

NORTH BAY RESOURCES INC.

*INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDING
SEPTEMBER 30, 2009*

NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
BALANCE SHEETS
AS OF SEPTEMBER 30, 2009 & DECEMBER 31, 2008

	Sept. 30, 2009	Dec. 31, 2008
	(unaudited)	(audited)
ASSETS		
Current Assets		
Cash	\$ 51,795	\$ 3,471
Investments	4,937	133,715
Accounts Receivable	13,660	-
Total Current Assets	70,392	137,186
TOTAL ASSETS	\$ 70,392	\$ 137,186
 LIABILITIES & STOCKHOLDERS' DEFICIT		
Liabilities		
Current Liabilities		
Deferred Compensation	\$ 602,310	\$ 570,289
Total Current Liabilities	602,310	570,289
Total Liabilities	602,310	570,289
Stockholders' Deficit		
Preferred stock, Series I, \$0.001 par value, 100 shares authorized, 100 shares issued and outstanding at September 30, 2009, and December 31, 2008, respectively	-	-
Convertible Preferred stock, Series A, \$0.001 par value, 8,000,000 shares authorized, 4,000,000 and nil shares issued and outstanding at September 30, 2009, and December 31, 2008, respectively	4,000	-
Convertible Preferred stock, Series G, \$0.001 par value, 1,500,000 shares authorized, 100,000 and nil shares issued and outstanding at September 30, 2009, and December 31, 2008, respectively	100	-
Common stock, \$0.001 par value, 250,000,000 shares authorized, 58,597,287 and 24,297,287 shares issued and outstanding at September 30, 2009, and December 31, 2008, respectively	58,597	24,297
Additional Paid-In Capital	9,361,524	8,755,889
Deficit Accumulated During Exploration Stage	(9,850,141)	(9,236,069)
Accumulated Other Comprehensive Income /(Loss)	(105,998)	22,780
Total Stockholders' Deficit	(531,918)	(433,103)
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	\$ 70,392	\$ 137,186

The accompanying notes are an integral part of these financial statements

NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE-MONTH PERIODS ENDING
SEPTEMBER 30, 2009 & 2008 (Unaudited) & THE PERIOD FROM JUNE 18, 2004 (INCEPTION)
THROUGH SEPTEMBER 30, 2009 (Unaudited)

	3 months ended September 30, 2009	3 months ended September 30, 2008	9 months ended September 30, 2009	9 months ended September 30, 2008	Inception (June 18, 2004) through September 30, 2009
Revenues					
Retail Sales	\$ -	\$ -	\$ -	\$ -	\$ 40,567
Cost of Revenue	-	-	-	-	49,070
Gross Profit (Loss)	-	-	-	-	(8,503)
Operating Expenses					
Commissions & Consulting Fees	12,250	-	52,425	-	259,659
General & Administrative Costs	341,224	97,777	477,034	176,445	8,843,524
Mining Property Costs	11,668	6,456	29,877	15,684	745,469
Professional Services	13,980	-	16,980	5,000	33,633
Total Operating Expenses	379,122	104,233	576,316	197,129	9,882,285
Net Operating Loss	(379,122)	(104,233)	(576,316)	(197,129)	(9,890,788)
Other Income (Expenses)					
Gain on Mineral Claim Sales & JVs	8,851	-	49,710	45,777	251,856
Interest Income	34	-	34	-	34
Interest Expense	-	-	-	-	(74,243)
Loss on Conversion of Debt or Accrued Salary	(75,000)	-	(87,500)	-	(137,000)
Total Other Income (Expenses)	(66,115)	-	(37,756)	45,777	40,647
Net Loss	(445,237)	(104,233)	(614,072)	(151,352)	(9,850,141)
Other Comprehensive Income					
Unrealized Loss on Available For Sale Securities	(119,890.00)	-	(128,778.00)	-	(105,998.00)
Total Comprehensive Loss	\$ (565,127)	(104,233)	\$ (742,850)	\$ (151,352)	\$ (9,956,139)
Weighted Average Shares Outstanding	52,034,787	16,522,261	37,647,287	16,522,261	
(Basic and Diluted)					
Basic and Diluted Net Loss per Share	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.01)	

