

NORTH BAY RESOURCES INC
Form 10-K
March 31, 2015

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

FORM 10-K

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

For the fiscal year ended December 31, 2014

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

Commission file number 000-54213

NORTH BAY RESOURCES INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

83-0402389
(IRS Employer Identification No.)

3995 Yerkes Road
Collegeville, Pennsylvania 19426
(Address of principal executive offices)

(215) 661-1100
(Issuer's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

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

Class A Common Stock, \$0.00001 par value

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

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not 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.

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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 definition of “accelerated filer”, “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

(Check one):

Large accelerated filer	Accelerated filer	Non-accelerated	Smaller reporting
<input type="radio"/>	<input type="radio"/>	filer	company

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter (June 30, 2014): \$1,911,084*

Indicate the number of shares outstanding of each of the registrant’s classes of common stock, as of the latest practicable date: 22,177,215 as of March 31, 2015.

*As reported on the Over-the-Counter Bulletin Board (OTCBB) and OTCQB. Excludes 117,851 shares of common stock deemed to be held by officers and directors and stockholders whose ownership exceeds ten percent of the shares outstanding at June 30, 2013. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant. The OTCBB and OTCQB are centralized quotation services that collect and distribute market maker quotations for securities traded in the over-the-counter market. They display real-time quotes, last-sale prices, and volume information for many over-the-counter securities that are not listed on the Nasdaq Stock Market or a national securities exchange. However, they are not recognized as an established trading market for securities. The registrant’s common stock currently trades on the OTC Pink Market.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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PART I

Forward-Looking Statements

Certain statements contained in this report (including information incorporated by reference) are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are intended to be covered by the safe harbor provided for under these sections. Our forward-looking statements include, without limitation:

- Statements regarding future earnings;
- Estimates of future mineral production and sales, for specific operations and on a consolidated or equity basis;
- Estimates of future costs applicable to sales, other expenses and taxes for specific operations and on a consolidated basis;
- Estimates of future cash flows;
- Estimates of future capital expenditures and other cash needs, for specific operations and on a consolidated basis, and expectations as to the funding thereof;
- Estimates regarding timing of future capital expenditures, construction, production or closure activities;
- Statements as to the projected development of certain ore deposits, including estimates of development and other capital costs and financing plans for these deposits;
- Estimates of reserves and statements regarding future exploration results and reserve replacement and the sensitivity of reserves to metal price changes;
- Statements regarding our ability to raise capital and the availability and costs related to future borrowing, debt repayment and financing;
- Statements regarding modifications to hedge and derivative positions;
- Statements regarding future transactions;
- Statements regarding the impacts of changes in the legal and regulatory environment in which we operate;
- Unexpected changes in business and economic conditions;
 - Changes in interest rates and currency exchange rates;
 - Technological changes in the mining industry;
 - Changes in exploration and overhead costs;

- The level of demand for our products;
- Changes in our business strategy;
- Changes in exploration results;
- Estimates of future costs and other liabilities for certain environmental matters.

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- Interpretation of drill hole results and the geology, grade and continuity of mineralization;
- The uncertainty of mineralized material estimates and timing of development expenditures;
- Results of future feasibility studies, if any;
- Timing and amount of production, if any;
- Access to and availability of materials, equipment, supplies, labor and supervision, power and water; and
- Commodity price fluctuations;

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Such risks include, but are not limited to: the ability of North Bay Resources Inc. to obtain or maintain necessary financing; the price of gold, silver and other commodities; currency fluctuations; geological and metallurgical assumptions; operating performance of equipment, processes and facilities; labor relations; timing of receipt of necessary governmental permits or approvals; domestic laws or regulations, particularly relating to the environment and mining; domestic and international economic and political conditions; and other risks and hazards associated with mining operations. More detailed information regarding these factors is included in Item 1, Business, Item 1A, Risk Factors, and elsewhere throughout this report. Given these uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements.

Available Information

The Company maintains an internet website at www.northbayresources.com. The Company makes available, free of charge, through the Investor Information section of the web site, its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Section 16 filings and all amendments to those reports, as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission. Any of the foregoing information is available in print to any stockholder who requests it by contacting our Investor Relations Department at 215-661-1100.

