

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

Plan of Operation

New Jersey Mining Company is a gold producer focused on diversifying and building its asset base and cash flows through a portfolio of mineral properties located in historic producing gold districts in Idaho and Montana.

The Company's plan of operation is to generate positive cash flow, while reducing debt and growing its production and asset base over time while being mindful of corporate overhead. The Company's management is focused on utilizing its in-house skills to build a portfolio of producing mines and milling operations with a primary focus on gold and secondary focus on silver and base metals.

The Company's properties include: the Golden Chest Mine (currently in production), the New Jersey Mill (majority ownership interest), and a 50% carried to production interest in the past producing Butte Highlands Mine located in Montana. In addition to its producing and near-term production projects, New Jersey Mining Company has additional exploration prospects, including the McKinley and Eastern Star located in Central Idaho, and additional holdings near the Golden Chest in the Murray Gold Belt.

Highlights during the second quarter of 2019 include:

- For the quarter ending June 30, 2019 approximately 13,329 dry metric tonnes (dmt) were processed at the Company's New Jersey mill at a head grade of 3.22 grams per tonne (gpt) with gold recovery of 86.81%. Gold sales for the quarter were 1,228 ounces.
- Open pit mining progressed from the 1009 bench to the 1003 bench. The trend of lower stripping ratios in the open pit continued during the second quarter as the Skookum shoot was fully exposed in the pit. Open pit mine production averaged 1,150 tonnes per day (mineralized material and waste).
- Underground mining focused on the completion of mining the 857 stope along with mining of the 848 stope. Backfilling of the 848 north stope was completed during the quarter and the addition of the Cat AD22 haultruck provided a substantial increase in the backfilling rate that reduced the time required to fill the stope by one-half.
- The Company completed a column leaching test that indicated that heap leaching of lower grade oxide material at the Golden Chest could substantially enhance the economics of possible future mining of the property. An oxidized sample of quartzitic footwall material collected in the pit with a head grade of 1.19 gpt Au achieved 88% gold recovery in 11 days in the laboratory test.

Results of Operations

Our financial performance during the quarter is summarized below:

- The Company had a gross profit for the three and six month periods ending June 30 2019 of \$77,535 and \$137,464 compared to a gross loss of \$613,408 and \$606,796 for the comparable periods in 2018. Gross profit increased as a result of improved grade from the open pit and increased production from the underground operations.
- Revenue was \$1,547,654 and \$2,692,328 for the three and six month periods ending June 30, 2019 compared to \$489,555 and \$1,590,946 for the comparable periods of 2018. This was also a result of improved grade from the open pit and increased production from the underground operations.
- A net loss attributable to New Jersey Mining Company shareholders of \$259,768 and \$465,172 in the three and six month periods ending June 30, 2019 compared to net income of \$2,005,986 and 1,752,747 in the comparable periods of 2018. In the second quarter of 2018 the Company sold its Little Baldy/Toboggan properties to Hecla Mining Company for a net gain of \$2,947,862 which is reflected in the net income for 2018.
- The consolidated net loss for the first six months included non-cash charges as follows: depreciation and amortization of \$270,858 (\$145,564 in 2018), accretion of asset retirement obligation of \$4,471 (\$7,007 in 2018), stock based compensation of \$190,019 (\$27,140 in 2018), change in fair value of forward gold contracts, none in 2019 (\$7,887 in 2018), and gain on sale of mineral property none in 2019 (\$2,947,862 in 2018).

Financial Condition and Liquidity

	For the Six Months Ended June	
	30,	
	2019	2018
Net cash provided (used) by:		
Operating activities	\$ 49,340	\$ (678,281)
Investing activities	98,005	2,239,448
Financing activities	(134,189)	(384,263)
Net change in cash and cash equivalents	13,156	1,176,904
Cash and cash equivalents, beginning of period	248,766	124,617
Cash and cash equivalents, end of period	<u>\$ 261,922</u>	<u>\$ 1,301,521</u>

The Company is currently producing from both the open-pit and underground at the Golden Chest Mine. In the past, the Company has been successful in raising required capital from sale of common stock, forward gold contracts, and additional debt. As a result of its planned production, equity sales and ability to restructure debt, management believes cash flows from operations and existing cash are sufficient to conduct planned operations and meet contractual obligations for the next 12 months.

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Item 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required for small reporting companies.

Item 4: CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

At June 30, 2019, our President who also serves as our Chief Accounting Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"), which disclosure controls and procedures are designed to insure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized, and reported within required time periods specified by the Securities & Exchange Commission rules and forms.