The accompanying notes are an integral part of these financial statements

NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDING
SEPTEMBER 30, 2009 AND 2008 (Unaudited) & THE PERIOD FROM JUNE 18, 2004 (INCEPTION)
THROUGH SEPTEMBER 30, 2009 (Unaudited)

	9 months ended 30-Sep-09	9 months ended 30-Sep-08	Inception (June 18, 2004) through 30-Sep-09
	<u> </u>	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss	\$ (614,072)	\$ (151,352)	\$ (9,850,141)
Adjustments to reconcile Net Loss to net cash used by operations:			
Gain on sale of claims, non-cash	-	-	(110,935)
Preferred Stock issued to related party for services	253,785	-	253,785
Common Stock issued for services	29,750	-	5,130,417
Preferred Stock issued for services	-	-	101,000
Common Stock issued as interest on loan	-	-	1,500
Loss on Conversion of debt and accrued salaries	87,500	-	1,311,952
Bad debt expense	19,149	-	19,149
Interest on Beneficial Conversion Feature	-	-	62,000
Changes in operating assets and liabilities:			
Accounts Receivable	(32,809)	-	(32,809)
Accrued Expenses	<u>132,021</u>	<u>144,647</u>	<u>1,915,058</u>
Net cash used in Operating Activities	(124,676)	(6,705)	(1,199,024)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by Investing Activities	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of stock	173,000	-	705,700
Contribution from investor	-	10,000	244,994
Shares re-purchased and retired	-	-	(2,000)
Borrowings on debt	<u>-</u>	<u>1,891</u>	<u>302,125</u>
Net cash provided by Financing Activities	173,000	11,891	1,250,819
Net cash increase for period	48,324	5,186	51,795
Cash at beginning of period	<u>3,471</u>	<u>23</u>	<u>-</u>
Cash at end of period	<u>\$ 51,795</u>	<u>\$ 5,209</u>	<u>\$ 51,795</u>
Supplementary Cash Flow Information:			
Cash Paid for Interest	-	-	-

Cash Paid for Taxes	-	-	-
Non-Cash Investing & Financing Activities:			
Common Stock Issued for Preferred Shares	-	-	2,400
Common Stock Issued for Conversion of debt and accrued salary	100,000	-	2,559,825
Unrealized Loss on Available for Sale Securities	(128,778)	-	(105,998)

The accompanying notes are an integral part of these financial statements

NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDING
SEPTEMBER 30, 2009 AND 2008

NOTE 1 GENERAL ORGANIZATION AND 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 is designed to leverage our mining properties and mineral claims into near-term revenue streams even during the earliest stages of exploration and development. This is accomplished by entering into sales, joint-venture, and/or option contracts with other mining companies, for which the Company generates revenue through payments in cash, stock, and other consideration.

The Generative Business Model is our short term plan to leverage properties until funding is adequate to implement our long term plan. The Company's long term plan is to locate and extract gold and silver from current exploration stage properties. This will be done through utilizing joint-ventures and other funding that is available to develop properties until they reach the production stage. Once in the production stage, the Company plans on extracting gold, silver, and other profitable by-products, and selling them to smelters. The Company has not currently begun this stage of the business plan.

NOTE 2 GOING CONCERN

These 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 company has accumulated losses since inception equal to \$9,850,141 as of September 30, 2009. 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 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.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with a maturity of three months or less, when purchased, to be cash equivalents. There were no cash equivalents at September 30, 2009 and December 31, 2008. The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation up to \$250,000.

Revenue Recognition

The company has recognized no mining revenue to date. In the future mining revenue will be recognized according to the policy described below.

Revenue is recognized when the following conditions are met:

- (a) persuasive evidence of an arrangement to purchase exists;
- (b) the price is determinable;
- (c) the product has been delivered; and
- (d) collection of the sales price is reasonably assured.

Under the terms of concentrate sales contracts with third-party smelters, final prices for the gold, silver, zinc, copper and lead in the concentrate are set based on the prevailing spot market metal prices on a specified future date based on the date that the concentrate is delivered to the smelter. The Company records revenues under these contracts based on forward prices at the time of delivery, which is when transfer of legal title to concentrate passes to the third-party smelters. The terms of the contracts result in differences between the recorded estimated price at delivery and the final settlement price. These differences are adjusted through revenue at each subsequent financial statement date.

