

GOLDRICH MINING CO  
Form 10-Q  
August 14, 2009

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

**FORM 10-Q**

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

**For the quarterly period ended June 30, 2009**

**OR**

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

**For the transition period from            to**

**Commission file number: 001-06412**

**GOLDRICH MINING COMPANY**

(Exact Name of Registrant as Specified in its Charter)

**ALASKA**

(State of other jurisdiction of incorporation or organization)

**91-0742812**

(I.R.S. Employer  
Identification No.)

**3412 S. Lincoln Drive**

**Spokane, Washington**

(Address of Principal Executive Offices)

**99203-1650**

(Zip Code)

**(509) 624-5831**

(Registrant's Telephone Number, including Area Code)

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

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

Indicate by check mark whether the Registrant is  a large accelerated filer,  an accelerated filer,  a non-accelerated filer, or  a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act)

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

Number of shares of issuer's common stock outstanding at August 14, 2009: 44,219,713

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**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Goldrich Mining Company***(An Exploration Stage Company)***Consolidated Balance Sheets***June 30, 2009 and December 31, 2008*

(unaudited)

	June 30, 2009	December 31, 2008
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**ASSETS**

## Current assets:

Cash and cash equivalents	\$ 303,624	\$ 219,724
Value added taxes receivable	6,480	23,788
Prepaid expenses	56,057	52,721
Other current assets	80,375	56,337
Total current assets	446,536	352,570

## Property, plant, equipment, and mining claims:

Equipment, net of accumulated depreciation	927,579	715,263
Mining properties and claims	332,854	340,854
Total property, plant, equipment and mining claims	1,260,433	1,056,117

## Other assets:

Other assets	-	101,935
Total other assets	-	101,935
<b>Total assets</b>	<b>\$ 1,706,969</b>	<b>\$ 1,510,622</b>

**LIABILITIES AND STOCKHOLDERS EQUITY**

## Current liabilities:

Accounts payable	\$ 107,017	\$ 38,564
Legal fees payable	10,306	67,845
Accrued liabilities other	23,699	8,152
Related party payable	138,144	37,800
Deferred consultant and director fees	57,746	15,198
Note payable	42,000	-
Total current liabilities	378,912	167,559

## Long-term liabilities:

Gold forward contracts payable, net of discounts	580,053	-
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Accrued interest payable	-	5,096
Stock subscriptions payable	-	7,560
Accrued remediation costs	50,000	50,000
Convertible debenture, net of discounts	-	1,000,000
Total long-term liabilities	630,053	1,062,656
Total liabilities	1,008,965	1,230,215
Stockholders' equity:		
Preferred stock; no par value, 9,000,000		
shares authorized; no shares issued or outstanding	-	-
Convertible preferred stock series A; 5% cumulative dividends,		
no par value, 1,000,000 shares authorized; 225,000 shares		
issued and outstanding, \$450,000 liquidation preferences	225,000	225,000
Common stock; \$.10 par value, 200,000,000 shares authorized;		
44,219,713 and 39,214,913 issued and outstanding, respectively	4,421,971	3,921,491
Additional paid-in capital	8,376,742	7,855,197
Deficit accumulated during the exploration stage	(12,325,709)	(11,721,281)
Total stockholders' equity	698,004	280,407
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,706,969</b>	<b>\$ 1,510,622</b>

