

NORTH BAY RESOURCES INC.

***Q3 2009 FINANCIAL STATEMENTS
FOR THE PERIOD FROM
JULY 1, 2009 TO SEPTEMBER 30, 2009***

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

	<u>Sept, 30, 2009</u> <u>(unaudited)</u>	<u>June 30, 2009</u> <u>(unaudited)</u>
ASSETS		
Current Assets		
Cash	\$ 51,794	\$ 18,097
Investments	133,715	133,715
Accounts Receivable	32,809	34,059
Total Current Assets	<u>218,318</u>	<u>185,871</u>
TOTAL ASSETS	<u>\$ 218,318</u>	<u>\$ 185,871</u>
LIABILITIES & STOCKHOLDERS' DEFICIT		
Liabilities		
Current Liabilities		
Deferred Compensation	<u>\$ 602,310</u>	<u>\$ 623,310</u>
Total Current Liabilities	<u>602,310</u>	<u>623,310</u>
Total Liabilities	602,310	623,310
Stockholders' Equity (Deficit)		
Preferred stock, Series I, \$0.001 par value, 100 shares authorized, 100 shares issued and outstanding at December 31, 2008 and September 30, 2009, respectively	-	-
Convertible Preferred stock, Series A, \$0.001 par value, 8,000,000 shares authorized, no shares issued and outstanding at December 31, 2008 and 4,000,000 issued and outstanding at September 30, 2009, respectively	-	-
Convertible Preferred stock, Series G, \$0.001 par value, 1,500,000 shares authorized, no shares issued and outstanding at December 31, 2008 and 100,000 issued and outstanding at September 30, 2009, respectively	-	-
Common stock, \$0.001 par value, 250,000,000 shares authorized, 24,297,287 and 58,597,287 shares issued and outstanding at December 31, 2008 and September 30, 2009, respectively	58,597	43,597
Additional Paid-In Capital	8,964,594	8,587,594
Deficit Accumulated During Development Stage	(9,429,963)	(9,091,410)
Accumulated Other Comprehensive Income	22,780	22,780
Total Stockholders' Deficit	<u>(383,992)</u>	<u>(437,439)</u>
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	<u>\$ 218,318</u>	<u>\$ 185,871</u>

The accompanying notes are an integral part of these financial statements

NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF OPERATIONS
FOR THE PERIOD FROM
JULY 1, 2009 TO SEPTEMBER 30, 2009

	September 30, 2009 (unaudited)	June 30, 2009 (unaudited)
Revenues		
Sales	\$ -	\$ -
Cost of Revenue	-	-
Gross Profit (Loss)	-	-
 Operating Expenses		
Commissions & Consulting Fees	7,500	36,300
General & Administrative Costs	314,290	66,238
Mining Property Costs	11,668	9,108
Professional Services	13,980	2,000
Total Operating Expenses	347,438	113,646
Net Operating Loss	(347,438)	(113,646)
Other Income (Expenses)		
Gain on Mineral Claim Sales & JVs	8,851	-
Interest	34	-
Net Other Income (Expenses)	8,885	-
Net Loss	\$ (338,553)	\$ (113,646)
Other Comprehensive Income		
Unrealized Gain on Available For Sale Securities	-	-
Total Comprehensive Loss	\$ (338,553)	\$ (113,646)

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NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE PERIOD
JUNE 18, 2004 (INCEPTION) THROUGH SEPTEMBER 30, 2009

	Preferred Stock			Common Stock						
	Series A Shares	Series G Shares	Series I Shares	Amount	Shares	Amount	Additional Paid- In Capital	Accumulated Deficit	Accumulated OCI	Total Stockholders ' Equity (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	-	-	-	-	-	-	-	(93,468)	-	(93,468)
Balance at 12/31/2004	2,400,000	-	-	2,400	840,000	840	1,760	(93,468)	\$ -	(88,468)
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	-	-	-	-	-	-	-	(1,776,360)	-	(1,776,360)
Balance at 12/31/2005	2,400,000	-	-	2,400	1,076,261	1,076	3,285,616	(1,870,098)	\$ -	1,418,994
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
Net loss for year	-	-	-	-	-	-	-	(5,382,251)	-	(5,382,251)
Balance at 12/31/2006	2,400,000	-	-	2,400	3,587,261	3,587	7,035,205	(7,252,349)	\$ -	(211,157)

