NORTH BAY RESOURCES INC.

Q1 2011
FINANCIAL STATEMENTS

NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
UNAUDITED BALANCE SHEETS
AS OF MARCH 31, 2011 AND DECEMBER 31, 2010

	Mar 31, 2011	Dec 31, 2010
ASSETS		
Current Assets		
Cash	$ 90,893	$ 47,000
Accounts Receivable	83,000	-
Prepaid Expenses	7,410	9,910
Total Current Assets	181,303	56,910
Other Assets		
Purchase Option – Ruby Mine	546,502	393,983
Total Other Assets	546,502	393,983
TOTAL ASSETS	**$** 727,805	**$** 450,893
LIABILITIES & STOCKHOLDERS' DEFICIT		
Liabilities		
Current Liabilities		
Accounts Payable	$ 124,216	$ 10,000
Accrued Expenses	866,474	838,474
Accrued Interest	2,264	2,264
Convertible notes payable net of discounts of $65,583 and $88,475, respectively	34,417	29,025
Total Current Liabilities	1,027,371	879,763
Total Liabilities	$ 1,027,371	$ 879,763
Stockholders' Deficit		
Preferred stock, Series I, $0.001 par value, 100 shares authorized, 100 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	-	-
Convertible Preferred stock, Series A, $0.001 par value, 8,000,000 shares authorized, 4,000,000 and 4,000,000 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	4,000	4,000
Convertible Preferred stock, Series G, $0.001 par value, 1,500,000 shares authorized, 100,000 and 100,000 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	100	100
Common stock, $0.001 par value, 250,000,000 shares authorized, 86,761,936 and 80,186,434 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	86,762	80,186
Additional Paid-In Capital	10,062,400	9,797,237
Deficit Accumulated During Exploration Stage	(10,452,828)	(10,310,393)
Total Stockholders' Deficit	(299,566)	(428,870)
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	**$ 727,805**	**$ 450,893**

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 MONTH PERIODS ENDING
MARCH 31, 2011 AND 2010 (Unaudited)
AND THE PERIOD FROM
JUNE 18, 2004 (INCEPTION) THROUGH MARCH 31, 2011 (Unaudited)

	3 months ended March 31, 2011	3 months ended March 31, 2010	Since inception (Jun 18, 2004 - Mar 31, 2011)
Revenues			
Retail Sales (revenue prior to change to mining company in 2006)	$ -	$ -	$ 40,567
Cost of Revenue	-	-	49,070
Gross Loss	-	-	(8,503)
Operating Expenses			
Commissions & Consulting Fees	43,216	-	303,000
General & Administrative Costs	79,468	63,016	9,220,533
Mining Property Costs	20,824	11,487	852,423
Professional Services	18,330	25,450	136,078
Total Operating Expenses	161,838	99,953	10,512,034
Net Operating Loss	(161,838)	(99,953)	(10,520,537)
Other Income (Expenses)			
Gain on Mineral Claim Sales & Joint-Ventures	96,000	5,000	492,893
Interest Income	15	28	124
Interest Expense	(76,612)	-	(172,050)
Loss on Conversion of Debt	-	-	(137,000)
Bad Debt Expense	-	-	(19,149)
Realized Loss on Investment	-	-	(97,109)
Net Other Income (Expenses)	19,403	5,028	67,709
Net Loss	**$ (142,435)**	**$ (94,925)**	**$ (10,452,828)**
Other Comprehensive Loss			
Unrealized Loss on Available for Sale Securities	-	(987)	-
Total Other Comprehensive Loss	**$ (142,435)**	**$ (95,912)**	**$ (10,452,828)**
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (Basic and Diluted)	81,609,672	67,555,512	
Basic and Diluted Net Loss per Share	**$ (0.00)**	**$ (0.00)**	

The accompanying notes are an integral part of these financial statements

NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE PERIOD
JUNE 18, 2004 (INCEPTION) THROUGH MARCH 31, 2011 (Unaudited)

	Preferred Stock			Common Stock					
	Series A Shares	Series I Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated OCI	Total Stockholders' Deficit
Inception 6/18/2004	-	-	$ -	-	$ -	$ -	$ -	$ -	$ -
Founder's Shares issued	1,200,000	-	1,200	320,000	320	(1,520)	-	-	-
Shares issued for merger	1,200,000	-	1,200	320,000	320	(1,520)	-	-	-
Common Stock issued for cash	-	-	-	200,000	200	4,800	-	-	5,000
Net loss for year	-	-	-	-	-	-	(95,587)	-	(95,587)
Balance at 12/31/2004	2,400,000	-	$ 2,400	840,000	$ 840	$ 1,760	$ (95,587)	$ -	$ (90,587)
Common Stock issued to convert debt	-	-	-	12,127	12	180,213	-	-	180,225
Common Stock issued for services	-	-	-	121,491	121	2,586,046	-	-	2,586,167
Common Stock issued for cash	-	-	-	102,643	103	517,597	-	-	517,700
Net loss for year	-	-	-	-	-	-	(1,816,896)	-	(1,816,896)
Balance at 12/31/2005	2,400,000	-	$ 2,400	1,076,261	$ 1,076	$ 3,285,616	$(1,912,483)	$ -	$ 1,376,609

The accompanying notes are an integral part of these financial statements

	Preferred Stock			Common Stock					
	Series A Shares	Series I Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated OCI	Total Stockholders' Deficit
Common Stock issued to convert debt	-	-	-	1,202,000	1,202	2,206,398	-	-	2,207,600
Common Stock issued for services	-	-	-	1,309,000	1,309	1,543,191	-	-	1,544,500
Expenses paid by shareholder	-	-	-	-	-	164,371	-	-	164,371
Net loss for year	-	-	-	-	-	-	(5,504,237)	-	(5,504,237)
Balance at 12/31/2006	2,400,000	-	$ 2,400	3,587,261	$ 3,587	$ 7,199,576	$ (7,416,720)	$ -	$ (211,157)
Beneficial Conversion Features on notes payable	-	-	-	-	-	62,000	-	-	62,000
Common Stock issued to convert debt	-		-	1,350,000	1,350	120,150	-	-	121,500
Common Stock issued for services	-	-	-	10,575,000	10,575	959,425	-	-	970,000
Common Stock issued as interest on loan	-	-	-	10,000	10	1,490	-	-	1,500
Preferred Shares issued for services	-	100	-	-	-	101,000	-	-	101,000
Common Stock issued for conversion of preferred shares	(2,400,000)	-	(2,400)	1,200,000	1,200	1,200	-	-	-

The accompanying notes are an integral part of these financial statements

	Preferred Stock			Common Stock					
	Series A Shares	Series I Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated OCI	Total Stockholders' Deficit
Shares bought back and retired	-	-	-	(200,000)	(200)	(1,800)	-	-	(2,000)
Net loss for year	-	-	-	-	-	-	(1,490,871)	-	(1,490,871)
Balance at 12/31/2007	-	100	$ -	16,522,261	$ 16,522	$ 8,513,664	$ (8,907,591)	-	$ (377,405)
Rounding of shares due to stock split	-	-	-	26	-	-	-	-	
Common Stock issued for services	-	-	-	5,500,000	5,500	224,500	-	-	230,000
Common Stock issued for cash	-	-	-	2,275,000	2,275	7,725	-	-	10,000
Contribution from investor	-	-	-	-	-	10,000	-	-	10,000
Mark to market AFS securities	-	-	-	-	-	-	-	22,780	22,780
Net loss for year	-	-	-	-	-	-	(328,478)	-	(328,478)
Balance at 12/31/2008	-	100	$ -	24,297,287	$ 24,297	$ 8,755,889	$ (9,236,069)	$ 22,780	$ (433,103)