*The accompanying notes are an integral part of these financial statements.*

**Goldrich Mining Company***(An Exploration Stage Company)***Consolidated Statements of Operations***(unaudited)*

	Three Months Ended		Six Months Ended		From Inception
	June 30,		June 30,		(March 26,
	2009	2008	2009	2008	1959)
					Through
					June 30,
					2009
<b>Revenue:</b>					
Royalties, net	\$ -	\$ -	\$ -	\$ -	\$ 398,752
Lease and rental	-	-	-	-	99,330
Gold sales and other	40,852	-	41,952	-	73,393
Total revenue	40,852	-	41,952	-	571,475
<b>Operating Expenses:</b>					
Costs of gold sales	44,504	-	45,261	-	45,261
Exploration expense	148,798	280,893	196,627	707,070	5,081,115
Management fees and salaries	66,825	71,865	124,650	142,740	2,050,432
Professional services	27,103	60,011	98,679	134,487	1,556,483
Other general and admin expense	7,389	130,441	27,316	293,201	1,592,606
Office supplies and other expense	1,116	13,679	4,243	27,660	344,844
Directors' fees	6,000	5,000	9,600	11,500	724,525
Mineral property maintenance	-	(26,404)	-	9,632	82,256
Depreciation	48,147	45,438	93,175	91,024	496,659
Reclamation and miscellaneous	-	-	-	-	115,102
Loss on partnership venture	-	-	-	-	53,402
Equipment repairs	-	-	-	-	25,170
Unrealized loss on gold inventory	-	-	17,500	-	17,500
Other costs of operations	-	(757)	-	(757)	-
Loss on disposal of mining properties and equipment	-	14,945	8,000	114,945	197,281
Total operating expenses	349,882	595,111	625,051	1,531,502	12,382,636

Other (income) expense:



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Interest income	(494)	(2,024)	(632)	(8,976)	(278,712)
Interest expense and finance costs	10,263	44,091	19,633	134,287	715,499
Loss(gain) on foreign currency translation	7,210	(12,124)	2,328	(12,124)	77,761
Total other (income) expense	16,979	29,943	21,329	113,187	514,548
Net loss	\$ 326,009	\$ 625,054	\$ 604,428	\$ 1,644,689	\$ 12,325,709
Net loss per common share	\$ 0.01	\$ 0.02	\$ 0.01	\$ 0.04	1.28
Weighted average common shares outstanding-basic	44,219,713	37,403,990	42,594,698	36,931,977	9,631,095

*The accompanying notes are an integral part of these financial statements.*

**Goldrich Mining Company***(An Exploration Stage Company)***Consolidated Statements of Cash Flows***(Unaudited)*

	Six Months Ended		From Inception
	June 30,		(March 26, 1959)
	2009	2008	Through June 30, 2009
Cash flows from operating activities:			
Net loss	\$ (604,428)	\$ (1,644,689)	\$ (12,325,709)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	93,175	91,024	497,153
Unrealized loss on gold inventory	17,500	-	17,500
Loss on disposal of mining property	8,000	114,000	196,276
Loss on sale of equipment	-	945	4,388
Common stock, warrants, and options issued for salaries and fees	-	32,532	859,781
Common stock issued for interest	14,466	30,082	196,110
Compensation expense for stock option grants	-	-	476,215
Amortization of discount on gold forward contracts	10,053	-	10,053
Amortization of discount on convertible debenture for value of warrant	-	-	150,000
Amortization of discount on convertible debenture for beneficial conversion feature	-	25,499	150,000
Amortization of deferred financing costs	-	21,666	130,000
Change in:			
Accrued interest receivable	-	768	-
Value added taxes receivable	17,308	-	(6,480)
Prepaid expenses	(3,336)	(9,650)	(56,057)
Other assets	84,435	1,289	(17,500)
Other current assets	(24,038)	(58,764)	(80,375)
Accounts payable	68,453	(149,709)	107,017
Accrued liabilities other	15,547	26,369	23,699
Legal fees payable	(57,538)	-	10,307
Accrued interest payable	(5,096)	(164)	-
Related party payable	100,344	-	138,144

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Deferred consultant and director fees	42,548	-	57,746
Accrued commission payable	-	-	277,523
Convertible success award, Walters LITS	-	-	88,750
Accrued remediation costs	-	-	50,000
Net cash used - operating activities	(222,607)	(1,518,802)	(9,045,459)
Cash flows from investing activities:			
Purchases of short-term investments	-	-	-
Receipts attributable to unrecovered promotional, exploratory, and development costs	-	-	626,942
Proceeds from the sale of equipment	-	-	63,124
Purchases of equipment, and unrecovered promotional and exploratory costs	(179,493)	325	(1,322,303)
Release of restricted cash	-	31,561	-
Additions to mining properties and claims - direct costs for claim staking and acquisition	-	(41,583)	(503,890)
Net cash used - investing activities	(179,493)	(9,697)	(1,136,127)