The accompanying notes are an integral part of these financial statements

	Preferred Stock			Common Stock			Additional Paid-In Capital	Accumulated Deficit	Accumulated OCI	Total Stockholders' Equity (Deficit)
	Series A Shares	Series G Shares	Series I Shares	Amount	Shares	Amount				
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	-	-	-
Shares bought back and retired	-	-	-	-	(200,000)	(200)	(1,800)	-	-	(2,000)
Net loss for year	-	-	-	-	-	-	-	(1,358,248)	-	(1,358,248)
Balance at 12/31/2007	-	-	100	\$ -	16,522,261	16,522	8,216,670	(8,610,597)	-	(377,405)
Rounding of shares due to stock split	-	-	-	-	26	-	-	-	-	-
Common Stock issued for services	-	-	-	-	5,500,00	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	8,458,895	(8,939,075)	22,780	(433,103)

The accompanying notes are an integral part of these financial statements

	Preferred Stock			Common Stock						Total Stockholders' Equity (Deficit)
	Series A Shares	Series G Shares	Series I Shares	Amount	Shares	Amount	Additional Paid- In Capital	Accumulated Deficit	Accumulated OCI	
Common Stock issued for services	4,000,000	100,000	-	-	2,500,000	2,500	264,500	-	-	267,000
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	90,000	-	-	100,000
Mark to market AFS Securities	-	-	-	-	-	-	-	-	-	-
Net loss for period	-	-	-	-	-	-	-	(490,889)	-	(490,889)
Balance at 9/30/2009	4,000,000	100,000	100	\$ -	58,597,287	58,597	8,964,595	(9,429,964)	22,780	(383,992)

The accompanying notes are an integral part of these financial statements

NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
STATEMENTS OF CASH FLOW
FOR THE PERIOD FROM
JULY 1, 2009 TO SEPTEMBER 30, 2009

	As of September 30, 2009 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Loss	(338,553)
Adjustments to reconcile Net Loss to net cash provided by operations:	
Accounts Receivable	(1,250)
Changes in operating assets and liabilities:	
Accrued Expenses	21,000
Net cash used in Operating Activities	<u>(358,303)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash Provided by Investing Activities	<u>-</u>
Net Cash Provided by Investing Activities	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Additional Paid In Capital	377,000
Capital Stock	<u>15,000</u>
Net cash provided by Financing Activities	392,000
 Net cash increase/(decrease) for period	 33,698
 Cash at beginning of period	 <u>151,812</u>
Cash at end of period	<u><u>185,510</u></u>
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	\$ -
Common Stock Issued For Conversion of Debt	\$ -
Unrealized Gain on Available For Sale Securities	\$ -

The accompanying notes are an integral part of these financial statements

**NORTH BAY RESOURCES INC.
(AN EXPLORATION STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM
JULY 1, 2009 TO SEPTEMBER 30, 2009**

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 Company also plans on generating revenue through mining once commercial operations begin on any of its properties.

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 continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploration of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. The Company has had very little operating history to date. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. These factors raise substantial doubt regarding the ability of the Company to continue as a going concern.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments and other short-term investments with a maturity of three months or less, when purchased, to be cash equivalents. There were no cash equivalents at December 31, 2008 and 2007. The Company maintains cash and cash equivalent balances at one financial institution that is insured by the Federal Deposit Insurance Corporation up to \$250,000.