The accompanying notes are an integral part of these financial statements

	Preferred Stock						Common Stock						
	Series A Shares	Series G Shares	Series I Shares	Series A Amount	Series G Amount	Series I Amount	Shares	Amount	Additional Paid-In Capital	Stock Payable	Accumulated Deficit	Accumulated OCI	Total Stockholders' Deficit
Common Stock issued for services	-	-	-	-	-	-	2,500,000	2,500	27,250	-	-	-	29,750
Preferred Stock issued for services	4,000,000	100,000	-	4,000	100	-	-	-	249,685	-	-	-	253,785
Common Stock issued for cash	-	-	-	-	-	-	21,800,000	21,800	151,200	-	-	-	173,000
Common Stock issued for deferred compensation	-	-	-	-	-	-	10,000,000	10,000	177,500	-	-	-	187,500
Loss realized on AFS securities	-	-	-	-	-	-	-	-	-	-	-	(22,780)	(22,780)
Stock payable for commitment fee on equity offering	-	-	-	-	-	-	-	-	(115,310)	115,310	-	-	(115,310)
Net loss for year	-	-	-	-	-	-	-	-	-	-	(786,979)	-	(786,979)
Balance at 12/31/2009	4,000,000	100,000	100	$ 4,000	$ 100	-	58,597,287	$ 58,597	$9,246,214	$115,310	$(10,023,048)	$ -	$ (598,827)
Common Stock issued for commitment fee on equity offering	-	-	-	-	-	-	6,589,147	6,589	108,721	(115,310)	-	-	-
Common Stock issued for cash	-	-	-	-	-	-	5,000,000	5,000	45,000	-	-	-	50,000
Discount on convertible notes from beneficial conversion features and attached warrants	-	-	-	-	-	-	-	-	107,406	-	-	-	107,406

The accompanying notes are an integral part of these financial statements

	Preferred Stock						Common Stock						
	Series A Shares	Series G Shares	Series I Shares	Series A Amount	Series G Amount	Series I Amount	Shares	Amount	Additional Paid-In Capital	Stock Payable	Accumulated Deficit	Accumulated OCI	Total Stockholders' Deficit
Common Stock issued for Ruby Mine Purchase Option	-	-	-	-	-	-	10,000,000	10,000	140,000	-	-	-	150,000
Warrants issued for Purchase Option – Ruby Mine	-	-	-	-	-	-	-	-	149,896	-	-	-	149,896
Net loss for period	-	-	-	-	-	-	-	-	-	-	(287,345)	-	(287,345)
Balance at 12/31/2010	4,000,000	100,000	100	$ 4,000	$ 100	-	80,186,434	$ 80,186	$9,797,237	-	$(10,310,393)	$ -	$ (428,870)
Common Stock issued for cash	-	-	-	-	-	-	4,068,497	4,069	140,931	-	-	-	145,000
Common Stock issued for convertible debt conversion	-	-	-	-	-	-	2,464,148	2,464	68,756	-	-	-	71,220
Common Stock issued for services	-	-	-	-	-	-	42,857	43	2,957	-	-	-	3,000
Discount on convertible notes from beneficial conversion feature	-	-	-	-	-	-	-	-	50,000	-	-	-	50,000
Term Extension of Ruby warrants	-	-	-	-	-	-	-	-	2,519	-	-	-	2,519
Net loss for period	-	-	-	-	-	-	-	-	-	-	(142,435)	-	(142,435)
Balance at 3/31/2011	4,000,000	100,000	100	$ 4,000	$ 100	-	86,761,936	$ 86,762	$10,062,400	-	$(10,452,828)	$ -	$ (299,566)

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 THREE MONTH PERIODS ENDING
MARCH 31, 2011 AND 2010 (Unaudited)
AND THE PERIOD FROM
JUNE 18, 2004 (INCEPTION) THROUGH MARCH 31, 2011 (Unaudited)

	3 Months Ended March 31, 2011	3 Months Ended March 31, 2010	Since inception (Jun 18, 2004 - Mar 31, 2011)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Loss	$ (142,435)	$ (94,925)	$ (10,452,828)
Adjustments to reconcile Net Loss			
to net cash used in operations:			
Gain on sale of claims, non-cash	-	-	(110,935)
Common Stock issued for services	3,000	-	5,113,017
Common Stock issued for for mining exploration stage property	-	-	351,400
Preferred Stock issued for bonus	-	-	253,785
Loss on conversion of debt and deferred compensation	-	-	2,150,513
Loss on AFS securities "other than temporary"	-	-	106,985
Bad debt expense	-	-	19,149
Gain realized on transfer of AFS - securities	-	-	(9,875)
Amortization of discount on debt	72,892	-	153,823
Common Stock issued as interest on loan	-	-	1,500
Changes in operating assets and liabilities:			
Accounts receivable	(83,000)	-	(83,000)
Prepaid expenses	2,500	-	2,500
Accounts payable	24,216	-	24,216
Accrued expenses	31,720	54,000	996,283
Other current assets	-	-	(29,059)
Net Cash Used in Operating Activities	(91,107)	(40,925)	(1,512,526)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for Ruby Option	(60,000)	-	(144,087)
Net Cash Used In Investing Activities	(60,000)	-	(144,087)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of stock	145,000	50,000	900,700
Contributions from related party	-	-	244,994
Shares re-purchased and retired	-	-	(2,000)
Borrowings on convertible debt	50,000	-	603,812
Net Cash Provided by Financing Activities	195,000	50,000	1,747,506
Net cash increase for period	43,893	9,075	90,893
Cash at beginning of period	47,000	41,123	-

Cash at end of period		**90,893**		**50,198**		**90,893**
Supplementary Cash Flow Information:						
Cash Paid for Interest		-		-		-
Cash Paid for Taxes		-		-		-
Non-Cash Investing & Financing Activities:						
Common Stock issued For conversion of preferred shares	$	-	$	-	$	2,400
Common Stock issued For conversion of debt and accrued salary	$	-	$	-	$	253,912
Warrants issued for purchase option - Ruby Mine	$	-	$	-	$	149,896
Term extension of Ruby Mine warrants	$	2,519	$	-	$	2,519
Cash obligation for purchase option - Ruby Mine	$	100,000	$	-	$	100,000
Stock Issued for purchase option - Ruby Mine	$	-	$	-	$	150,000
Discount from beneficial conversion feature on convertible notes Payable	$	50,000	$	-	$	157,406
Transfer of available for sale securities to relieve accrued salary	$	-	$	-	$	12,838
Unrealized gain on available for sale securities	$	-	$	(987)	$	22,780
Accrued salary relieved for shares issued	$	-	$	-	$	100,000
Common and preferred shares issued as founders shares	$	-	$	-	$	3,040
Common stock issued for conversion of convertible debt	$	71,220	$	-	$	71,220
Common stock issued for stock payable	$	-	$	(115,310)	$	-

The accompanying notes are an integral part of these financial statements

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 $10,452,828 as of March 31, 2011. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern. 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.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation. There was no material effect to the financial statements as result of these reclassifications.

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 March 31, 2011 and December 31, 2010. 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.

