179,085
Services and other		16,040	255,874
Exploration		1,000	96,521
Mineral property agreement			15,000
Change in:			
Deposits	44,280	(44,280)	
Inventory	(1,053)	(2,029)	(19,464)
Joint venture receivables	119,192	(119,803)	(12,524)
Other current assets	42,283	(40,050)	(13,159)
Other assets			(778)
Accounts payable	(74,511)	85,084	63,292
Account payable Marathon Gold	62,500		62,500
Accrued payroll and related payroll expense	(47,563)	38,381	6,804
Accrued reclamation costs			(1,443)
Net cash provided (used) by operating activities	377,157	254,250	(4,840,429)
Cash flows from investing activities:			
Purchases of property, plant and equipment	(1,086,034)	(2,247,252)	(4,438,577)
(Purchase) sales of mineral property	(4,500)	140,000	231,596
Deposit received on sale of mineral property			320,000
Contributions to Golden Chest LLC	(822,500)		(822,500)
Proceeds from sale of equipment	9,900	12,676	59,074
Redemption (purchase) of reclamation bonds		633	(120,500)
Purchase of marketable equity security			(7,500)
Proceeds from sales of marketable equity securities			95,901

Cash of acquired companies						38,269
Deferral of development costs						(759,209)
Net cash provided (used) by investing activities		(1,903,134)		(2,093,943)		(5,403,446)
Cash flows from financing activities:						
Exercise of stock purchase warrants						2,571,536
Sales of common stock, net of issuance costs				5,000		5,246,236
Principal payments on capital lease		(30,156)		(17,745)		(242,665)
Principal payments on notes payable		(94,841)		(107,825)		(585,152)
Note and other payables, related party, net		95,171		1,500		96,671
Contributions from noncontrolling equity interest in Mill JV		952,764		2,214,435		3,167,199
Net cash provided by financing activities		922,938		2,095,365		10,253,825
Net change in cash and cash equivalents		(603,039)		255,672		9,950
Cash and cash equivalents, beginning of period		612,989		357,317		0
Cash and cash equivalents, end of period	**$**	**9,950**	**$**	**612,989**	**$**	**9,950**
Supplemental disclosure of cash flow information						
Interest paid in cash, net of amount capitalized	$	21,967	$		$	101,834
Non-cash investing and financing activities:						
Common stock issued for:						
Property, plant and equipment					$	50,365
Mineral properties agreement	$	6,000	$		$	357,600
Payment of accounts payable			$	6,000	$	18,730
Acquisitions of companies, excluding cash					$	743,653
Capital lease obligation incurred for equipment acquired			$	91,625	$	275,838
Notes payable for property and equipment acquired				401,763	$	884,397
Mineral property transferred to Golden Chest LLC			$	553,205	$	553,205
Debt relieved from sale of equipment				2,785	$	2,785
Related party note payable for property acquired	$	223,807			$	223,807)

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

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New Jersey Mining Company
(A Development Stage Company)
Notes to Consolidated 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 and developing 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 has started minor production from high grade reserves located near the surface with the strategy to generate cash to be used for additional exploration to discover major mineral resources on its properties. The Company has not yet developed sufficient reserves to justify investment in a major mine, thus it remains in the development stage.

2. Summary of Significant Accounting Policies

Development Stage Enterprise
The Company's consolidated financial statements are prepared in accordance with accounting guidance for development 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 development stage. In conjunction with development stage disclosure requirements, inception to date figures are included in the financial statements.

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 noncontrolling 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.

At December 31, 2012 and December 31, 2011, the Company s percentage ownership and method of accounting for each joint venture is as follows:

	December 31, 2012			December 31, 2011		
Joint Venture	**% Ownership**	**Significant Influence?**	**Accounting Method**	**% Ownership**	**Significant Influence?**	**Accounting Method**
New Jersey Mill Joint Venture	65%	Yes	Consolidated	71%	Yes	Consolidated
Golden Chest LLC	50%	Yes	Equity	50%	Yes	Equity-Restated Note 8

Noncontrolling Interests in Consolidated Financial Statements

The Company follows the changes issued by the ASC which establish accounting and reporting standards pertaining to (i) ownership interests in subsidiaries held by parties other than the parent, (ii) the amount of net income attributable to the parent and to the noncontrolling interest, (iii) changes in a parent s ownership interest, and (iv) the valuation of any retained noncontrolling equity investment when a subsidiary is deconsolidated. For presentation and disclosure purposes, the guidance requires noncontrolling interests to be classified as a separate component of equity.

Principles of Consolidation

The consolidated financial statements include the accounts of the company and its partially-owned New Jersey Mill Joint Venture after elimination of the intercompany accounts and transactions. The minority interest in the joint venture held by United Mine Services is represented as non-controlling interest.

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, estimation of asset retirement obligations and reclamation liabilities. Actual results could differ from those estimates

Revenue Recognition

As a development stage company, the Company's revenue from operations is referred to as income earned during the development stage. 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. Revenue from harvest of raw timber is recognized when a contract has been established, the timber has been shipped, and payment is deemed probable. These sales of timber found on the Company s mineral

New Jersey Mining Company
(A Development Stage Company)
Notes to Consolidated Financial Statements
2. Summary of Significant Accounting Policies, continued:

Revenue Recognition, continued:
properties are not a part of normal operations. Revenue received from drilling and exploration contracts with third parties is recognized when the contract has been established, the services are rendered and collection of payment is deemed probable. These services are not a part of normal operations. Income received as the operator of the Company's joint ventures is recognized in the months during which those operations occur. Revenue received from engineering services provided is recognized when services are rendered and collection of payment is deemed probable. These services are not a part of normal operations.