Revenue Recognition

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

Mineral Property Costs

The Company has been in the exploration stage since it entered the Mining Sector on March 10, 2006 and has not yet realized any revenues from mining operations. Revenue realized to date has come from selling and leasing mineral claims. As of December 31, 2008 the Company has not yet commenced any development activities independently, and therefore there has been no reason to accrue any asset retirement obligation. Mineral property acquisition, exploration and development costs are expensed as incurred until such time as economic reserves are quantified. To date the Company has not established any proven or probable reserves on its mineral properties that are compliant with National Instrument 43-101. Many properties do have historical reserve estimates, but these are not NI 43-101 compliant and can not be used at the present time to establish asset values. The Company has adopted the provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations" which establishes standards for the initial measurement and subsequent accounting for obligations associated with the sale, abandonment, or other disposal of long-lived tangible assets arising from the acquisition, construction or development and for normal operations of such assets. As of December 2008 and 2007, the Company had no developed properties, therefore an accrual related to asset retirement obligations was not necessary.

Fair Value of Financial Instruments

The Company adopted the Financial Accounting Standards Board's (FASB) Statement of Financial Accounting Standard (SFAS) No. 157, Fair Value Measurement at inception. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and accordingly, does not require any new fair value measurements. SFAS No. 157 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, SFAS No. 157 established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows.

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

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

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

The following table presents assets that are measured and recognized at fair value as of December 31, 2008 and the year then ended on a recurring basis:

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

The following table presents assets that are measured and recognized at fair value as of December 31, 2007 and the year then ended on a recurring basis:

Description	Level 1	Level 2	Level 3	Total Unrealized Gains
Available For Sale Securities	\$ -	\$ -	\$ -	\$ -
Totals	\$ -	\$ -	\$ -	\$ -

Gain/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 (EPS) include 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 antidilutive for periods presented. As of December 31, 2008 and 2007, there were no options or warrants outstanding.

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

	Dec 31, 2008	Dec 31, 2007
Net Profit	(\$328,478)	(\$1,358,248)
Weighted-average common shares Outstanding (Basic)	17,143,177	5,846,183
Weighted-average common stock Equivalents Stock Options and Warrants	-	-
Weighted-average common shares Outstanding (Diluted)	17,143,177	5,846,083
Basic and Diluted Net per Share	(\$0.02)	(\$0.23)

Recently Issued Accounting Standards

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115", ("FAS 159") which permits entities to choose to measure many financial instruments and certain other items at fair value at specified election dates. A business entity is required to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. This statement is expected to expand the use of fair value measurement. FAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company has not elected to use the fair value option for the reporting periods presented.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" ("SFAS No. 161"). SFAS No. 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008 and is not expected to have a material impact on the Company's financial statements.

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles. SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles ("GAAP") in the United States (the GAAP hierarchy). SFAS 162 becomes effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board ("PCAOB") amendment to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles" and is not expected to have a significant impact on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations". SFAS No. 141(R) establishes principles and requirements to recognize the assets acquired and liabilities assumed in an acquisition transaction and determines what information to disclose to investors regarding the business combination. SFAS No. 141(R) is effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning after December 15, 2008. The company has not entered into any business combinations since the effective date of SFAS 141R. The company will apply this literature toward any future acquisitions considered applicable.

In December 2007, the FASB issued SFAS No. 160, "Non-controlling Interests in Consolidated Financial Statement—amendments of ARB No. 51." SFAS No. 160 states that accounting and reporting for minority interests will be recharacterized as non-controlling interests and classified as a component of equity. The statement also establishes reporting requirements that provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. SFAS No. 160 applies to all entities that prepare consolidated financial statements, except not-for-profit organizations, but will affect only those entities that have an outstanding non-controlling interest in one or more subsidiaries or that deconsolidate a subsidiary. This statement is effective as of the beginning of an entity's first fiscal year beginning after December 15, 2008. We currently have no subsidiary subject to this standard and do not expect a material impact from SFAS No. 160 on our financial statements.