Based upon that evaluation, it was concluded that our disclosure controls were effective as of June 30, 2019, to ensure timely reporting with the Securities and Exchange Commission. Specifically, the Company's corporate governance and disclosure controls and procedures provided reasonable assurance that required reports were timely and accurately reported in our periodic reports filed with the Securities and Exchange Commission.

Changes in internal control over financial reporting

There was no material change in internal control over financial reporting in the quarter ended June 30, 2019.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

None

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

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

During the first half of 2018 the Company issued 8,858,577 shares of unregistered common stock at \$0.13 per share for net proceeds of \$1,107,571 net of commission and brokerage costs as a result of a private placement offering, additionally 8,000 shares were issued in exchange for stock options at \$0.15 per share for net proceeds of \$1,200. In the second quarter of 2019 1,200,000 warrants were exercised in exchange for 398,576 shares of the Company's common stock in a cashless warrant exercise.

The Company relied on the transaction exemption afforded by Section 4(a)(2) of the Securities Act of 1933, as amended, and Regulation D Rule 506(b). The common shares are restricted securities which may not be publicly sold unless registered for resale with the Securities and Exchange Commission or exempt from the registration requirements of the Securities Act of 1933, as amended.

Item 3. DEFAULTS UPON SENIOR SECURITIES

The Company has no outstanding senior securities.

Item 4. MINE SAFETY DISCLOSURES

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the quarter ended June 30, 2019, the Company had no citations for a violation of mandatory health or safety standards that could significantly and substantially (S&S citation) contribute to the cause and effect a mine safety or health hazard under section 104 of the Federal Mine Safety and Health Act of 1977. There were no legal actions, mining-related fatalities, or similar events in relation to the Company’s United States operations requiring disclosure pursuant to Section 1503(a) of the Dodd-Frank Act.

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS

- 3.0* Articles of Incorporation of New Jersey Mining Company filed July 18, 1996
- 3.1* Articles of Amendment filed September 29, 2003
- 3.2* Articles of Amendment filed November 10, 2011
- 3.3* Bylaws of New Jersey Mining Company
- 10.1* Venture Agreement with United Mine Services, Inc. dated January 7, 2011.
- 10.2* Idaho Champion Resources Lease with Cox dated September 4, 2013
- 10.3** Rupp Mining Lease dated May 3, 2013
- 10.4** Mining Lease with Hecla Silver Valley, Inc. Little Baldy prospect dated September 12, 2012
- 10.5*** Consent, Waiver and Assumption of Venture Agreement by Crescent dated February 14, 2014
- 10.6 Form of Forward Gold Purchase Agreement dated July 13, 2016 between the Registrant and Ophir Holdings LLC and incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on July 18, 2016.
- 10.7 Form of Forward Gold Purchase Agreement dated July 29, 2016 between the Registrant and Investors and incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on August 2, 2016.
- 10.8 Registrant's Grant of Options to Directors and Officers dated December 30, 2016, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on January 4, 2017.
- 10.9 Form of Agreement to Purchase the "Four Square Property Group" of Patented and Un-Patented Mining Claims dated March 2, 2018, incorporated by reference to the Company's Form 8-K as filed with the Securities and Exchange Commission on March 7, 2018
- 10.10 Asset Purchase Agreement with Hecla Silver Valley, Inc. to Sell Patented and Un-Patented Mining Claims dated May 18th, 2018 and reported on the Company's Form 8-K filed with the Securities and Exchange Commission on May 24, 2018 and filed with the Securities and Exchange Commission on April 1, 2019.
- 14* Code of Ethical Conduct.
- 21* Subsidiaries of the Registrant
- 31.1**** Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
- 31.2**** Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
- 32.1**** Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
- 32.2**** Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
- 99(i) Audit Committee Pre-Approval Policies-Filed as an exhibit to the registrant's annual report on Form 10-KSB for the year ended December 31, 2003 and incorporated by reference herein.
- 101.INS**** XBRL Instance Document
- 101.SCH**** XBRL Taxonomy Extension Schema Document
- 101.CAL**** XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF**** XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB**** XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE**** XBRL Taxonomy Extension Presentation Linkbase Document

* Filed with the Registrant's Form 10 on June 4, 2014.

** Filed July 2, 2014

*** Filed March 31, 2015.

**** Filed herewith.

SIGNATURES

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

NEW JERSEY MINING COMPANY

By: /s/ John Swallow

John Swallow,
its: President and Chief Executive Officer
Date August 14, 2019

By: /s/ Grant Brackebusch

Grant Brackebusch,
its: Vice President and Chief Financial Officer
Date: August 14, 2019