*The accompanying notes are an integral part of these financial statements.*

**Goldrich Mining Company***(An Exploration Stage Company)***Consolidated Statements of Cash Flows Continued***Unaudited*

	Six Months Ended		From Inception
	June 30,		(March 26, 1959)
	2009	2008	Through June 30, 2009
Cash flows from financing activities:			
Proceeds from related party debt	\$ -	\$ -	\$ 100,000
Payments on related party debt	-	-	(100,000)
Increase (decrease) in stock subscription payable	(7,560)	-	-
Proceeds from issuing convertible debenture	-	-	700,000
Proceeds from issuance of warrants in connection with issuance of convertible debenture	-	-	150,000
Proceeds allocated to beneficial conversion feature of convertible debenture	-	-	150,000
Payment of financing costs from cash proceeds of convertible debenture	-	-	(100,000)
Proceeds from issuance of common stock in connection  with exercise of options and warrants	-	-	2,815,832
Proceeds from issuance of common stock, net of offering costs	7,560	582,999	6,089,605
Proceeds from gold forward contracts	570,000	-	570,000
Proceeds from issuance of preferred stock	-	-	225,000
Payments on capital lease payable	-	-	(23,053)
Payment of note payable on equipment	(84,000)	-	(84,000)
Acquisitions of treasury stock	-	-	(8,174)
Net cash provided - financing activities	486,000	582,999	10,485,210
 Net increase (decrease) in cash and cash equivalents	 83,900	 (945,500)	 303,624
 Cash and cash equivalents, beginning of period	 219,724	 1,483,885	 -
<b>Cash and cash equivalents, end of period</b>	<b>\$ 303,624</b>	<b>\$ 538,385</b>	<b>\$ 303,624</b>

Supplemental disclosures of cash flow information:

Non-cash investing and financing activities:

Mining claims purchased - common stock	\$	-	\$	-	\$	43,000
Additions to property, plant and equipment acquired through capital lease and notes payable	\$	126,000	\$	-	\$	149,053
Related party liability converted to common stock	\$	-	\$	-	\$	301,086
Issuance of warrants for deferred financing costs of convertible debenture	\$	-	\$	-	\$	30,000
Issuance of common stock upon conversion of convertible debenture	\$	1,000,000	\$	-	\$	1,000,000

*The accompanying notes are an integral part of these financial statements.*

**Goldrich Mining Company**

*(An Exploration Stage Company)*

**Notes to Consolidated Financial Statements (Unaudited)**

**1.**

**BASIS OF PRESENTATION:**

The unaudited financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America for interim financial information, as well as the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the interim financial statements have been included. Operating results for the six-month period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2009.

For further information refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

Consolidation of and Accounting for Subsidiary

During the six month periods ended June 30, 2009 and 2008, the Company operated a subsidiary in Mexico to account for winding up expenses related to an exploration property formerly held by the Company in that country. This subsidiary, Minera LSG, is included in the accompanying financial statements by consolidation of the Statements of Operations for the three and six month periods then ended and the Balance Sheets for the periods ended June 30, 2009 and December 31, 2008, with all intercompany balances and investment accounts eliminated. The Company accounts for non-US activities, including transactions denominated in non-US dollar currency and translation of non-US dollar denominated account balances, under Statement of Financial Standards No. 52, Foreign Currency Translation.

Net Loss Per Share

Statement of Financial Accounting Standards No. 128, Earnings per Share, requires dual presentation of earnings per share (EPS) and diluted EPS on the face of all income statements issued after December 15, 1997, for all entities with complex capital structures. Basic EPS is computed as net income divided by the weighted average number of

common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants, and other convertible securities. The dilutive effect of convertible and exercisable securities would be:

<u>For periods ended</u>	<b>June 30, 2009</b>	<b>June 30, 2008</b>
Convertible preferred stock	1,350,000	-
Stock options	2,415,000	615,000
Warrants	485,833	5,133,640
Convertible debenture	-	5,000,000
<b>Total possible dilution</b>	<b>4,250,833</b>	<b>10,748,640</b>

For the periods ended June 30, 2009 and 2008, the effect of the Company's outstanding options and common stock equivalents would have been anti-dilutive. Accordingly, only basic EPS is presented.