In May 2008, the FASB issued FASB Staff Position APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)". APB 14-1 requires the issuer to separately account for the liability and equity components of convertible debt instruments in a manner that reflects the issuer's nonconvertible debt borrowing rate. The guidance will result in companies recognizing higher interest expense in the statement of operations due to amortization of the discount that results from separating the liability and equity components. APB 14-1 will be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. We do not expect a material impact from APB 14-1 on our financial statements.

In May 2008, the FASB issued SFAS No. 163 Accounting for Financial Guarantee Insurance Contracts—an interpretation of FASB Statement No. 60. SFAS 163 resolves existing inconsistencies in accounting for financial guarantee insurance contracts by insurance enterprises under FASB Statement No. 60, "Accounting and Reporting by Insurance Enterprises". SFAS 163 requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation and clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities. SFAS 163 also requires expanded disclosures about financial guarantee insurance contracts. SFAS 163 is effective for financial statements issued for fiscal years beginning after December 15, 2008, and all interim periods within those fiscal years, except for some disclosures about the insurance enterprise's risk-management activities. SFAS 163 is not expected to have a significant impact on our financial statements.

In May 2009, the FASB issued SFAS 165 ("SFAS 165"), "Subsequent Events." This pronouncement establishes standards for accounting for and disclosing subsequent events (events which occur after the balance sheet date but before financial statements are issued or are available to be issued). SFAS 165 requires an entity to disclose the date subsequent events were evaluated and whether that evaluation took place on the date financial statements were issued or were available to be issued. It is effective for interim and annual periods ending after June 15, 2009. The Company adopted SFAS 165 effective June 30, 2009 and the adoption did not have a material impact on its consolidated financial statements. The company will apply this pronouncement in the future applicable periods.

On May 1, 2009, the Emerging Issues and Task Force issued EITF No. 07-05, Determining Whether an Instrument (or an Embedded Feature) Is Indexed to an Entity's Own Stock ("EITF 07-05"). EITF 07-05 provides that an entity should use a two-step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own stock, including evaluating the instrument's contingent exercise and settlement provisions. The adoption of EITF 07-05 has affected the accounting for certain freestanding warrants and preferred stock that contain exercise price adjustment features ("down round provisions"). We had no instruments as of the date of this audit that fell within the scope of EITF 07-05.

In June 2009, the FASB issued SFAS 168 ("SFAS 168"), "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles." SFAS 168 will become the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this Statement, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non grandfathered non-SEC accounting literature not included in the Codification will become non authoritative. This statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company does not expect the adoption of FAS 168 to have an impact on the Company's results of operations, financial condition or cash flows.

NOTE 4 STOCK BASED COMPENSATION

Beginning January 1, 2006, the Company adopted SFAS No. 123(R), "Accounting for Stock Based Compensation," to account for its Incentive Compensation Plan (the "2005 Incentive Plan"). SFAS No. 123(R) requires all share-based payments to employees (which includes non-employee Board of 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.

Under the 2005 Incentive Plan, 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 EITF Issue 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services." In accordance with EITF 96-18, 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.

NOTE 5 COMMITMENTS AND CONTINGENCIES:

As of December 31, 2008 and 2007, we do not have any commitments, and are not currently leasing any office space. We had the following contingency as of December 31, 2008, as shown in the table below:

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

NOTE 6 CONVERSION OF NOTES PAYABLE

During the twelve months ended December 31, 2007, 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.

NOTE 7 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 8 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. 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 EITF 00-27 "Application of Issue No. 98-5 to Certain Convertible Instruments," 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. During the years ended December 31, 2008 and 2007, beneficial conversion features related to convertible notes payable totaling \$0, and \$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.

NOTE 9 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 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 issued Interpretation NO. 48 ("FIN 48"), Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109, 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.