Mineral Property Costs

The Company has been in the exploration stage since it entered the Mining Sector on March 10, 2006 and has not yet realized any revenues from mining operations. Mineral property acquisition, exploration and development costs are expensed as incurred until such time as economic reserves are quantified. To date the Company has not established any proven or probable reserves on its mineral properties that are compliant with National Instrument 43-101. Many properties do have historical reserve estimates, but these are not NI 43-101 compliant and cannot be used at the present time to establish asset values. The Company has adopted the provisions of the FASB standard related to asset retirement obligations which establishes standards for the initial measurement and subsequent accounting for obligations associated with the sale, abandonment, or other disposal of long-lived tangible assets arising from the acquisition, construction or development and for normal operations of such assets. As of September 30, 2009 and December 31, 2008, the Company had no developed properties, therefore an accrual related to asset retirement obligations was not necessary.

Other Income

Income from mineral claim sales, joint-ventures, and option agreements are recognized when persuasive evidence of an arrangement exists, the fee is fixed or determinable, collectability is reasonably assured, and the underlying event resulting in the revenue has occurred. In circumstances when these criteria are not met, recognition is deferred until resolution occurs.

Fair Value of Financial Instruments

The Company adopted the FASB standard related to fair value measurement at inception. The standard defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. The standard clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows.

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The following table presents assets that are measured and recognized at fair value as of September 30, 2009, and December 31, 2008, on a recurring basis:

Description	Level 1	Level 2	Level 3	Total Unrealized Loss
Available For Sale Securities	\$ 4,937	\$ -	\$ -	\$ 128,778
Totals	\$ 4,937	\$ -	\$ -	\$ 128,778

Description	Level 1	Level 2	Level 3	Total Unrealized Gains
Available For Sale Securities	\$ 133,715	\$ -	\$ -	\$ 22,780
Totals	\$ 133,715	\$ -	\$ -	\$ 22,780

Recently Issued Accounting Standards

In April 2008, the FASB issued ASC 350-10, "Determination of the Useful Life of Intangible Assets." ASC 350-10 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under ASC 350-10, "Goodwill and Other Intangible Assets." ASC No. 350-10 is effective for fiscal years beginning after December 15, 2008. The adoption of this ASC did not have a material impact on our financial statements.

In April 2009, the FASB issued ASC 805-10, "Accounting for Assets Acquired and Liabilities assumed in a Business Combination That Arise from Contingencies — an amendment of FASB Statement No. 141 (Revised December 2007), Business Combinations". ASC 805-10 addresses application issues raised by preparers, auditors and members of the legal profession on initial recognition and measurement, subsequent measurement and accounting and disclosure of assets and liabilities arising from contingencies in a business combination. ASC 805-10 is effective for assets or liabilities arising from contingencies in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. ASC 805-10 will have an impact on our accounting for any future acquisitions and its financial statements.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events", which is included in ASC Topic 855, Subsequent Events. ASC Topic 855 established principles and requirements for evaluating and reporting subsequent events and distinguishes which subsequent events should be recognized in the financial statements versus which subsequent events should be disclosed in the financial statements. ASC Topic 855 also requires disclosure of the date through which subsequent events are evaluated by management. ASC Topic 855 was effective for interim periods ending after June 15, 2009 and applies prospectively. Because ASC Topic 855 impacts the disclosure requirements, and not the accounting treatment for subsequent events, the adoption of ASC Topic 855 did not impact our results of operations or financial condition.

Effective July 1, 2009, we adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 105-10, Generally Accepted Accounting Principles – Overall ("ASC 105-10"). ASC 105-10 establishes the FASB Accounting Standards Codification (the "Codification") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates ("ASUs"). The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide

background information about the guidance and provide the bases for conclusions on the change(s) in the Codification. References made to FASB guidance throughout these financials have been updated for the Codification.

In August 2009, the FASB issued ASU No. 2009-05, Measuring Liabilities at Fair Value, which provides additional guidance on how companies should measure liabilities at fair value under ASC 820. The ASU clarifies that the quoted price for an identical liability should be used. However, if such information is not available, an entity may use the quoted price of an identical liability when traded as an asset, quoted prices for similar liabilities or similar liabilities traded as assets, or another valuation technique (such as the market or income approach). The ASU also indicates that the fair value of a liability is not adjusted to reflect the impact of contractual restrictions that prevent its transfer and indicates circumstances in which quoted prices for an identical liability or quoted price for an identical liability traded as an asset may be considered level 1 fair value measurements. This ASU is effective October 1, 2009. We are currently evaluating the impact of this standard, but would not expect it to have a material impact on our results of operations or financial condition.