Marketable Securities

The Company accounts for its marketable securities, which are available for sale, in accordance with Financial Accounting Standards Board ("FASB") guidance regarding accounting for certain investments in debt and equity securities, which requires that available-for-sale and trading securities be carried at fair value. Unrealized gains and losses deemed to be temporary on available-for-sale securities are reported as other comprehensive income ("OCI") within shareholders' deficit. Realized gains and losses and declines in value deemed to be other than temporary on available-for-sale securities are included in "(Gain) loss on short- and long-term investments" and "Other income" on our statements of operations. Trading gains and losses also are included in "(Gain) loss on short- and long-term investments." Fair value of the securities is based upon quoted market prices in active markets or estimated fair value when quoted market prices are not available. The cost basis for realized gains and losses on available-for-sale securities is determined on a specific identification basis. We classify our available-for-sale securities as short- or long-term based upon management's intent and ability to hold these investments. In addition, throughout 2009, the FASB issued various authoritative guidance and enhanced disclosures regarding fair value measurements and impairments of securities which helps in determining fair value when the volume and level of activity for the asset or liability have significantly decreased and in identifying transactions that are not orderly.

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 fixed or 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

Mineral property acquisition costs are capitalized upon acquisition. Mineral property exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property are capitalized. To date the Company has not established any reserves on its mineral properties.

The Company reviews long-lived assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the review indicates that the carrying amount of the asset may not be recoverable, the potential impairment is measured based on a projected discounted cash flow method using a discount rate that is considered to be commensurate with the risk inherent in the Company's current business model. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets.

Purchase Options for Mining Property

Costs associated with acquisitions related to purchase options for mining properties are capitalized when the costs are incurred in accordance with ASC 340.10. The costs are carried at the amount paid and transferred to the appropriate asset account if the option is exercised. If it is determined that the Company will not exercise the option, the option is expensed.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on the differences between the financial reporting basis and the tax basis of the assets and liabilities, and are measured using enacted tax rates that will be in effect when the differences are expected to reverse.

The Company adopted the provisions of the FASB interpretation related to accounting for uncertainty in income taxes, which seeks to reduce the diversity in practice associated with the accounting and reporting for uncertainty in income tax positions. The Company believes it does not have any uncertain tax positions taken or expected to be taken in its income tax returns.

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 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 Company had no assets or liabilities valued at fair value on a recurring or non-recurring basis as of March 31, 2011 and December 31, 2010, respectively.

Stock Based Compensation

Beginning January 1, 2006, the Company adopted the FASB standard related to stock based compensation. The standard requires all share-based payments to employees (which includes nonemployee Directors), including employee stock options, warrants and restricted stock, be measured at the fair value of the award and expensed over the requisite service period (generally the vesting period). The fair value of common stock options or warrants granted to employees is estimated at the date of grant using the Black-Scholes option pricing model by using the historical volatility of comparable public companies. The calculation also takes into account the common stock fair market value at the grant date, the exercise price, the expected life of the common stock option or warrant, the dividend yield and the risk-free interest rate.

The Company from time to time may issue stock options, warrants and restricted stock to acquire goods or services from third parties. Restricted stock, options or warrants issued to other than employees or directors are recorded on the basis of their fair value, which is measured as of the date required by the Emerging Issues Task Force guidance related to accounting for equity instruments issued to non-employees. In accordance with this guidance, the options or warrants are valued using the Black-Scholes option pricing model on the basis of the market price of the underlying equity instrument on the "valuation date," which for options and warrants related to contracts that have substantial disincentives to non-performance, is the date of the contract, and for all other contracts is the vesting date. Expense related to the options and warrants is recognized on a straight-line basis over the shorter of the period over which services are to be received or the vesting period. As of March 31, 2011 and December 31, 2010, no options or warrants related to compensation have been issued, and none are outstanding.

Beneficial Conversion Feature

From time to time, the Company may issue convertible notes that may have conversion prices that create an embedded beneficial conversion feature pursuant to the Emerging Issues Task Force guidance on beneficial conversion features. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of any attached equity instruments, if any related equity instruments were granted with the debt. In accordance with this guidance, the intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

Income/Loss Per Share of Common Stock

Basic net loss per common share is computed using the weighted average number of common shares outstanding. Diluted earnings per share includes additional dilution from common stock equivalents, such as stock issuable pursuant to the exercise of stock options and warrants. Common stock equivalents are not included in the computation of diluted earnings per share when the Company reports a loss because to do so would be anti-dilutive for the periods presented. As of March 31, 2011 and 2010, there were 38,623,038 and 22,000,000 common stock equivalents outstanding, respectively.

The following is a reconciliation of the computation for basic and diluted EPS:

	Mar 31, 2011	Mar 31, 2010
Net Loss	($142,435)	($94,925)
Weighted-average common shares Outstanding (Basic)	81,609,672	67,555,512
Weighted-average common stock Equivalents	38,623,038	22,000,000
Deduction of stock Equivalents not included due to net loss	(38,623,038)	(22,000,000)
Weighted-average common shares Outstanding (Diluted)	81,609,672	67,555,512
Basic and Diluted Net Loss per Share	($0.00)	($0.00)

Recently Issued Accounting Standards

In December 2010, the FASB issued FASB ASU No. 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts," which is now codified under FASB ASC Topic 350, "Intangibles — Goodwill and Other." This ASU provides amendments to Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not a goodwill impairment exists. When determining whether it is more likely than not an impairment exists, an entity should consider whether there are any adverse qualitative factors, such as a significant deterioration in market conditions, indicating an impairment may exist. FASB ASU No. 2010-28 is effective for fiscal years (and interim periods within those years) beginning after December 15, 2010. Early adoption is not permitted. Upon adoption of the amendments, an entity with reporting units having carrying amounts which are zero or negative is required to assess whether is it more likely than not the reporting units' goodwill is impaired. If the entity determines impairment exists, the entity must perform Step 2 of the goodwill impairment test for that reporting unit or units. Step 2 involves allocating the fair value of the reporting unit to each asset and liability, with the excess being implied goodwill. An impairment loss results if the amount of recorded goodwill exceeds the implied goodwill. Any resulting goodwill impairment should be recorded as a cumulative-effect adjustment to beginning retained earnings in the period of adoption. This ASU is not expected to have any material impact to our financial statements.

In December 2010, the FASB issued FASB ASU No. 2010-29, "Disclosure of Supplementary Pro Forma Information for Business Combinations," which is now codified under FASB ASC Topic 805, "Business Combinations." A public entity is required to disclose pro forma data for business combinations occurring during the current reporting period. This ASU provides amendments to clarify the acquisition date to be used when reporting the pro forma financial information when comparative financial statements are presented and improves the usefulness of the pro forma revenue and earnings disclosures. If a public company presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) which occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The supplemental pro forma disclosures required are also expanded to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. FASB ASU No. 2010-29 is effective on a prospective basis for 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, 2010, with early adoption permitted. The adoption of this ASU will not have a material effect on our financial position, results of operations or cash flows.