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Item 1. Business

Corporate Background and Our Business

The Company was incorporated in the State of Delaware on June 18, 2004 under the name Ultimate Jukebox, Inc. On September 4, 2004, Ultimate Jukebox, Inc. merged with NetMusic Corporation, and subsequently changed the Company name to NetMusic Entertainment Corporation. On March 10, 2006, the Company ceased digital media distribution operations, began operations as a natural resources company, and changed the Company name to Enterayon, Inc. On January 15, 2008, the Company merged with and assumed the name of its wholly-owned subsidiary, North Bay Resources Inc. As a result of the merger, Enterayon, Inc. was effectively dissolved, leaving North Bay Resources Inc. as the remaining company.

The Company's business plan is based on the Generative Business Model, which we believe can generate a steady stream of revenue before any property is ever developed into a commercial mining operation. The Generative Business Model comprises the following steps:

1. Targeting and acquiring mining properties with good historical assays. (1)
2. Identifying potential partners for the development of each of the Company's properties and entering into joint-venture or option agreements. In most cases, the partner is another mining company whose shares trade on a public exchange.
3. The initial agreement usually comprises a small non-refundable cash payment in advance and a significant number of shares in the stock of the partner or acquiring company. Cash and shares increase in staged payments on the anniversary date of the agreement. In the case of an option agreement, the Company will retain a Net Smelter Royalty with a buyout provision should the property be the site of a major discovery and/or developed into a commercially-operating mine. In the case of a joint-venture, we retain a percentage of ownership, typically 50%, in the event the partner satisfies all the terms of the contract to completion. (2)
4. The partner or acquiring company also must commit to a specific work program over a period of several years to develop the property, often involving a commitment of several million dollars.
5. We believe these work programs enable us to maintain our properties for little or no cost, as the annual maintenance fees due to the government are offset by the amount of money spent on property exploration and development paid for by our partners. Any surplus of expenditures beyond what is due to maintain the properties can then be applied as "portable assessment credits" towards the maintenance of other Company properties that are not yet producing revenue but which have good prospects of doing so in the future. (3)
6. If at anytime the partner defaults on the work agreement or does not make staged cash or stock payments by the anniversary date, the property then reverts back to us, which then leaves us free to find another partner and begin the process all over again.

(1) The acquisition of a mining property in British Columbia conveys the mineral or placer rights for mining-related purposes only, and while our rights allow us to use the surface of a claim for mining and exploration activities, our claims do not convey any other surface, residential or recreational rights to the Company. Additionally, our right to

extraction is not absolute, as any mechanized extraction work on claims in BC requires additional permits and possibly conversion of our claims to mining leases, the approval of which is not guaranteed. As of July 1, 2012 when new regulations became effective in British Columbia, the registration fee to stake a claim in British Columbia is now \$1.75 per hectare. Prior to July 1, 2012, when most of the Company's properties were staked, the registration fee was \$0.40 per hectare. The initial term of any claim staked is one year. This term may be extended for up to 10 years at a time by filing a statement of work showing minimum expenditures on a mineral claim of \$5 per hectare per year for the first 2 years, \$10 per hectare per year for the next 2 years, \$15 per hectare per year for the following 2 years, and \$20 per hectare per year for each year thereafter. For placer claims, the annual work expenditure is \$20 per hectare. In the event no work is performed by the anniversary date of each claim, the claims may be extended for up to one year at a time by paying twice the applicable work commitment as a fee to the Province of British Columbia, which is referred to as Cash In Lieu Of Work ("CIL fee"). These fees are the responsibility of the Company to maintain our mineral or placer rights in good standing.