In October 2009, the FASB issued ASU No. 2009-13, Multiple-Deliverable Revenue Arrangements – a consensus of the FASB Emerging Issues Task Force, that provides amendments to the criteria for separating consideration in multiple-deliverable arrangements. As a result of these amendments, multiple-deliverable revenue arrangements will be separated in more circumstances than under existing U.S. GAAP. The ASU does this by establishing a selling price hierarchy for determining the selling price of a deliverable. The selling price used for each deliverable will be based on vendor-specific objective evidence if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific objective evidence nor third-party evidence is available. A vendor will be required to determine its best estimate of selling price in a manner that is consistent with that used to determine the price to sell the deliverable on a standalone basis. This ASU also eliminates the residual method of allocation and will require that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method, which allocates any discount in the overall arrangement proportionally to each deliverable based on its relative selling price. Expanded disclosures of qualitative and quantitative information regarding application of the multiple-deliverable revenue arrangement guidance are also required under the ASU. The ASU does not apply to arrangements for which industry specific allocation and measurement guidance exists, such as long-term construction contracts and software transactions. ASU No. 2009-13 is effective beginning January 1, 2011. We are currently evaluating the impact of this standard on our results of operations and financial condition.

NOTE 4 AVAILABLE FOR SALE SECURITIES

As of September 30, 2009, the value of the Company's holdings in Hidalgo Mining International Inc. stock (HMIT) was \$4,937. The original value of the shares received was \$110,935 according to the closing price of the shares as of the date they were received in 2008. From the time of purchase to December 31, 2008, there was an unrealized gain on the shares of \$22,780. During the nine months ended September 30, 2009, the Company had an unrealized loss on these securities of \$128,778. These shares were considered available for sale due to the Company's ability and intent to hold the investments for an indefinite amount of time. The Company did not consider the impairment on these shares to be other than temporary based on the short holding period the shares had been impaired for, and the ability of the Company to hold the shares until a potential recovery in the stock price could occur. The temporary nature of the impairment will be re-evaluated at all filing dates, and the securities will continue to be marked to the market price on the balance sheet date.

NOTE 5 DEFERRED COMPENSATION/NQDC & CONVERSION OF DEFERRED COMPENSATION

The Company has adopted an unfunded Non-Qualified Deferred Compensation plan to compensate our Chief Executive Officer. While unfunded and non-recourse, for compliance with GAAP this is disclosed as an accrued expense on the balance sheet. During the nine months ended September 30, 2009, this amount was reduced by \$100,000 and converted to equity (see Note 7). The Company recognized a loss on the conversion equal to \$87,500, which represents the difference between the market value of the stock issued of \$187,500, and the salary converted. The shares were valued according to the closing market price of the Company's stock on the date of conversion. As of December 31, 2008, and September 30, 2009, the remaining outstanding balance of the NQDC plan is \$570,289 and \$602,310 respectively.

NOTE 6 RELATED PARTY TRANSACTIONS

On August 11, 2009, the Board of Directors approved and the Company executed a management agreement with The PAN Network ("PAN"), a private business management and consulting company wholly-owned by the Company's Chief Executive Officer. The agreement is in consideration of \$18,000 per month, and calls for PAN to provide (a) office and board room space, including reception, utilities, landline phone/fax, computers, copiers,

projectors, and miscellaneous services; (b) financial services, including accounting, corporate filing and bookkeeping; (c) project and administrative services; (d) resource targeting, acquisition, development and management services; (e) marketing services, communications, marketing materials management, and writing services; (f) strategic planning, milestone management and critical path analysis; and (g) online services, including web site hosting, web site design, web site maintenance, and email services. The agreement includes Mr. Leopold's salary of \$15,000 per month, which will accrue entirely to deferred compensation during any period in which the commitment remains unpaid. The agreement automatically renews annually on January 1 each year, unless otherwise terminated by either party.