NOTE 4 INVESTMENTS

In 2008, the Company was to receive $100,000 in joint-venture payments from Hidalgo Mining International Inc. (OTC: HMIT) pursuant to joint-venture agreements on the Company's Silver Leaf and Gold Hill Project properties. The Company elected to accept payment in shares of HMIT stock and received a total of 9,875,214 shares. The shares were valued at $110,935 according to the closing price of the stock on the date the shares were received. A gain of $10,935 related to the value of the stock over the original agreement was recorded due to the transaction. As of December 31, 2008, the market value of these shares was $133,715. This resulted in an unrealized gain shown in other comprehensive income of $22,780 for the year ended December 31, 2008. In October 2009, the joint-ventures with Hidalgo were terminated, and by agreement the Company has retained its shares of HMIT. As of December 31, 2009, the Company has taken an impairment charge and written down the value of the shares to $3,950. The loss was realized and classified as Other Expenses due to the Company's determination that the devaluation of the shares was "other than temporary".

As of June 14, 2010, the HMIT shares were transferred to CEO Perry Leopold and applied towards deferred compensation reduction. The shares were valued at $13,825 as their fair market value on the day of transfer. The deferred compensation relieved was $12,838. The excess value of shares transferred over deferred compensation relieved was expensed for $987 due to it being considered as additional compensation to the CEO. A gain of $9,875 was realized on the transaction due to the change in value of the stock from December 31, 2009 to the transfer date.

NOTE 5 PREPAID EXPENSES

During 2009, the Company sold its War Eagle claims in consideration of $14,910 in prepaid marketing and advertising services. As of March 31, 2011, $7,500 of these services had been used, and $7,410 of these services remain to be utilized.

NOTE 6 PURCHASE OPTION – RUBY MINE

On September 27, 2010, the Company signed 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 is to be paid in stages extending to December 30, 2012. Terms of the Ruby agreement provide for an initial option period of 5 months that expires on January 31, 2011, at which time we may elect to extend the option for a second 5 month period, expiring on June 30, 2011. The Company may exercise its right to purchase the Ruby at any time during the option period, but no later than June 30, 2011. The initial consideration of the option period is $50,000 cash and 10 million shares of common stock to be credited towards the purchase price at a value of $150,000. Four monthly option payments of $10,000 each, or $40,000 in total, became due as of October 1, 2010, with the October 1 payment deferred until December 31, 2010, by agreement, In addition, in compliance with the agreement, the Company issued warrants to RDC that gives RDC the option of purchasing up to 10 million shares of stock at an exercise price of $.02 initially exercisable until December 30, 2012. The Company has also agreed to reimburse RDC within 30 days of invoice for all claim fees, taxes, and permit expenses during the option period, and on October 1, 2010 a cash payment of $16,600 was paid to reimburse RDC for annual claim fees and taxes. The next payment for claim fees and taxes to the US Bureau of Land Management (BLM) and Sierra County is not due until August 31, 2011. Monthly option payments of $10,000 cash began on November 1, 2010, with the October option payment deferred until December 30, 2010, and $30,000 of the $40,000 due has been paid as of December 31, 2010. The remaining monthly payment due on January 1, 2011 for the first option period ending January 31, 2010 is $10,000, which has been accrued for as of December 31, 2010, and which was subsequently paid on January 3, 2011. The Company has also paid an additional $8,114 in permit expenses as of December 31, 2010. If the Company elects to renew the option for an additional 5 months, the agreement calls for a $50,000 cash payment to be made by February 1, 2011, followed by 4 monthly cash payments of $25,000 each. Subsequent to December 31, 2010, RDC and the Company agreed to amend the terms of the second option period. The amendment provides revised terms for the extension of the option from February 1, 2011 through June 30, 2011. The revised terms reduces the payment due on February 1, 2011 from $50,000 to $10,000, and reduces the payment due on March 1, 2011 from $25,000 to $10,000. As of the date of this report, the February 1, 2011 and the March 1, 2011 payments have been paid. The payment due on April 1, 2011 has been increased from $25,000 to $30,000, which as of March 31, 2011, has been paid. The payments due on May 1, 2011 (paid as of the date of this report) and June 1, 2011, respectively, have been increased from $25,000 to $50,000. In addition, the amendment extends term of the warrants included as consideration in the original agreement has been extended from December 30, 2012 to December 30, 2015. All other terms of the original agreement remain in effect. Upon exercise of the option to complete the purchase at any time on or before June 30, 2011, the Company will pay a minimum of $85,000 cash per month until the purchase price of $2,500,000 is paid in full by December 30, 2012. The aforementioned notwithstanding, the Company must exercise its option and initiate its purchase within 60 days following the effective date of the approval of North Bay's EB-5 Regional Center by the United States Customs and Immigration Service ("USCIS"). As an additional acceleration of purchase payments, RDC shall have the option of being paid up to 50% of all EB-5 tranches within 15 days of receipt by the Company until the unpaid balance is paid in full. All option payments and the initial consideration of $50,000 cash and $150,000 in stock shall be applied in full toward the purchase price. Reimbursed expenses for claim fees, taxes, and permits do not apply towards the purchase price. Interest of 3% per annum shall accrue on the outstanding principal until paid in full. In addition, in compliance with the agreement, on September 27, 2010, as amended on January 26, 2011, the Company issued the aforementioned warrants to RDC that gives them the option, until December 30, 2015, of purchasing up to 10 million shares of stock at $.02. Upon the exercise of the option to purchase and the transfer of title, the Company will receive all of the real and personal property associated with the Ruby Gold Mine, and all of the shares of Ruby Gold, Inc., a private California corporation whose sole asset is $170,000 in reclamation bonds securing the permits at the Ruby Mine. In addition, it has been agreed that the Company must obtain a public liability insurance policy with coverage of at least $1 million before the Company can begin work at the Ruby.

Subsequent to March 31, 2011, the Company and RDC executed an amendment to the aforementioned agreements dated September 1, 2010, as amended, which provides revised terms for the accelerated exercise of the Company's Option to Purchase from June 30, 2011 to June 1, 2011, and an increase to the final Option payment due on June 1, 2011 from $50,000 to $85,000. Upon making the final option payment of $85,000 on June 1, 2011, the Company shall be deemed to have exercised the Option, and said payment shall also satisfy the requirement for a deposit to open escrow. The Amendment also provides that monthly mortgage payments for the duration of 2011 shall be reduced from $85,000 per month to $35,000 per month. In addition, and in consideration for amending the Agreements, the Company shall issue 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. Said warrants are valid until May 1, 2016, but may not be exercised until the earlier of May 1, 2012, or the Company's receipt of the first tranche of funding through the federal EB-5 program.

This is an arms-length transaction, and there is no family or other relationship with any affiliate of Ruby Development Company or Ruby Gold, Inc. with any officer, director, or affiliate of North Bay Resources Inc.

All costs related to the acquisition of the purchase option or potential acquisition of the mining property, have been capitalized when incurred. All costs related to operating costs of the property have been expensed when incurred. During the period ended March 31, 2011 and December 31, 2010, the Company capitalized a total of $546,502 and $393,983, respectively, related to the Ruby Mine purchase option. Cash paid during the period ended March 31, 2011 and December 31, 2010 was equal to $60,000 and $84,087, respectively. Warrants issued during the period ended December 31, 2010 were valued at $149,896. Shares paid as of December 31, 2010 were valued at $150,000. Additional cash owed as of March 31, 2011 was equal to $100,000. $2,519 was capitalized to the purchase option during the three months ended March 31, 2011 related to the company's amendment to extend the term of the 10,000,000 warrants issued to Ruby Development Company from December 31, 2012 to December 31, 2015. The value of the extension was calculated using the Black-Scholes model.