**Goldrich Mining Company**

*(An Exploration Stage Company)*

**Notes to Consolidated Financial Statements (Unaudited)**

1.

**BASIS OF PRESENTATION, CONTINUED:**

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 certain reported amounts and disclosures. Significant estimates used in preparing these financial statements include those assumed in estimating the recoverability of the cost of mining claims, accrued remediation costs, beneficial conversion features of convertible debt, deferred financing costs and deferred tax assets and related valuation allowances. Actual results could differ from those estimates.

Fair Value Measures

SFAS 157 requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. SFAS 157 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. SFAS 157 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1: Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2: Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.



Level 3: Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Our financial instruments consist principally of cash, accounts payable, note payable and gold forward contracts payable. We believe that the recorded values of our financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

#### Derivative Financial Instruments

The Company accounts for derivative financial instruments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, (as amended by SFAS No. 137) and SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*. These statements require recognition of all derivatives as either assets or liabilities on the balance sheet and measurement of those instruments at fair value. Appropriate accounting for changes in the fair value of derivatives held is dependent on whether the derivative instrument is designated and qualifies as an accounting hedge and on the classification of the hedge transaction.

**Goldrich Mining Company**

*(An Exploration Stage Company)*

**Notes to the Consolidated Financial Statements**

**1.**

**BASIS OF PRESENTATION, CONTINUED:**

Reclassifications

Certain reclassifications have been made to conform prior year's data to the current presentation. These reclassifications have no effect on the results of reported operations or stockholders' equity.

Cash and Cash Equivalents

For the purposes of the balance sheet and statement of cash flows, the Company considers all highly liquid investments purchased, with an original maturity of three months or less, to be a cash equivalent.

Foreign Currency Translation

Assets and liabilities denominated in a foreign currency are translated to U.S. dollars at the exchange rate on the balance sheet date. Revenues, costs, and expenses are translated using an average rate. Realized and unrealized foreign currency transaction gains and losses are included in the consolidated statement of operations.

Adopted Accounting Pronouncements

On January 1, 2009, the Company adopted FASB Staff Position ( FSP ) FAS 157-2, *Effective Date of FASB Statement No. 157*, which delayed the effective date of FASB Statement 157 for one year for certain nonfinancial assets and nonfinancial liabilities, excluding those that are recognized or disclosed in financial statements at fair value on a recurring basis (that is, at least annually). For purposes of applying the FSP, nonfinancial assets and nonfinancial liabilities include all assets and liabilities other than those meeting the definition of a financial asset or a financial

liability in SFAS 159. This FSP deferred the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of this FSP. The Company had previously adopted SFAS No. 157 on January 1, 2008. The adoption of FAS 157-2 did not have a material effect on the Company.

On January 1, 2009, the Company adopted FASB Staff Position (FSP) APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)*. This FSP specifies that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. This FSP was effective for financial statements issued for fiscal years beginning after December 15, 2008. The adoption of this statement did not have a material effect on the Company's financial statements.

**Goldrich Mining Company**

*(An Exploration Stage Company)*

**Notes to the Consolidated Financial Statements**

**1.**

**BASIS OF PRESENTATION, CONTINUED:**

Adopted Accounting Pronouncements, continued:

On January 1, 2009, the Company adopted SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities* an amendment to FASB Statement No. 133 ( SFAS 161 ). SFAS 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. 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. It was effective for financial statements issued for fiscal years beginning after November 15, 2008, with early adoption encouraged. The adoption of this statement did not have a material effect on the Company's financial statements.