Inventory
Dore' and process inventories are stated at the lower of average cost incurred or net realizable value.

Income Taxes
Income taxes are accounted for under the liability method. Under this method deferred income tax liabilities or assets at the end of each period are determined 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.

Fair Values of Financial Instruments
Accounting Standard Codification (ASC) Topic 820, Fair Value Measurements and Disclosures requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument s categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1: Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2: Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3: Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The table below sets forth our financial assets that were accounted for at fair value at December 31, 2012 and 2011, and their respective hierarchy level. We had no other assets or liabilities accounted for at fair value at December 31, 2012 or 2011.

	Balance at December 31, 2012	Balance at December 31, 2011	Hierarchy Level
Investments in marketable equity securities	$20,261	$19,344	Level 1

The carrying amounts of financial instruments including cash and cash equivalents, reclamation bonds, note payable to related party, obligations under capital lease and notes payable approximate their fair values.

Investment in Marketable Equity Securities

Marketable equity securities are classified as available for sale and are valued at the market price. Realized gains and losses on the sale of securities are recognized on a specific identification basis. Unrealized gains and losses are included as a component of accumulated other comprehensive income (loss), unless an other than temporary impairment in value has occurred, which would then be charged to current period net income (loss).

Net Income (Loss) Per Share

Net income (loss) per share is computed by dividing the net amount 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 years ended December 31, 2012 and 2011, the effect of the Company s potential issuance of shares from the exercise of the remaining 5,961,550 and 6,099,550 warrants, respectively, would have been anti-dilutive. Accordingly, only basic net loss per share has been presented. Outstanding warrants are discussed in detail in Note 10 of the financial statements.

Reclassifications

Certain prior period amounts have been reclassified to conform to the 2012 financial statement presentation. Reclassifications had no effect on net loss or stockholders' equity 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.

New Jersey Mining Company
(A Development Stage Company)
Notes to Consolidated Financial Statements
2. Summary of Significant Accounting Policies, continued:

Property, Plant and Equipment
Property, plant and equipment are stated at the lower of cost or estimated net realizable value. 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 life of most of the Company s buildings is 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 proven and probable 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. Interest costs incurred during a mine's development stage are capitalized. Amortization is calculated using the units-of-production method over the expected life of the operation based on the estimated recoverable mineral ounces.

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

Property Evaluations
The Company evaluates the carrying amounts of its mineral properties, including deferred development costs, 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 future cash flows (undiscounted and without interest) 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.

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, if 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 present 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 present value 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.

Reclamation Bonds

Various laws and permits require that financial assurances be in place for certain environmental and reclamation obligations and other potential liabilities. There is currently no balance being carried for any reclamation bonds

Share Based Compensation or Payments

All transactions in which goods or services are received for the issuance of shares of the Company s common stock are accounted for based on the fair value of the consideration received or the fair value of the common stock issued, whichever is more reliably measurable.

3. Going Concern

As shown in the accompanying financial statements, the Company has minimal revenue and incurred an accumulated deficit of $8,509,851 through December 31, 2012. These factors raise substantial doubt about the Company s ability to continue as a going concern. Management intends to seek additional capital from new equity securities offerings and joint venture agreements that will provide funds needed to increase liquidity, fund internal growth and fully implement its business plan.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

Should the Company be unable to raise capital through future private placements and/or joint venture agreements or achieve significant revenues from its operations, its business, and, as a result, its financial position, results of operations and cash flow will likely be materially adversely impacted. We expect to receive cash flow from the gold sales and by providing drilling services at the Golden Chest LLC if additional funding can be arranged.

New Jersey Mining Company
(A Development Stage Company)
Notes to Consolidated Financial Statements
4. Property, Plant and Equipment

Property, plant and equipment at December 31, 2012 and 2011, consisted of the following:

	2012	2011
Mill land	$ 225,289	$ 225,289
Mill building	522,786	430,118
Milling equipment	3,716,011	2,802,925
	4,464,086	3,458,332
Less accumulated depreciation	(119,375)	(80,385)
Total mill	4,344,711	3,377,947
Building and equipment at cost	739,437	771,419
Less accumulated depreciation	(514,729)	(441,308)
Total building and equipment	224,708	330,111
Land	465,857	259,409
Total	$ 5,035,276	$ 3,967,467

During the years ended December 31, 2012 and 2011 $14,932 and $21,792 respectively in interest was capitalized in conjunction with the mill expansion project. See note 8 For years ended December 31, 2012 and 2011, milling and other equipment include assets under capital lease amounting to $91,625 and $97,250, respectively. The leases are being amortized over the terms of the respective lease. Accumulated amortization at December 31, 2012 and 2011 was $33,249 and $8,721, respectively. At December 31, 2012, the estimated future minimum lease payments under capital leases were as follows:

Year ending December 31,	
2013	