NOTE 7 ACCOUNTS PAYABLE

Pursuant to the Ruby Mine Option-to-Purchase agreement executed on September 27, 2010, the Company is obligated to make option payments of $10,000 per month, beginning October 1, 2010 through the end of the first option period ending January 31, 2011, for a total of $40,000. This balance accrued for within accounts payable as of December 31, 2010 was $10,000, which was paid on January 3, 2011. Effective January 26, 2011, RDC and the Company agreed to amend the terms of the second option period, which the Company exercised on January 28, 2011. The amendment provides revised terms for the extension of the option from February 1, 2011 through June 30, 2011. The revised terms reduces the payment due on February 1, 2011 from $50,000 to $10,000, and reduces the payment due on March 1, 2011 from $25,000 to $10,000. As of the date of this report, the February 1, 2011 and the March 1, 2011 payments have been paid. The payment due on April 1, 2011 has been increased from $25,000 to $30,000, which as of March 31, 2011, has been paid. The payments due on May 1, 2011 (paid as of the date of this report) and June 1, 2011, respectively, have been increased from $25,000 to $50,000. This balance accrued for within accounts payable as of March 31, 2011 was $100,000.

During Q1, 2011, the Company agreed to reimburse ACG Consulting, LLC ("ACG") a total of $37,216 in expenses incurred to prepare and file EB-5 applications with USCIS. As of March 31, 2011, $15,000 of this amount had been paid, and the remaining $22,216 balance was accrued for within accounts payable.

Subsequent to March 31, 2011 and as of the date of this report, $0 remains outstanding and this account has been paid in full.

NOTE 8 FINANCING

On June 17, 2010, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received $17,500 as a loan from Tangiers. The Note is convertible to common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the greater of (a) $0.001 or (b) eighty percent (80%) of the lowest traded price of common stock out of the ten (10) trading days immediately preceding the conversion date. The Note has a term of one year and accrues interest at a rate equal to 9.9% per year. Conversion rights were waived by the holder from inception of the agreement through July 15, 2010. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be $10,726. This value was recorded as a discount on debt and offset to additional paid in capital. During the three months ended March 31, 2011 the note balance of $17,500 and accrued interest of $1,225 was settled with conversion into 863,681 shares of common stock. The unamortized portion of the discount at the time of conversion of $4,937 was fully amortized upon conversion. No gain or loss was recorded for the conversion due to the conversion being within the terms of the convertible debt agreement.

On September 27, 2010, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received $50,000 as a loan from Tangiers to initiate the acquisition of the Ruby Mine. The Note is convertible to common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the greater of (a) $0.005 or (b) eighty percent (80%) of the lowest traded price of common stock out of the ten (10) trading days immediately preceding the conversion date. The Note has a term of one year and accrues interest at a rate equal to 9.9% per year. In addition, Tangiers is entitled to 1.5 million 5 year cashless warrants exercisable at $0.05, with an additional 1 million 5 year cashless warrants exercisable at $0.05 if the note remains outstanding after 90 days, and is also entitled to a 0.75% non-voting interest in the Ruby Project.

The beneficial conversion feature resulting from the discounted conversion price compared to the market price was calculated based on the date of grant to be $17,560 after adjusting the effective conversion price for the relative fair value of the note proceeds compared to the fair value of the attached warrants and note. In addition to this discount related to the beneficial conversion feature, an additional discount of $22,475 was recorded based on the fair value of the 1,500,000 warrants attached to the debt. This value was derived using the Black-Scholes valuation model. The 1,000,000 contingent warrants owed were valued at $15,000 according to the Black-Scholes model. This value was not recorded initially due to the contingent nature of the issuance. This contingency was resolved ninety days after the note was issued when the note was unpaid. As a result the 1,000,000 warrants were issued. The remaining undiscounted portion of the note was $9,965. As a result of the value of the warrants exceeding the remaining undiscounted portion of the note, only $9,965 was recorded as an additional discount from this issuance. During the three months ended March 31, 2011 the note balance of $50,000 and accrued interest of $2,495 was settled with conversion into 1,600,467 shares of common stock. The unamortized portion of the discount at the time of conversion of $39,986 was fully amortized upon conversion. No gain or loss was recorded for the conversion due to the conversion being within the terms of the convertible debt agreement.

On December 30, 2010, the Company entered into a Convertible Promissory Note Agreement ("the Note") with Tangiers Investors LP, ("Tangiers") pursuant to which the Company received $50,000 as a loan from Tangiers for expenses related to our acquisition of the Ruby Mine. The Note is convertible to common stock, in whole or in part, at any time and from time to time before maturity at the option of the holder at the greater of (a) $0.005 or (b) seventy percent (70%) of the lowest traded price of common stock out of the ten (10) trading days immediately preceding the conversion date. The Note has a term of nine months and accrues interest at a rate equal to 9.9% per year. In addition, Tangiers is entitled to 500,000 5-year warrants exercisable at $0.05. The beneficial conversion feature resulting from the discounted conversion price compared to market price was valued on the date of grant to be $32,485 on the note, and $14,195 on the warrants. This value was recorded as a discount on debt and offset to additional paid in capital. Amortization of the discount was $15,389 for the three months ended March 31, 2011.

On January 4, 2011, the Company entered into a Securities Purchase Agreement with Asher Enterprises, Inc. ("Asher"), for the sale of an 8% convertible note in the principal amount of $50,000 (the "Note"). The Note bears interest at the rate of 8% per annum. All interest and principal must be repaid by the maturity date of October 3, 2011. The Note is convertible into common stock, at Asher's option, at a 45% discount to the average of the three lowest closing bid prices of the common stock during the 10 trading day period prior to conversion. The discount on the note from the beneficial conversion feature is $50,000, and $15,580 has been amortized for the three months ended March 31, 2011. This note can not be converted if it results in Asher owning more than 4.99% of our outstanding shares.

The discounts on debt are being amortized straight line over the terms of the convertible notes. The difference between the straight line and effective interest methods is immaterial due to the short term nature of the convertible notes.

NOTE 9 COMMITMENTS AND CONTINGENCIES

As of March 31, 2011 and December 31, 2010, respectively, the Company does not have any outside commitments, and is not currently leasing any office space. Office space is provided as part of a management agreement with The PAN Network, a private business management and consulting company wholly-owned by the Company’s Chief Executive Officer (see Note 12 - Related Party Transactions). The agreement is renewable annually at the discretion of both parties. As a result there are no future payments for our lease beyond the current year contract. The Company is not and has never been involved in any litigation of any nature, and the Company is not aware of any pending or threatened litigation.