On January 1, 2009, the Company adopted SFAS No. 141 (R), *Business Combinations* ( SFAS 141(R) ) and SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements*. SFAS 141(R) requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. SFAS No. 160 clarifies that a noncontrolling interest in a subsidiary should be reported as equity in the consolidated financial statements. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. SFAS 141(R) and SFAS No. 160 are effective for financial statements issued for fiscal years beginning after December 15, 2008. Early adoption is prohibited. The adoption of this statement did not have a material effect on the Company's financial statements.

In April 2009, the Company adopted FASB Staff Position (FSP) No. FAS 107-1 and APB 28-1 was issued to amend SFAS No. 107, *Disclosures about Fair Value of Financial Instruments*, which requires disclosures about fair value of financial instruments for interim reporting periods as well as in annual financial statements. This FSP also amended APB Opinion No. 28, *Interim Financial Reporting*, to require those disclosures in summarized financial information at interim reporting periods. FSP No. FAS 107-1 and APB 28-1 are effective for interim reporting periods ending after June 15, 2009. Adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

In April 2009, the Company adopted FSP No. FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly*, which provides additional guidance for estimating fair value in accordance with SFAS No. 157, *Fair Value Measurements*, when the volume and level of activity for the asset or liability have significantly decreased. This FSP also provides guidance on identifying circumstances that indicate a transaction is not orderly. FSP No. FAS 157-4 is effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. Adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

**Goldrich Mining Company**

*(An Exploration Stage Company)*

**Notes to the Consolidated Financial Statements**

1.

**BASIS OF PRESENTATION, CONTINUED:**

Adopted Accounting Pronouncements, continued:

In April 2009, the Company adopted FASB Staff Position (FSP) No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments*, which amended the other-than-temporary impairment guidance in U.S. GAAP for debt securities to make the guidance more operational and improved the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FSP did not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The FSP is effective for interim and annual reporting periods ending after June 15, 2009. Adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

2.

**GOING CONCERN**

The accompanying consolidated financial statements have been prepared under the assumption that the Company will continue as a going concern. The Company is an exploration stage company and has incurred losses since its inception and does not have sufficient cash at June 30, 2009 to fund normal operations for the next 12 months. During the quarter ended June 30, 2009, the Company raised \$570,000 through the sale of gold futures and used those funds to build a wash plant, purchase equipment and mobilize its field camp at its Chandalar property in preparation for mining operations which are slated to begin in the third quarter of 2009. Additionally, subsequent to the close of the quarter, the Company raised an additional \$300,000 through the sale of gold futures and \$250,000 through the sale of convertible preferred shares. The mining plan that was initiated during the quarter ended June 30, 2009 will consume approximately \$870,000 of the funds raised, leaving approximately \$250,000 to fund operations continuing operations for the coming 12 months if the mining operation is not successful in contributing additional cash through the sale of gold at market prices. The Company currently has no recurring source of revenue and its ability to continue as a going concern is dependent on the Company's ability to raise capital to fund its future exploration and working capital requirements or its ability to profitably execute on its current mining plan. The Company's plans for the long-term return to and continuation as a going concern include financing the Company's future operations through sales of its common stock and/or debt and the eventual profitable exploitation of its mining properties. Additionally, the current capital markets and general economic conditions in the United States are significant obstacles to raising the required funds. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company

is currently investigating a number of alternatives for raising additional capital with potential investors, including the additional sales of gold futures, sales of convertible preferred shares, or forming relationships with lessees and joint venture partners.

The consolidated financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern basis was not appropriate for these financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used.

**Goldrich Mining Company**

*(An Exploration Stage Company)*

**Notes to the Consolidated Financial Statements**

**3.**

**RELATED PARTY TRANSACTIONS**

Pursuant to terms of his contract, the Company's President has elected to accrue fees owed to him until such time as the Company has sufficient cash reserves to pay them. During the quarter ended June 30, 2009, the Company accrued \$39,600 of fees, with a total of \$91,125 accrued in fees and expenses as of the end of the quarter. Additionally, an amount of \$9,220 has been accrued for fees and expenses due to the Company's Chief Financial Officer at June 30, 2009. At June 30, 2009, the Company included in Prepaid expense \$20,000 advanced to the President to pay for parts purchase costs while he was on site at the equipment construction location. This advance was deducted from expense reports during the subsequent quarter.