As of December 31, 2008, and December 31, 2007, the Company had net operating loss carry-forwards totaling approximately \$1,209,490 and \$1,111,000 that begin to expire in 2025. The carry-forward losses and the related deferred tax benefit are significantly limited by the provisions of Internal Revenue Code Section 382. The Company's taxable losses, as determined by an independent tax advisor, created a deferred tax benefit of \$423,322, and \$413,491, at December 31, 2008 and 2007, respectively. Due to the Company determining that it will not likely realize the deferred tax asset, a full valuation allowance has been taken to reduce the deferred tax asset to zero as of December 31, 2007, and 2008, respectively.

In 2008 and 2007, the primary difference between financial statement reporting and taxable income (loss) was expenses not deductible for tax purposes including non-cash shared based payments issued for services of \$230,000, and \$1,071,000, respectively. In 2007, the company had a temporary difference between financial and tax income due to the expensing of exploration stage properties for financial reporting and capitalizing the properties for tax reporting. This difference resulted in temporary differences of \$0 and \$70,388 for December 31, 2008, and 2007, respectively. However, no tax benefit has been reported in the December 31, 2008, or 2007, financial statements because utilization of the carry-forward is not more likely than not.

NOTE 10 DEFERRED COMPENSATION/NQDC

The Company has adopted an unfunded Non-Qualified Deferred Compensation plan to compensate our Chief Executive Officer. While unfunded and non-recourse, for compliance with GAAP this is disclosed as an accrued expense on the balance sheet. As of December 31, 2008, and September 30, 2009, the outstanding balance of the NQDC plan is \$570,289 and \$602,310 respectively.

NOTE 11 RELATED PARTY TRANSACTIONS

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

phone/fax, computers, copiers, projectors, and miscellaneous services; (b) Financial Services, including, Accounting, Corporate Filing and Bookkeeping; (c) Project and Administrative Services; (d) Resource Targeting, Acquisition, Development and Management Services; (e) Marketing Services, Communications, Marketing Materials Management, and Writing Services; (f) Strategic Planning, Milestone Management and Critical Path Analysis; and (g) Online Services, including Web Site Hosting, Web Site Design, Web Site Maintenance, and Email Services. The agreement includes Mr. Leopold's salary of \$15,000 per month, and which will accrue entirely to deferred compensation during any period in which the commitment remains unpaid. The agreement automatically renews annually on January 1 each year, unless otherwise terminated by either party.

NOTE 12 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.

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.

Prior to 2007, the Company issued an aggregate of 1,430,491 shares of common stock for services rendered. The shares were valued at \$4,130,667, based on the market closing price on the day of issuance.

Prior to 2007, the Company issued an aggregate of 1,214,127 shares of common stock to convert debt to equity. The shares were valued at \$2,387,825, based on the market closing price on the day of issuance.

Prior to 2007, the Company issued an aggregate of 302,643 shares of common stock in private placements. The consideration received was \$522,700.

In the years ended December 31, 2007, and 2008, Company issued an aggregate of 10,575,000 and 5,500,000 shares respectively of common stock for services rendered. The shares were valued at \$970,000 and \$230,000 respectively, based on the market closing price on the day of issuance.

During 2007, the Company issued an aggregate of 1,350,000 shares of common stock to convert debt to equity. The shares were valued at \$121,500, based on the market closing price on the day of issuance.

During 2007, the Company issued 100 shares of Series I Preferred stock for services rendered. The shares were valued at \$101,000, based on the market closing price on the day of issuance.

During 2007, the Company converted 2,400,000 shares of Convertible Series A preferred stock to 1,200,000 shares of common stock.

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 is convertible to 5 shares of common. Each share of Series G Preferred is convertible to 1/100 of an ounce of gold, or 20 shares of common, at the shareholder's option. The conversion value of the shares was \$242,000 as of August 11, 2009.

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 due to the Chief Executive Officer by \$100,000.