EB-5

On July 28, 2010, the Company executed an agreement with ACG Consulting, LLC ("ACG") intended to establish a new economic Regional Center ("RC") under the federal EB-5 program (the "EB-5 Program") that will encompass all of Northern California's Gold Country. Once established, the Regional Center is expected to provide full funding for the Company's prospective mining projects in Northern California, which are now under review for possible acquisition. Terms of the agreement specify that upon filing an application for a new Regional Center with USCIS, North Bay shall pay ACG $50,000 as its share of the startup expenses, which as of December 31, 2010 were $0. In lieu of cash, North Bay may elect to issue a convertible debenture to ACG, at an interest rate of 8%, and convertible to shares of common stock, the number of shares of which, if and when issued, shall be equal to the principal and interest to be paid on the date of conversion divided by the prevailing market price of our common stock on the date of conversion. In the event the Company does issue a convertible debenture, we expect it to be dilutive to shareholders, the extent of which will be determined by the market price of our shares on the day of conversion. In addition, upon receipt by the Company of the first tranche of EB-5 funding at a minimum of $500,000, the Company shall reimburse ACG for its share of the marketing expenses in the amount of $110,000 cash. The Company will await guidance from USCIS after the Regional Center is established as to whether marketing costs incurred to secure funds through the EB-5 program can be recouped from EB-5 funds subsequently received. Alternatively, if the Company has not generated enough revenue from claim sales and joint-ventures to cover these costs, we believe we can rely on our equity credit line established by way of our Securities Purchase Agreement with Tangiers, LP to cover these expenses. As of December 31, 2010, no shares have been issued in connection with this agreement. No payment of any kind is due until ACG files the Regional Center application with USCIS, which as of December 31, 2010, has not yet occurred. During Q1, 2011, the Company agreed to reimburse ACG $37,216 in expenses incurred to prepare and file EB-5 applications with USCIS. As of March 31, 2011, $15,000 of this amount had been paid, and $22,216 remained outstanding. Subsequent to March 31, 2011 and as of the date of this report, $0 remains outstanding and this account has been paid in full.

The agreement also provides that North Bay will own 49% of the Regional Center, and ACG will own 51%. ACG and North Bay, working together through the Regional Center, will seek to raise up to $7.5M in EB-5 funding for North Bay's initial mining project, subject to USCIS approval. ACG will also be an equity partner in each project North Bay may bring into the Regional Center, the amount of which will vary on a deal by deal basis based on the amount of consulting services ACG actually provides. At the present time, no projects other than mining are being considered, and the industry focus for the Regional Center is expected to be limited to mining initially.

The Ruby Gold Project

On September 27, 2010, the Company signed 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 is to be paid in stages extending to December 30, 2012. Terms of the Ruby agreement provide for an initial option period of 5 months that expires on January 31, 2011, at which time we may elect to extend the option for a second 5 month period, expiring on June 30, 2011. The Company may exercise its right to purchase the Ruby at any time during the option period, but no later than June 30, 2011. The initial consideration of the option period is $50,000 cash and 10 million shares of common stock to be credited towards the purchase price at a value of $150,000. Four monthly option payments of $10,000 each, or $40,000 in total, became due as of October 1, 2010, with the October 1 payment deferred until December 31, 2010, by agreement, In addition, in compliance with the agreement, the Company issued warrants to RDC that gives RDC the option of purchasing up to 10 million shares of stock at an exercise price of $.02 initially exercisable until December 30, 2012. The Company has also agreed to reimburse RDC within 30 days of invoice for all claim fees, taxes, and permit expenses during the option period, and on October 1, 2010 a cash payment of $16,600 was paid to reimburse RDC for annual claim fees and taxes. The next payment for claim fees and taxes to the US Bureau of Land Management (BLM) and Sierra County is not due until August 31, 2011. Monthly option payments of $10,000 cash began on November 1, 2010, with the October option payment deferred until December 30, 2010, and $30,000 of the $40,000 due has been paid as of December 31, 2010. The remaining monthly payment due on January 1, 2011 for the first option period ending January 31, 2010 is $10,000, which has been accrued for as of December 31, 2010, and which was subsequently paid on January 3, 2011. The Company has also paid an additional $8,114 in permit expenses as of December 31, 2010. If the Company elects to renew the option for an additional 5 months, the agreement calls for a $50,000 cash payment to be made by February 1, 2011, followed by 4 monthly cash payments of $25,000 each. Subsequent to December 31, 2010, RDC and the Company agreed to amend the terms of the second option period. The amendment provides revised terms for the extension of the option from February 1, 2011 through June 30, 2011. The revised terms reduces the payment due on February 1, 2011 from $50,000 to $10,000, and reduces the payment due on March 1, 2011 from $25,000 to $10,000. As of the date of this report, the February 1, 2011 and the March 1, 2011 payments have been paid. The payment due on April 1, 2011 has been increased from $25,000 to $30,000, and the payments due on May 1, 2011 (paid as of the date of this report) and June 1, 2011, respectively, have been increased from $25,000 to $50,000. In addition, the amendment extends term of the warrants included as consideration in the original agreement has been extended from December 30, 2012 to December 30, 2015. All other terms of the original agreement remain in effect. Upon exercise of the option to complete the purchase at any time on or before June 30, 2011, the Company will pay a minimum of $85,000 cash per month until the purchase price of $2,500,000 is paid in full by December 30, 2012. The aforementioned notwithstanding, the Company must exercise its option and initiate its purchase within 60 days following the effective date of the approval of North Bay’s EB-5 Regional Center by the United States Customs and Immigration Service ("USCIS"). As an additional acceleration of purchase payments, RDC shall have the option of being paid up to 50% of all EB-5 tranches within 15 days of receipt by the Company until the unpaid balance is paid in full. All option payments and the initial consideration of $50,000 cash and $150,000 in stock shall be applied in full toward the purchase price. Reimbursed expenses for claim fees, taxes, and permits do not apply towards the purchase price. Interest of 3% per annum shall accrue on the outstanding principal until paid in full. In addition, in compliance with the agreement, on September 27, 2010, as amended on January 26, 2011, the Company issued the aforementioned warrants to RDC that gives them the option, until December 30, 2015, of purchasing up to 10 million shares of stock at $.02. Upon the exercise of the option to purchase and the transfer of title, the Company will receive all of the real and personal property associated with the Ruby Gold Mine, and all of the shares of Ruby Gold, Inc., a private California corporation whose sole asset is $170,000 in reclamation bonds securing the permits at the Ruby Mine. In addition, it has been agreed that the Company must obtain a public liability insurance policy with coverage of at least $1 million before the Company can begin work at the Ruby.

Subsequent to March 31, 2011, the Company and RDC executed an amendment to the aforementioned agreements dated September 1, 2010, as amended, which provides revised terms for the accelerated exercise of the Company's Option to Purchase from June 30, 2011 to June 1, 2011, and an increase to the final Option payment due on June 1, 2011 from $50,000 to $85,000. Upon making the final option payment of $85,000 on June 1, 2011, the Company shall be deemed to have exercised the Option, and said payment shall also satisfy the requirement for a deposit to open escrow. The Amendment also provides that monthly mortgage payments for the duration of 2011 shall be reduced from $85,000 per month to $35,000 per month. In addition, and in consideration for amending the Agreements, the Company shall issue 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. Said warrants are valid until May 1, 2016, but may not be exercised until the earlier of May 1, 2012, or the Company's receipt of the first tranche of funding through the federal EB-5 program.

This is an arms-length transaction, and there is no family or other relationship with any affiliate of Ruby Development Company with any officer, director, or affiliate of North Bay Resources Inc.