(2) On June 24, 2013, the Company executed a definitive joint-venture agreement for mining operations on the Company's 100%-owned Fraser River Project near Lytton, British Columbia, with Solid Holdings Ltd. ("Solid"), a private company domiciled in British Columbia and based in Houston, BC. The terms of the agreement call for Solid to provide all equipment, personnel, and related expenditures required to initiate and sustain mining operations at the Fraser River Project JV. The Company will be responsible for maintaining the property in good standing and securing the permits required for mining operations to proceed. The Company will retain 100% ownership of the property, and will be paid a 20% net smelter royalty ("NSR") on all metals recovered from operations, with Solid retaining 100% of the net profits following payment of the aforementioned NSR. Solid will be deemed the project operator, and will be responsible for the day-to-day operations.

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On January 9, 2014, the Company and our wholly-owned subsidiary, Ruby Gold, Inc. ("RGI"), executed a definitive joint-venture agreement (the "Ruby JV Agreement"), with regard to the mining and exploitation of the Ruby Mine in Sierra County, California (the "Ruby"). Under the terms of the Ruby JV Agreement, the Company will fund Ruby through loans, as needed, to maintain the property and operations thereof. RGI will remain the owner and operator of Ruby, and the Company shall be apportioned a 50% interest of net income distribution from Ruby once all debt has been extinguished.

On July 15, 2014, the Company executed a mineral property option agreement ("Ximen Agreement") with Ximen Mining Corp. ("Ximen"), a Canadian issuer listed on the TSX Venture Exchange, pursuant to which Ximen may earn up to a 100% interest in the Registrant's "Brett West" and "Bouleau Creek" mineral claims (the "Brett West Claims") in southeastern British Columbia. Under the terms of Ximen Agreement, Ximen may earn up to a 100% interest in the Brett West Claims by making aggregate payments to North Bay of USD \$600,000, consisting of \$300,000 in cash and issuing \$300,000 in shares of Ximen common stock. Of the aggregate payments, \$100,000 in cash and \$100,000 in stock are due upon receipt of regulatory acceptance of the agreement by the TSX Venture Exchange, and equal payments of \$50,000 cash and \$50,000 in shares of Ximen common stock are each due upon the 1st, 2nd, 3rd, and 4th 6-month anniversaries of the Ximen Agreement. This regulatory approval has been received, and the initial consideration has been paid, including 217,391 shares of Ximen common stock at a market value on issuance of \$0.46 per share.

(3) Our primary cost in any option or JV agreements is typically the degree to which we give up our rights to any property. In the case of an option agreement, we give up all of our rights if all of the terms of the contract are fulfilled, and will only retain a net smelter royalty (NSR), typically 2%. In the case of a joint-venture, we will generally retain only 25% to 50% of our rights if all of the terms of the contract are fulfilled, and may be subject to further dilution should we elect not to further participate in the joint-venture. An exception to this is when a joint-venture is agreed to on a profit-sharing basis, where the Company elects to retain up to 100% ownership of the project, and both parties are obligated to contribute its share of the project development costs.

Our properties in British Columbia are located and acquired through the use of a suite of online applications which are provided to people and companies licensed to acquire and maintain mineral rights within the Province of British Columbia. Mineral Titles Online (MTO) is an Internet-based mineral titles administration system provided and maintained by the British Columbia Ministry of Energy, Mines, and Petroleum Resources (MEMPR) that allows the mineral exploration industry to acquire and maintain mineral titles by selecting the area on a seamless digital GIS map of British Columbia and pay the associated fees electronically.

The MTO system is also interactively linked to British Columbia's MINFILE Project and Assessment Report Indexing System (ARIS), both of which are provided and maintained by the British Columbia Geological Survey (BCGS).

The MINFILE Project is a mineral inventory system that contains information on more than 12,300 metallic mineral, industrial mineral and coal occurrences in British Columbia. It is used by industry, governments, universities and the public to find information on documented mineralization anywhere in British Columbia, develop exploration strategies, conduct geoscience research, and evaluate the resource potential of an area.

The ARIS database has over 30,500 approved mineral exploration assessment reports filed by the exploration and mining industry since 1947. These reports provide information on geological, geophysical, geochemical, drilling and other exploration-related activities throughout B.C.