During 2009, the Company issued an aggregate of 2,500,000 shares of restricted Rule 144 common stock for services rendered. The shares were valued at \$25,000, based on the market closing price on the day of issuance.

The Company evaluated all subsequent events through the date the financial statements were issued on November 16, 2009.

NOTE 13 NOTABLE COMPANY EVENTS DURING THE QUARTER

Acquisitions

During the quarter the Company announced that it has acquired a 100% interest in the Cherry Gold Property in southeastern British Columbia, Canada. Cherry Gold is a road-accessible property that covers 1,788 acres located 9 kilometres east of Cherryville, BC and 50 kilometres east of Vernon BC. Mineralization according to MINFILE 082LSE063 and BC Assessment Report 11892 documents that samples from this area have assayed up to 158 grams (5.08 ounces) per tonne gold and 1251 grams (40.22 ounces) per tonne silver. The acquisition was accomplished by direct-staking of claims by Company personnel and payment of nominal registration fees to the Province of British Columbia.

During the quarter the Company announced that it has acquired a 100% interest in the Lancers Mountain Gold property in southwestern British Columbia, Canada. The Lancers Mountain Gold Property is located approximately 160 miles northwest of Vancouver, and is characterized by gold, silver, lead, zinc, copper, and molybdenum mineralization over 998 acres. As documented in MINFILE 092N 051, there are at least four major gossanous zones with an average size measuring 50 by 50 metres. On the northeast flank of Lancers Mountain a select grab sample from a trench cut in a silicified felsic dyke assayed 35,513 grams (1,141 ounces) per tonne silver, 56.6 grams (1.81 ounces) per tonne gold, 1.2% zinc and 0.39% lead. Another important area is the Discovery zone where a shear zone in the quartz monzonite stock is intruded by felsic to intermediate porphyritic dykes. The zone has been explored by diamond drilling and trenching; with one 1 metre section in a trench assaying 18 grams per tonne gold, 44 grams per tonne silver and 3.26% copper. The acquisition was accomplished by direct-staking of claims by Company personnel and payment of nominal registration fees to the Province of British Columbia.

Joint Ventures

During the quarter the Company announced that it has finalized and signed a contract with Lincoln Resources Inc. ("Lincoln"), a private Nevada corporation, to enter into a joint-venture for the development of North Bay's Coronation Gold Property. Terms of the agreement call for Lincoln to commit up to \$1.5 million CDN over three years for exploration expenses, developmental drilling, and surface ore recovery, with a minimum expenditure of \$250,000 during the first year. Upon completion of the work program and fulfillment of all the terms of the agreement, North Bay and Lincoln will each own 50% of the Coronation Gold Property, and will equally share any and all net revenue, including any near-term profits generated from surface ore recovery operations. It is expected that a portion of any profits will be re-invested in ongoing development work on the Coronation's underground resources. In addition, North Bay has received an initial cash payment of \$12,500 CDN from Lincoln, less a \$2,500 CDN finder's fee paid to an independent third party. Net revenue received following deductions for the finder's fee and foreign currency conversion was \$8,851 USD.

NOTE 14 SUBSEQUENT EVENTS

Acquisitions

Subsequent to the end of the quarter the Company announced that it has acquired the New Eskay Creek Property, consisting of 3,688 acres directly adjacent to and within one mile of the main portal of Barrick's famed Eskay Creek Mine. The New Eskay Creek property is located in northwestern British Columbia, approximately 70 kilometers north of Stewart and 900 kilometers northwest of Vancouver. Prior to its closure in 2008, Barrick's Eskay Creek Mine was Canada's highest-grade gold mine and the world's fifth largest silver producer, with production well in excess of 3 million ounces of gold and 160 million ounces of silver. The average grade of the resource was 48.4 grams (1.56 ounces) per tonne gold and 2221 grams (71.4 ounces) per tonne silver. According to British Columbia government records documented in BC MINFILE 104B 008, the major geological structure at Eskay Creek "is interpreted to be an asymmetric anticline which plunges gently to the northeast. The anticline is broken by a series of high-angle faults. Major faults strike north-northeast; minor ones north-northwest. Several northerly to northeasterly trending lineaments also traverse the property." Considering that the Company's tenures abut the length of the entire northern