NCRC

Effective October 14, 2010, the Company, together with ACG, entered into a Memorandum of Understanding ("MOU") with Northern California Regional Center, LLC ("NCRC"), whereby NCRC has agreed to expand its scope to include mining projects in the counties of Sierra and Nevada in Northern California, and together with ACG has agreed to sponsor North Bay's application to secure $7.5 million for the Ruby Gold project in Sierra County, California, through the EB-5 Program. NCRC was approved on April 22, 2010 by the United States Citizenship and Immigration Services ("USCIS") as a designated EB-5 Regional Center, and is currently approved to sponsor qualifying investments in such capacity within the counties of Colusa; Butte; Glenn; Sacramento; San Joaquin; Shasta; Sutter; Tehama; Yuba; and Yolo in the State of California (the "Regional Center's Geographic Area"). Pursuant to its regional center designation, NCRC may sponsor qualifying investments in certain industry economic sectors that do not currently include mining. The agreement with North Bay and ACG calls for NCRC to seek USCIS approval for an expansion of NCRC's Regional Center Geographic Area (the "Expansion") to include Sierra County, where the Ruby Mine is located, and for approval to include mining within its designated industry sectors (the "Mining Designation"). These applications have been filed with USCIS, and are currently being reviewed. Upon approval of the Expansion and Mining Designation by USCIS, NCRC will then be permitted to sponsor qualified investments in North Bay's Ruby Gold project under the EB-5 Program. Under the terms of the agreement, NCRC will receive a $5,000 fee for each investor whose minimum $500,000 investment is approved by USCIS. In addition, upon the Ruby Gold project receiving the aggregate sum of $7,500,000 through the EB-5 Program, NCRC shall be entitled to an undivided one and one half percent (1.5%) interest in the Ruby Gold project. No shares of Company stock have been or will be issued in connection with this agreement, and the entire EB-5 funding is expected to be non-dilutive to shareholders.

NOTE 10 STOCK SPLITS

On February 18, 2005, the Company effected a 4 for 1 forward stock split of our common shares. On March 12, 2006, and on February 7, 2008, the Company effected 1 for 10 reverse stock splits. All information presented herein has been retrospectively adjusted to reflect these stock splits as they took place as of the earliest period presented.

NOTE 11 DEFERRED COMPENSATION/NQDC

The Company has adopted an unfunded Non-Qualified Deferred Compensation (NQDC) plan to compensate our Chief Executive Officer. Under this plan, the Company is not required to reserve funds for compensation, and is only obligated to pay compensation when and if funds are available. Any amounts due but unpaid automatically accrue to deferred compensation. The plan has the option to be renewed annually at the discretion of the Company. While unfunded and non-recourse, for compliance with GAAP this is disclosed as an accrued expense on the balance sheet. As of March 31, 2011 and December 31, 2010, the outstanding balance of the NQDC plan is $866,474 and $838,474, respectively.

In 2007, 2008, and 2009, our Chief Executive Officer was awarded restricted stock bonuses for deferring accrued salary. The value of common shares were based on the market closing price on the day of issuance, and the value of preferred shares were valued via a valuation model generated by an independent valuation expert, as follows:

Date	Type of Stock	Number of Shares	Value
2/12/2007	Preferred	100	$ 101,000
2/9/2007	Common	250,000	$ 31,250
12/21/2007	Common	10,000,000	$ 900,000
12/16/2008	Common	2,500,000	$ 50,000
8/11/2009	Preferred	4,100,000	$ 253,785

For the year ended December 31, 2010 and the three month period ended March 31, 2011, no stock issuances were made to any officer or director of the Company.

NOTE 12 RELATED PARTY TRANSACTIONS

In August 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 term of the agreement is one year, and automatically renews annually on January 1 each year unless otherwise terminated by either party.

In 2008, the Company was to receive $100,000 in joint-venture payments from Hidalgo Mining International Inc. (OTC: HMIT) pursuant to joint-venture agreements on the Company's Silver Leaf and Gold Hill Project properties. The Company elected to accept payment in shares of HMIT stock and received a total of 9,875,214 shares. In October 2009, the joint-ventures with Hidalgo were terminated, and by agreement the Company retained its shares of HMIT. As of December 31, 2009, the Company has taken an impairment charge and written down the value of the shares to $3,950. The loss was realized and classified as Other Expenses due to the Company's determination that the devaluation of the shares was "other than temporary". Hidalgo has since ceased operations as a mining company, and has become Verde Media Group Inc. as the result of a reverse merger in December 2009. As there was no reason to continue holding the HMIT shares, on June 14, 2010, the HMIT shares were transferred to CEO Perry Leopold and applied towards deferred compensation reduction. The shares were valued at $13,825 as their fair market value on the day of transfer. The deferred compensation relieved was $12,838. The excess value of shares transferred over deferred compensation relieved was expensed for $987 due to it being considered as additional compensation to the CEO. A gain of $9,875 was realized on the transaction due to the change in value of the stock from December 31, 2009 to the transfer date.

NOTE 13 SHARE ISSUANCES SINCE JUNE 18, 2004 (INCEPTION)

In 2004, the Company issued an aggregate of 320,000 shares of common stock and 1,200,000 shares of preferred stock as Founders shares to the Company Founders. The preferred stock was convertible to common stock at a rate of one common share per two preferred shares. The shares were valued at their par value which was equal to $1,520.

In 2004, the Company issued an aggregate of 320,000 shares of common stock and 1,200,000 shares of preferred stock to the Company Officers and Directors upon the merger of Ultimate Jukebox, Inc. and NetMusic Corp. The preferred stock was convertible to common stock at a rate of one common share per two preferred shares. The shares were valued at their par value which was equal to $1,520.

Prior to 2008, the Company issued an aggregate of 12,005,491 shares of common stock for services rendered and exploration stage mining properties. The shares were valued at $5,100,667, based on the market price on the date of issuance.

Prior to 2008, the Company issued an aggregate of 2,574,127 shares of common stock to convert debt to equity. The shares were valued at $2,510,825 based on the market price on the date of issuance. Any differences between the value of the shares issued and the debt relieved were recorded as a gain or loss on conversion.

Prior to 2008, the Company issued an aggregate of 302,643 shares of common stock in private placements. The consideration received was $522,700.

Prior to 2008, the Company purchased back and retired 200,000 shares at a net cost of $2,000.

Prior to 2008, the Company received a contribution of $164,371 from a shareholder to pay expenses for mineral claim exploration.

Prior to 2008, the Company issued 100 shares of Series I Preferred stock to our Chief Executive Officer, Mr. Perry Leopold, 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." The value of the Series I Preferred shares was valued at $101,000 according to the value of the control premium from 80% of the voting rights assigned to Series I Preferred stock.

Prior to 2008, the Company converted 2,400,000 shares of Convertible Series A preferred stock to 1,200,000 shares of common stock. The shares were convertible at a ratio of one share of common stock per two shares of preferred stock.

Prior to 2008, a non-convertible note payable from a third party totaling $50,000 with a 20% interest rate, maturing thirty days from the note date, was converted into 1,250,000 shares of common stock. During the same period, a non-convertible note payable from a third party totaling $12,000 with a 10% interest rate, maturing one year from the note date, was converted into 100,000 shares of common stock. The aggregate shares were valued according to the closing market price on their respective conversion dates at $121,500.

Prior to 2008, beneficial conversion features related to convertible notes payable totaling $62,000 were recorded. The entire discount was expensed in the year ended December 31, 2007 due to the conversion of the note prior to year end.

During 2008, the Company received a contribution of $10,000 from a shareholder for mineral claim maintenance.

During 2008, the Company issued an aggregate of 5,500,000 shares of common stock for services rendered. The shares were valued at $230,000, based on the market price on the date of issuance.

During 2008, the Company issued 2,275,000 shares of common stock in a private placement. The consideration received was $10,000.

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 per share and is convertible to 5 shares of common. The Series G Preferred stock has no voting rights, and each share is convertible to 1/100 of an ounce of gold, or 20 shares of common. The conversion of the Series G Preferred stock into gold can only be exercised by the holder if the company has gold inventory at the time of conversion. The conversion value of the shares was $253,785 based on the value of the closing price of the common stock the preferred shares were convertible into on the day of issuance, plus the value of the control premium from voting rights assigned to the preferred share issuances.