Both MINFILE and ARIS are interlinked with MTO, which combined and interfaced with other geospatial applications such as Google Earth, provide a skilled user with the ability to virtually visit any location in British Columbia, analyze its geographical and geological setting, access and evaluate its geological records and the historical

archives of any prior development work, and determine the relative value of a given area. If the area is also open to staking, a claim can then be staked, and the required claim registration fees can be paid immediately and interactively.

We are an exploration stage company and there is no assurance that a commercially viable mineral deposit exists on any of our properties. Further exploration will be required before any final evaluation as to the economic viability and feasibility of any of our mining projects can be determined.

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The Company plans on generating revenue through mining once commercial operations begin on any of its properties. Towards this end, the Company has acquired Ruby Gold, Inc. (“RGI”), which is now a wholly-owned subsidiary of the Company, and the Ruby Mine (the “Ruby”) in Sierra County, California. The purchase price was \$2,500,000, of which \$510,000 in cash and stock was paid as of the closing date of July 1, 2011, and the remaining \$1,990,000 is a seller-financed mortgage. The interest rate is currently 8%. The balance due on the mortgage is \$1,697,055 as of December 31, 2014. The mortgage is to be paid in full by December 30, 2015 pursuant to amendments to the agreement executed on December 12, 2012, March 28, 2013, and November 19, 2013. As part of the terms of acquisition, the seller received 50,000 shares of the Company’s common stock with a market value of \$150,000 as of the day the agreement was signed, and which was then applied to the purchase price. The seller has also been granted 10 million 5-year warrants exercisable at 2 cents upon the signing of the agreement. Pursuant to the aforementioned amendments, an additional 2 million 5-year warrants exercisable at 9 cents, 2 million 5-year warrants exercisable at 10 cents, and 4 million 5-year warrants exercisable at 4 cents have been issued. Pursuant to the aforementioned amendment dated November 19, 2013, the term of all 18 million of the outstanding warrants issued to the seller has been extended to December 30, 2018.

On December 2, 2013, the Board of Directors authorized the spinoff of RGI as a separate and independent public company by distributing shares of RGI’s common stock to North Bay shareholders based on a date and at a ratio yet to be determined. Other than the authorization for said spinoff by our Board of Directors and the Board of RGI, there are no agreements, formal or otherwise, in place between the respective companies, any affiliate of either company, or any other parties governing the spinoff, and no shareholder approvals are required. On the same date, the Board of Directors of RGI authorized the formalization of a joint-venture agreement between the Company and RGI with regard to Ruby on a 50/50 profit-sharing basis. On January 14, 2014, RGI filed a registration statement on Form 10 with the SEC to initiate said spinoff. On March 10, 2014, RGI withdrew the Form 10 after discussions with the SEC and subsequently filed a registration statement on Form S-1 on May 1, 2014, to register 120 million shares of RGI as the stock dividend to be issued to our shareholders in the spinoff, which amounts to 40% of the issued and outstanding shares of RGI common stock currently owned by North Bay. Accordingly, as the completion of the spinoff is contingent on a registration statement by RGI becoming effective, no determination has yet been made as to whether or not the stock dividend will be tax-free, there has been no further determination as to when the spinoff and stock dividend distribution might be completed, and there is no guarantee that it will be completed.

On June 4, 2013, the Company executed a Memorandum of Understanding (the “June 2013 Agreement”) with a private US investor (the “June 2013 Investor”) for an advance sale of up to 120 ounces of specimen gold from the Ruby Mine in Sierra County, California. The price paid in advance by the June 2013 Investor shall be at a ten percent (10%) discount to the then-current spot price of gold on the day the gold is produced and made available for shipment (the “June 2013 Delivery Date”). The June 2013 Investor will acquire the right to purchase the gold at their discretion. Upon signing the June 2013 Agreement, the Company received an initial cash advance of \$150,000 (the “June 2013 Advance”), which is based on a 10% discount to the current spot price of gold, for delivery of the first 120 ounces of specimen gold produced from the Ruby Mine on or before February 1, 2014. The June 2013 Advance paid will be applied to the amount due to the Company on the June 2013 Delivery Date, as determined by the then-current spot price of gold on the June 2013 Delivery Date. In the event that 120 ounces of specimen gold is not available for delivery by February 1, 2014, the June 2013 Investor will be entitled to be repaid the June 2013 Advance in cash plus 10% interest equal to \$165,000 total, with an option to still purchase the same amount of gold at a discount of 10% to the then-current spot price of gold when the specimen gold becomes available for delivery at a later date. As of the date of this report, the Company has repaid the entire cash advance plus interest. As per the terms of the agreement, the investor still retains the right to again purchase the 120 ounces of gold at a future date.