boundary of the Barrick leasehold, the northerly and northeastern directional indications of the orebody strike length make it evident that the Company has secured a position of strategic importance relative to the Eskay Creek deposit. The acquisition was accomplished by direct-staking of claims by Company personnel and payment of nominal registration fees to the Province of British Columbia.

Subsequent to the end of the quarter the Company announced that it has expanded the scope of its Loughborough Gold Property in southwestern British Columbia by staking claims to an additional 2,080 acres due east of the Loughborough Gold Mine. The newly acquired ground is approximately 3 miles from the main adit on the Loughborough Gold Property, and completely surrounds the historic Doratha Morton mine 5 miles to the east. Two particular samples taken from the Doratha Morton adit are documented in MINFILE 092K 023 as having assayed 1,560 grams (50.16 ounces) per tonne gold and 11,290 grams (363.02 ounces) per tonne gold, respectively. The new claims also encompass the Commonwealth-Champion prospect (MINFILE 092K 025) 2 kilometres northwest of the Doratha Morton mine, and the Amethyst showing (MINFILE 092K 021) 2.7 kilometres to the northeast. On the Commonwealth-Champion the shear zone extends approximately 75 metres, and has assayed 10.5 grams per tonne gold over 0.9 metre. As well, dump samples have assayed up to 146.7 grams (4.71 ounces) per tonne gold (Assessment Report 15763). On the Amethyst, assays from a 2 to 5 kilogram chip sample of massive sulphide were greater than 2% copper, 0.13% molybdenum, greater than 50 grams per tonne silver, and 6.2 grams per tonne gold (Assessment Report 9665). The acquisition was accomplished by direct-staking of claims by Company personnel and payment of nominal registration fees to the Province of British Columbia.

Subsequent to the end of the quarter the Company announced that it has acquired the Pine River Vanadium deposit in northeastern British Columbia. Pine River Vanadium covers 1,810 acres and is located in the Pine River Valley, approximately 700 kilometres northeast of Vancouver and about 600 kilometres northwest of Edmonton, Alberta. While its location is remote, the property has excellent infrastructure with regard to both transportation and energy. Sampling documented in MINFILE 093O 009 and Assessment Report 20372 has thus far defined a vanadium-bearing zone with a length of 200 metres and an estimated true width of 100 metres. Over 40 samples were assayed, with yields ranging in value from 0.219 to 0.47% vanadium, and up to 0.83% vanadium pentoxide (V₂O₅). The deposit is estimated to contain at least several million tonnes, though these estimates are very preliminary and based on an examination of a very small portion of the overall property. Research by the Company thus far indicates that North Bay now holds the only property in British Columbia where vanadium is the primary resource. The acquisition was accomplished by direct-staking of claims by Company personnel and payment of nominal registration fees to the Province of British Columbia.

Subsequent to the end of the quarter the Company announced that it has acquired a 100% undivided interest in the Truax Gold property in the historic Bralorne Mining camp of southwestern British Columbia. Truax Gold (MINFILE 092JNE060) is a road-accessible property located near Gold Bridge and Bralorne, BC, approximately 150 miles north of Vancouver. It extends over 4,437 contiguous acres from Mt. Truax westward to within 3 miles of the historic Bralorne and Pioneer mines. According to BC Assessment Report 27094 filed in January 2003, numerous mineral occurrences are documented on the property, with sampling near Mt. Truax yielding assay results averaging 3.5 grams per tonne gold, 1730 grams (55.62 ounces) per tonne silver; 1.41% antimony, and 7.31% lead. The same report also documents that previous exploration is known to have yielded assays as high as 4.46 ounces of gold per tonne. The Company notes that the nearby Bralorne and Pioneer deposits have collectively produced over 4.1 million ounces of gold, making this the largest gold producing camp in British Columbia. The acquisition was accomplished by direct-staking of claims by Company personnel and payment of nominal registration fees to the Province of British Columbia.