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 common stock for services rendered. The shares were valued at $29,750, based on the market price on the date of issuance.

During 2009, 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. This was classified as Stock Payable at December 31, 2009 and valued at $115,310, based on the closing market price of our common stock as of October 7, 2009, the date the contract was signed. Subsequently, the Company issued 6,589,147 shares of restricted common stock on January 20, 2010 to satisfy this obligation.

During 2010, the Company issued 6,589,147 shares of restricted common stock to Tangiers Investors, LP (“Tangiers”) as a one-time commitment fee in compliance with the October 7, 2009 agreement with Tangiers. The value of these shares was recorded in 2009 as a stock payable due to the obligation existing at that time. Due to the instrument to be only settled with the issuance of shares, no gain or loss was recorded with the issuance in 2010, and the full value of the stock payable was relieved to common stock and additional paid-in capital.

During 2010, the Company issued 5,000,000 shares of common stock in a Rule 504 private placement. The consideration received was $50,000.

During 2010, the Company issued 10 million shares of common stock to Ruby Development Company as part of the initial consideration for the signing of an option-to-purchase agreement on the Ruby Mine. The market value of these shares as of the date the contract was executed was $150,000. This amount was capitalized to Other Assets due to it being a part of the Ruby Mine Purchase Option costs.

During Q1 2011, the Company registered 19,726,822 shares of our common stock with the SEC for issuance to Tangiers Investors LP ("Tangiers") pursuant to an equity line of credit ("ELOC") and Securities Purchase Agreement ("SPA") entered into with Tangiers on October 7, 2009. Pursuant to the terms of the SPA, the Company has the right, but not the obligation, to draw down on the ELOC 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 5-day pricing period immediately following any advance notice provided to Tangiers. Advances are limited to $100,000 per 10 consecutive trading days after the advance notice is provided to Tangiers. As of March 31, 2011, the Company has issued an aggregate of 4,068,497 of these registered shares to Tangiers, in consideration of $145,000.

During Q1 2011, the Company issued 863,681 shares of common stock to satisfy a Convertible Promissory Note Agreement dated June 17, 2010 with Tangiers pursuant to which the Company received $17,500 as a loan from Tangiers. The total amount satisfied on conversion was $18,725, consisting of $17,500 in principal plus $1,225 in accrued interest.

During Q1 2011, the Company issued 1,600,467 shares of common stock to satisfy a Convertible Promissory Note Agreement dated September 27, 2010 with Tangiers pursuant to which the Company received $50,000 as a loan from Tangiers. The total amount satisfied on conversion was $52,495, consisting of $50,000 in principal plus $2,495 in accrued interest.

During Q1 2011, the Company issued 42,857 shares of common stock for geological services rendered. The shares were valued at $3,000, based on the closing market price on the date of issuance.

NOTE 14 WARRANTS

Ten million warrants were issued to Ruby Development Company on September 27, 2010 as a part of the purchase option agreement for the Ruby Mine. The fair value of the warrants of $149,896 was capitalized related to this issuance. On January 26, 2011, the Ruby Mine purchase option was amended, and the term of said warrants was increased from two years to 5 years, and the fair value of the warrants was increased by $2,519 to $152,415. This value was calculated via the Black-Scholes model. The key inputs for the initial valuation are shown below.

Stock Price on Measurement Date	$0.015
Exercise Price of Warrants	$0.02
Term of Warrants (years)	2.26
Computed Volatility	440%
Annual Dividends	0.00%
Discount Rate	0.44%

Two and a half million warrants were issued to Tangiers Investors, LP on September 27, 2010 that were attached to a convertible promissory note agreement for $50,000. The fair value of 1,500,000 of the warrants of $22,475 was recorded as a discount on the convertible note payable upon issuance. The remaining 1,000,000 warrants had a fair value of $14,195. $9,965 was recorded as an additional discount related to these warrants based on the contingency resulting in their issuance being resolved, and the remaining undiscounted portion of the convertible note being equal to $9,965. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

Stock Price on Measurement Date	$0.015
Exercise Price of Warrants	$0.05

Term of Warrants (years)	5.00
Computed Volatility	440%
Annual Dividends	0.00%
Discount Rate	1.31%

Five hundred thousand warrants were issued to Tangiers Investors, LP on December 30, 2010 that were attached to a convertible promissory note agreement for $50,000. The fair value of 500,000 of the warrants of $14,195 was recorded as a discount on the convertible note payable upon issuance. This value was calculated via the Black-Scholes model. The key inputs for the calculation are shown below.

Stock Price on Measurement Date	$0.029
Exercise Price of Warrants	$0.05
Term of Warrants (years)	5.00
Computed Volatility	375%
Annual Dividends	0.00%
Discount Rate	2.06%

A summary of activity related to the Company's warrant activity for the period ended March 31, 2011 and December 31, 2010 is presented below:

	Number Outstanding	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)
Outstanding at December 31, 2009	-	-	-
Granted	13,000,000	0.024	2.62
Exercised	-	-	-
Canceled/forfeited/expired	-	-	-
Outstanding at December 31, 2010	13,000,000	0.024	2.62
Outstanding at March 31, 2011	13,000,000	0.024	3.75[1]

[1] Change related to a January 26, 2011 amendment to the Ruby Mine Option Agreement whereby the term of the warrants issued to Ruby Development Company were extended from 2 years to 5 years.

NOTE 15 SUBSEQUENT EVENTS

Subsequent to March 31, 2011, the Company issued 975,000 shares of common stock to partially satisfy a Convertible Promissory Note Agreement dated December 30, 2010 with Tangiers pursuant to which the Company received $50,000 as a loan from Tangiers. The total amount satisfied on conversion was $27,983. The remaining amount outstanding on the note is $22,018 plus interest.

Subsequent to March 31, 2011, the Company issued 2,363,794 shares of common stock previously registered with the SEC for issuance to Tangiers Investors LP ("Tangiers") pursuant to a Securities Purchase Agreement entered into with Tangiers on October 7, 2009, in consideration of $210,000.

Subsequent to March 31, 2011, the Company issued 2 million shares of common stock to our Chief Executive Officer to relieve $180,000 in accrued deferred compensation. The shares were valued at the closing market price on the day of issuance.

Subsequent to March 31, 2011, the Company issued 111,112 shares common stock to Fred Michini as directors compensation of $10,000. The shares were valued at the closing market price on the day of issuance.

Subsequent to March 31, 2011, the Company and RDC executed an amendment to the aforementioned agreements dated September 1, 2010, as amended, which provides revised terms for the accelerated exercise of the Company's Option to Purchase from June 30, 2011 to June 1, 2011, and an increase to the final Option payment due on June 1, 2011 from $50,000 to $85,000. Upon making the final option payment of $85,000 on June 1, 2011, the Company shall be deemed to have exercised the Option, and said payment shall also satisfy the requirement for a deposit to open escrow. The Amendment also provides that monthly mortgage payments for the duration of 2011 shall be reduced from $85,000 per month to $35,000 per month. In addition, and in consideration for amending the Agreements, the Company shall issue 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. Said warrants are valid until May 1, 2016, but may not be exercised until the earlier of May 1, 2012, or the Company's receipt of the first tranche of funding through the federal EB-5 program.