On August 2, 2013, the Company executed a Memorandum of Understanding (the “August 2013 Agreement”) with a second private US investor (the “August 2013 Investor”) for an advance sale of up to 40 ounces of specimen gold from the Ruby Mine in Sierra County, California. The price paid in advance by the August 2013 Investor shall be at a ten

percent (10%) discount to the then-current spot price of gold on the day the gold is produced and made available for shipment (the “August 2013 Delivery Date”). The August 2013 Investor will acquire the right to purchase the gold at their discretion. Upon signing the Agreement, the Company received an initial cash advance of \$50,000 (the “August 2013 Advance”), which is based on a 10% discount to the current spot price of gold, for delivery of 40 ounces of specimen gold produced from the Ruby Mine on or before April 2, 2014. The August 2013 Advance paid will be applied to the amount due to the Company on the August 2013 Delivery Date, as determined by the then-current spot price of gold on the Delivery Date. In the event that 40 ounces of specimen gold is not available for delivery by April 2, 2014, the August 2013 Investor will be entitled to be repaid the August 2013 Advance in cash plus 10% interest equal to \$55,000 total, with an option to still purchase the same amount of gold at a discount of 10% to the then-current spot price of gold when the specimen gold becomes available for delivery at a later date. As of the date of this report, the Company has repaid the entire cash advance plus interest. As per the terms of the agreement, the investor still retains the right to again purchase the 40 ounces of gold at a future date.

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Our CEO, Mr. Perry Leopold owns 100 shares of the Company's Series I Preferred Stock. Each outstanding share of the Series I Preferred Stock represents its proportionate share of eighty percent (80%) of all votes entitled to be voted and which is allocated to the outstanding shares of Series I Preferred Stock and therefore Mr. Leopold is able to control the outcome of most corporate matters on which our shareholders are entitled to vote. These shares are not convertible into common stock or any commodities. The Series I Preferred Stock was issued in February 2007. These shares were issued to our Chief Executive Officer, Mr. Perry Leopold, in February 2007 as an anti-takeover measure to insure that Mr. Leopold maintains control of the Company during periods when the Company's stock may be severely undervalued and subject to hostile takeover in the open market. As specified in the Certificate of Designation filed by the Company with the Delaware Secretary of State in February 2007, "the outstanding shares of Series I Preferred Stock shall vote together with the shares of Common Stock of the Corporation as a single class and, regardless of the number of shares of Series I Preferred Stock outstanding and as long as at least one of such shares of Series I Preferred Stock is outstanding, shall represent eighty percent (80%) of all votes entitled to be voted at any annual or special meeting of shareholders of the Corporation or action by written consent of shareholders. Each outstanding share of the Series I Preferred Stock shall represent its proportionate share of the 80% which is allocated to the outstanding shares of Series I Preferred Stock".

Our headquarters are located at 3995 Yerkes Road, Collegetown, PA 19426, with a mailing address of PO Box 162, Skippack, PA 19474. Our website is located at www.northbayresources.com. Our telephone number is (215) 661-1100.

Going Concern

Our consolidated financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated modest revenues since inception and has never paid any dividends and is unlikely to pay dividends. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploration of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. The Company has had very little operating history to date. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern.

We have experienced recurring net losses from operations, which losses have caused an accumulated deficit of \$18,795,554 as of December 31, 2014. In addition, we have a working capital deficit of \$5,320,082 as of December 31, 2014. We had net losses of \$3,260,401 and \$2,059,305 for the years ended December 31, 2014 and 2013, respectively. These factors, among others, raise substantial doubt about our ability to continue as a going concern. If we are unable to generate profits and are unable to continue to obtain financing to meet our working capital requirements, we may have to curtail our business sharply or cease operations altogether. Our continuation as a going concern is dependent upon our ability to generate sufficient cash flow to meet our obligations on a timely basis to retain our current financing, to obtain additional financing, and, ultimately, to attain profitability. Should any of these events not occur, we will be adversely affected and we may have to cease operations.