Joint Ventures

Subsequent to the end of the quarter the Company announced that it has received notification from Hidalgo Mining International Inc. ("Hidalgo") stating that Hidalgo is "unable to continue with any of its planned efforts on the North Bay Joint Venture projects due to capital needs which cannot be met at this time." As a result, North Bay has elected to exercise its contractual rights to terminate both the Silver Leaf and the Gold Hill Project JV agreements, and will thereby regain its full 100% undivided ownership of both properties.

Subsequent to the end of the quarter the Company announced that it has agreed to terms on an earn-in joint venture with Silver Quest Resources Ltd ("Silver Quest") on North Bay's Fawn gold-silver property in central British Columbia, Canada. Upon TSX Venture Exchange acceptance of the terms of the agreement, Silver Quest may acquire an initial 75% interest in the Fawn Property by making aggregate cash payments of

\$100,000, issuing a total of 150,000 shares, and incurring an aggregate of \$1,500,000 in exploration expenditures over four years.

Subsequent to the end of the quarter the Company announced that it has agreed to terms on an earn-in joint-venture of its Bouleau Creek Gold property with Natco Mining Corporation ("Natco"), a private mining company based in Ontario, Canada. Under the terms of agreement, Natco may acquire a 50% interest in the Bouleau Creek Gold property by making aggregate cash payments of \$200,000 and incurring \$2,500,000 in exploration expenditures over four years. Of the aggregate payments and commitments due, \$50,000 in cash is due on closing, and \$250,000 in exploration expenditures must be expended in the first 12 months. Natco has the option to pay up to 50% of the remaining cash payments in stock once it is accepted for listing on the TSX Venture Exchange.

Financing

Subsequent to the end of the quarter the Company announced that it has secured \$5 Million in financing under an equity line of credit with Tangiers Investors, LP ("Tangiers") to fund the Company's operations and prospective mining acquisitions. North Bay has entered into a Securities Purchase Agreement with Tangiers that provides North Bay the right, but not the obligation, to draw down on the equity line of credit by selling to Tangiers shares of the Company's common stock for a total purchase price of up to \$5 Million. Tangiers will pay the Company 90% of the lowest volume weighted average price of the Company's common stock during the pricing period as quoted by Bloomberg, LP on the Over-the-Counter Bulletin Board ("OTCBB"). Tangiers' obligation to purchase shares of the Company's common stock under the Securities Purchase Agreement is subject to certain conditions, including the Company obtaining an effective registration statement for shares of the Company's common stock sold under the Securities Purchase Agreement and is limited to \$100,000 per 10 consecutive trading days after the advance notice is provided to Tangiers. Upon signing the Securities Purchase Agreement, the Company has agreed to issue Tangiers \$85,000 in restricted stock as a one-time commitment fee. To meet this obligation, the Company has reserved 6,588,426 shares of restricted common stock for issuance during the Q4 2009.

Subsequent to the end of the quarter the Company announced that it has engaged Atlas Capital Partners, LLC as its principal advisor in the preparation and submission of the Company's S-1 registration statement to the Securities and Exchange Commission. Atlas will also be assisting the Company in its efforts to have its stock listed on the OTCBB.

CERTIFICATION

I, Perry Leopold, Chief Executive Officer of North Bay Resources Inc., hereby certify that the financial statements filed herewith and the attached notes, fairly present, in all material respects, the financial position, results of operations and cash flows as at and for the period ended September 30, 2009, in conformity with accounting principles generally accepted in the United States, consistently applied.

Dated this 16th day of November, 2009.

"signed"

Perry Leopold – Chief Executive Officer