NOTE 7 STOCKHOLDERS' EQUITY

During 2009, the Company issued 4,000,000 shares of Series A Preferred stock, and 100,000 shares of Series G Preferred stock to our Chief Executive Officer as a bonus for services rendered. Each share of Series A Preferred has 10 votes, and is convertible to 5 shares of common. Each share of Series G Preferred has no votes, and is convertible to 1/100 of an ounce of gold, or 20 shares of common, at the shareholder's option. The conversion value of the Series A shares according to market price on the date of issuance was \$231,785. The conversion value of the Series G shares according to market price on the date of issuance was \$22,000. Series A shares were valued according to the value of the common stock the shares were convertible into on the issuance date, plus the value assigned to the additional voting rights assigned to the Series A shares. The value assigned to the voting rights was derived from a model generated by a valuation expert that specializes in valuing equity instruments with no quoted markets. The Series G shares were valued according to the value of the common stock the shares were convertible into on the issuance date.

During 2009, the Company issued an aggregate of 21,800,000 shares of common stock in private placements. The consideration received was \$173,000.

During 2009, the Company issued an aggregate of 10,000,000 shares of common stock to a private investor to reduce the balance due of deferred compensation to the Chief Executive Officer by \$100,000. The deferred compensation was assigned by the Chief Executive Officer to the private investor in lieu of cash, and the assigned liability was immediately converted to equity by the investor. The value of the shares issued according to the market price on the date of issuance was \$187,500. The difference between the value of the deferred compensation and the value of the shares issued was recorded as a loss on conversion.

During 2009, the Company issued an aggregate of 2,500,000 shares of restricted Rule 144 common stock for services rendered. The shares were valued at \$29,750, based on the market price on the date of issuance.

NOTE 8 SUBSEQUENT EVENTS

Subsequent to the end of the quarter, the Company received notification from Hidalgo Mining International Inc. ("Hidalgo") stating that Hidalgo is "unable to continue with any of its planned efforts on the North Bay Joint Venture projects due to capital needs which cannot be met at this time." As a result, North Bay has elected to exercise its contractual rights to terminate both the Silver Leaf and the Gold Hill Project JV agreements, and will thereby regain its full 100% undivided ownership of both properties. In accordance with the FASB standard related to subsequent events, \$19,149 previously classified as accounts receivable related to the Hidalgo joint venture has been written off as a bad debt as of September 30, 2009.

Subsequent to the end of the quarter, the Company agreed to terms on an earn-in joint venture with Silver Quest Resources Ltd ("Silver Quest") on North Bay's Fawn gold-silver property in central British Columbia, Canada. Upon TSX Venture Exchange acceptance of the terms of the agreement, Silver Quest may acquire an initial 75% interest in the Fawn Property by making aggregate cash payments of \$100,000, issuing a total of 150,000 shares, and incurring an aggregate of \$1,500,000 in exploration expenditures over four years.

Subsequent to the end of the quarter, the Company secured \$5 Million in financing under an equity line of credit with Tangiers Investors, LP ("Tangiers") to fund the Company's operations and prospective mining acquisitions. North Bay has entered into a Securities Purchase Agreement with Tangiers that provides North Bay the right, but not the obligation, to draw down on the equity line of credit by selling to Tangiers shares of the Company's common stock for a total purchase price of up to \$5 Million. Tangiers will pay the Company 90% of the lowest volume weighted average price of the Company's common stock during the pricing period as quoted by Bloomberg, LP on the Over-the-Counter Bulletin Board ("OTCBB"). Tangiers' obligation to purchase shares of the Company's common stock under the Securities Purchase Agreement is subject to certain conditions, including the Company obtaining an effective registration statement for shares of the Company's common stock sold under the Securities Purchase Agreement and is limited to \$100,000 per 10 consecutive trading days after the advance notice is provided to Tangiers. Upon signing

the Securities Purchase Agreement, the Company has agreed to issue Tangiers \$85,000 in restricted stock as a one-time commitment fee. To meet this obligation, the Company has reserved 6,589,147 shares of restricted common stock for issuance during the quarter ended March 31, 2010. These shares were issued on January 20, 2010.

Subsequent to December 31, 2009, the Company issued 5,000,000 shares of common stock in a Rule 504 private placement. The consideration received was \$50,000.

The Company evaluated all subsequent events through the date the financial statements were issued on February 8, 2010.