As of December 31, 2014 the accumulated deficit attributable to CEO stock awards, including previous management, and valued according to GAAP, totals \$2,558,535 since inception in 2004. As of December 31, 2014 the accumulated deficit attributable to CEO compensation is \$947,624 in deferred compensation. This reflects the total amounts unpaid as per the management agreement with The PAN Network dating back to January 2006, less any amounts actually paid in cash or forgiven since 2006. These totals are non-cash expenses which are included in the

accumulated deficit since inception. Actual CEO compensation paid in cash over the course of the nine years since 2006 consists of \$10,000 in 2006, \$50,764 in 2007, \$23,139 in 2008, \$29,979 in 2009, \$21,988 in 2010, \$90,000 in 2011, \$116,000 in 2012, \$100,000 in 2013, and \$82,000 in 2014. These cash expenditures are also included in the accumulated deficit.

The ongoing execution of our business plan is expected to result in operating losses over the next twelve months. Management believes it will need to raise capital through loans or stock issuances in order to have enough cash to maintain its operations for the next twelve months. There are no assurances that we will be successful in achieving our goals of obtaining cash through loans, stock issuances, or increasing revenues and reaching profitability.

In view of these conditions, our ability to continue as a going concern is dependent upon our ability to meet our financing requirements, and to ultimately achieve profitable operations. Management believes that its current and future plans provide an opportunity to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that may be necessary in the event we cannot continue as a going concern.

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Item 1A. Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

The above statement notwithstanding, shareholders and prospective investors should be aware that certain risks exist with respect to the Company and its business, including those risk factors contained in our recent Registration Statements on Form S-1, as amended. These risks include, among others: limited assets, lack of significant revenues and only losses since inception of our current operations in January 2006, industry risks, dependence on third party manufacturers/suppliers and the need for additional capital. The Company's management is aware of these risks and has established the minimum controls and procedures to insure adequate risk assessment and execution to reduce loss exposure.

Item 1B. Unresolved Staff Comments

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 2. Properties

The Ruby Property

On September 27, 2010, the Company executed an option-to-purchase agreement with Ruby Development Company ("RDC"), a California partnership, for the acquisition of the Ruby Mine (the "Ruby") in Sierra County, California. The purchase price is \$2,500,000, which was to be paid in stages originally extending to December 30, 2012, and which has since been extended by amendment to December 30, 2015. Terms of the Ruby agreement provided for an initial option period of 5 months that expired on January 31, 2011, at which time we elected to extend the option for a second 5 month period, expiring on June 30, 2011. On June 1, 2011, the Company exercised its option to purchase the Ruby Mine and made a final option payment of \$85,000 to open escrow. On July 1, 2011, escrow was closed and the acquisition of the Ruby Mine was completed. During the preceding option period and as of the closing date, the Company has made payments totaling \$510,000 to RDC, consisting of \$360,000 cash and 50,000 shares of common stock valued at \$150,000. These payments were credited towards the purchase price, thereby reducing the outstanding principal due to \$1,990,000. In addition, in compliance with the agreement dated September 27, 2010, as amended on January 26, 2011, the Company issued warrants to RDC that gives them the option, until December 31, 2015, of purchasing up to 10 million shares of stock at two cents (\$0.02) per share, and in compliance with a second amendment to the Option Agreement dated April 22, 2011, the Company issued 5-year warrants granting RDC the right to purchase 2 million shares of the Company's common stock at the exercise price of ten cents (\$0.10) per share.

On the transaction closing date of July 1, 2011, the Company issued a promissory note to RDC for \$1,990,000 plus 3% interest per annum. The note was due on or before December 30, 2012. Pursuant to an amendment executed on December 12, 2012, the note maturity was extended to June 30, 2013, and monthly mortgage payments in Q1 2013 were reduced to \$10,000 per month. In consideration of said extension, the Company made a \$50,000 principal payment on December 27, 2012. Monthly payments as of April 1, 2013, were set to increase to \$85,000 per month. Upon receipt of the Company's EB-5 funding, the Company has agreed to pay RDC at least 50% of the funding received until the note is paid off in full. During 2012 the Company issued an additional 2 million 5-year warrants to RDC in consideration for reducing the Company's monthly mortgage payments on the Ruby Mine property. Said warrants give RDC the right to purchase up to 2 million shares of the Company's common stock at the exercise price of nine cents (\$0.09) per share. Pursuant to a subsequent amendment dated March 28, 2013, RDC agreed to extend the maturity date of the note to December 30, 2015, with interest due on the note through 2014 at 6%

per annum, and shall increase to 8% per annum on January 1, 2015. Pursuant to an amendment dated November 19, 2013, the Company issued an additional 4 million 5-year warrants at an exercise price of \$0.04 in consideration for a modification of the payment terms of the note that amortized a \$1M payment previously due on December 30, 2013. Pursuant to said amendments, mortgage payments are now \$20,000 per month due on the 1st of each month through December 30, 2015, and an additional \$40,000 per month due on the 20th day of each month through December 30, 2015. In addition, pursuant to the November 19, 2013 modification agreement, the Company has agreed to extend the expiration of all 18 million total outstanding warrants issued in aggregate to RDC since September 27, 2010, until December 30, 2018. As of December 31, 2014, the outstanding balance due on the note is \$1,697,055.

Upon the close of the transaction and the transfer of title, as previously set forth in the purchase agreement, the Company acquired all of the real and personal property associated with the Ruby Gold Mine, all of the shares of Ruby Gold, Inc., a private California corporation, and \$171,618 in reclamation bonds securing the permits at the Ruby Mine. Subsequent to the close of the transaction, Ruby Gold, Inc. became a wholly-owned subsidiary of North Bay Resources Inc. The Company has also assumed the reclamation liabilities on the Ruby Mine, for which the \$171,618 in reclamation bonds are pledged. In addition, a \$2,500 liability from a pre-existing shareholder loan that was outstanding as of the closing date has been paid and extinguished. As of December 31, 2014, interest accrued to the Reclamation Bond has increased its current value to \$173,200.

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It is expected that the aggregate total of warrants related to this transaction will be dilutive to shareholders by adding up to 18 million shares onto our outstanding share total in the event that all the warrants are exercised. The actual dilution is dependent upon whether or not any of the warrants are exercised prior to their expiration dates.

Operational funding for the Ruby project of up to \$7.5 million was initially expected to be provided through the federal EB-5 program ("EB-5"). As of the date of this report, the EB-5 funding remains pending, the Company has not received any funding through the EB-5 program, and there is no guarantee that it will be completed. Accordingly, given the length of time this process has been ongoing, as of the date of this report the Company has elected to proceed on its own by funding the project through revenue from claim sales and joint-ventures, loans, and stock sales. If revenue is not sufficient we believe we can rely on loans and our equity credit line established by way of our Securities Purchase Agreement with Tangiers, LP to meet our obligations.

The Ruby purchase agreement includes the subsurface mineral rights to 2 patented claims comprising 435 acres, and 59 unpatented claims comprising approximately 1,877 acres. All of the unpatented claims in the property package are in good standing through August 31, 2015 with both the BLM in Sacramento and Sierra County in Downieville, CA. Annual BLM claim fees are currently \$16,275 per year. Sierra County property taxes are currently \$26,220 per year. As of December 31, 2014 and the date of this report, all BLM fees and Sierra County property taxes have been paid and are current. The Ruby Mine is permitted(3) for underground exploration, small scale development and small scale production.

Claim Name	Type	Acres(1)	Good Until(2)
Guatemala	Patented	147	-
Extension Placer Mining Claim	Patented	288	-
Wisconsin Placer Mining Claim	Unpatented	180	September 1, 2015
Wisconsin Extension Placer Mining Claim	Unpatented	159	September 1, 2015
Garnet Placer Mining Claim	Unpatented	75	September 1, 2015
Ruby Quartz Mining Claim	Unpatented	20	September 1, 2015
Diamond Quartz Mining Claim	Unpatented	20	September 1, 2015
Sapphire Placer Mining Claim	Unpatented	2	September 1, 2015
Gold Channel Placer	Unpatented	150	September 1, 2015
Black Channel Placer	Unpatented	60	September 1, 2015
Topaz Placer Mining Claim	Unpatented	160	September 1, 2015
Irene Placer Mining Claim	Unpatented	140	September 1, 2015
Opal Placer Mining Claim	Unpatented	160	September 1, 2015
Ruby Lode No. 7	Unpatented	20	September 1, 2015
Ruby Lode No. 8	Unpatented	20	

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			September 1, 2015
Ruby Lode No. 16	Unpatented	20	September 1, 2015
Ruby Lode No. 17	Unpatented	20	September 1, 2015
Ruby Lode No. 18	Unpatented	20	September 1, 2015
Ruby Lode No. 19	Unpatented	20	September 1, 2015
Ruby Lode No. 20	Unpatented	20	September 1, 2015
Ruby Lode No. 27	Unpatented	20	September 1, 2015
Ruby Lode No. 28	Unpatented	20	September 1, 2015
Entry Lode Mining Claim	Unpatented	20	September 1, 2015
Entry Extension Lode Mining Claim	Unpatented	20	September 1, 2015
Golden Bear 1 Placer Mining Claim	Unpatented	20	September 1, 2015
Golden Bear 2 Placer Mining Claim	Unpatented	20	September 1, 2015
Golden Bear 3 Placer Mining Claim	Unpatented	20	September 1, 2015
Golden Bear 4 Placer Mining Claim	Unpatented	20	September 1, 2015
Golden Bear 5 Placer Mining Claim	Unpatented	20	September 1, 2015
Golden Bear 6 Placer Mining Claim	Unpatented	20	September 1, 2015
Golden Bear 7 Placer Mining Claim	Unpatented	20	September 1, 2015
Golden Bear 8 Placer Mining Claim	Unpatented	20	September 1, 2015
Carson Lode No.1	Unpatented	20	September 1, 2015
Carson Lode No.2	Unpatented	20	September 1, 2015
Carson Lode No.3	Unpatented	20	September 1, 2015
Carson Lode No.4	Unpatented	20	September 1, 2015
Pliocene Placer No. 1	Unpatented	20	September 1, 2015
Pliocene Placer No. 2	Unpatented	20	September 1, 2015
Pliocene Placer No. 3	Unpatented	20	September 1, 2015
Pliocene Placer No. 4	Unpatented	20	

			September 1, 2015
Pliocene Placer No. 5	Unpatented	20	September 1, 2015
Pliocene Placer No. 6	Unpatented	20	September 1, 2015
Pliocene Placer No. 7	Unpatented	20	September 1, 2015

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Claim Name	Type	Acres(1)	Good Until(2)
Pliocene Placer No. 8	Unpatented	20	September 1, 2015
Pliocene Placer No. 9	Unpatented	20	September 1, 2015
Pliocene Placer No. 10	Unpatented	20	September 1, 2015
Pliocene Placer No. 11	Unpatented	20	September 1, 2015
Pliocene Placer No. 12	Unpatented	20	September 1, 2015
Pliocene Placer No. 13	Unpatented	20	September 1, 2015
Pliocene Placer No. 14	Unpatented	20	September 1, 2015
Pliocene Placer No. 15	Unpatented	20	September 1, 2015
Pliocene Placer No. 16	Unpatented	20	September 1, 2015
Pliocene Placer No. 17	Unpatented	20	September 1, 2015
Pliocene Placer No. 18	Unpatented	20	September 1, 2015
Pliocene Placer No. 19	Unpatented	20	September 1, 2015
Pliocene Placer No. 20	Unpatented	20	September 1, 2015
Pliocene Placer No. 21	Unpatented	20	