During the quarter ended June 30, 2009, the Company's President entered into a gold future contract with the Company wherein he purchased \$25,000 of gold futures, a \$34,247 liability less \$9,247 in discounts, representing 36.45 ounces, with the gold to be delivered on or before November 1, 2010 from gold yet to be produced at the Company's Chandalar property. Subsequent to the end of the quarter, he entered into a second contract wherein he purchased \$50,000 of gold futures, a \$68,493 liability less \$18,493 in discounts, representing 74.09 ounces, under identical terms as the previous purchase. See Note 4 Gold Future Sales for details of the terms of sale of gold future contracts.

During the quarter ended June 30, 2009, an affiliate of the Company, owning more than 5% of the outstanding shares, entered into a gold future contract with the Company wherein the affiliate purchased \$250,000 of gold futures, a \$342,466 liability less \$92,466 in discounts, representing 377.58 ounces, with the gold to be delivered on or before November 1, 2010 from gold yet to be produced at the Company's Chandalar property. See Note 4 Gold Future Sales for details of the terms of sale of gold future contracts. Subsequent to the end of the quarter, the affiliate purchased 200,000 shares of convertible preferred stock, resulting in \$200,000 gross and net proceeds to the Company.

During the quarter ended June 30, 2009, a director and affiliate of the Company, beneficially owning more than 5% of the outstanding shares, and acting on behalf of the beneficial ownership group, entered into gold future contracts with the Company wherein the affiliate purchased a total of \$200,000 of gold futures, a \$273,973 liability less \$73,973 in discounts, representing 288.89 ounces, with the gold to be delivered on or before November 1, 2010 from gold yet to be produced at the Company's Chandalar property. Subsequent to the end of the quarter, that beneficial ownership group purchased an additional 134.44 ounces of gold futures for \$90,000, a \$123,288 liability less \$33,288 in discounts, under similar terms as the previous purchase, except that \$40,000 for 59.30 ounces requires gold delivery by November 1, 2009. See Note 4 Gold Future Sales for details of the terms of sale of gold future contracts.



During the quarter ended June 30, 2009, a director of the Company entered into gold future contracts with the Company wherein the affiliate purchased a total of \$20,000 of gold futures, a \$27,397 liability less \$7,397 in discounts, representing 28.99 ounces, with the gold to be delivered on or before November 1, 2010 from gold yet to be produced at the Company's Chandalar property. See Note 4 Gold Future Sales for details of the terms of sale of gold future contracts.

Subsequent to the end of the quarter, an affiliate of the Company, owning more than 5% of the outstanding shares, entered into a gold future contract with the Company wherein the affiliate purchased \$160,000 of gold futures, a \$219,178 liability less \$59,178 in discounts, representing 241.25 ounces, with the gold to be delivered on or before November 1, 2009 from gold yet to be produced at the Company's Chandalar property. See Note 4 Gold Future Sales for details of the terms of sale of gold future contracts.

**Goldrich Mining Company**

*(An Exploration Stage Company)*

**Notes to the Consolidated Financial Statements**

**4.**

**GOLD FUTURE SALES**

On May 6, 2009, the Company's Board of Directors authorized management to enter into forward gold sales contracts for a total of up to 1,500 ounces of alluvial gold. During the quarter ended June 30, 2009, the Company was successful in selling 841.27 ounces for total cash proceeds of \$570,000, for a total liability of \$780,822 net of \$210,822 in discounts. Through the date of this report, the Company has secured a total of \$870,000 (\$1,191,781 less \$321,781 of discounts) on the sale of 1291.05 ounces, with additional interested parties to complete the 1,500 ounce allotment. The forward sales of gold are being made under an Alluvial Gold Forward Sales Contract and its associated Confirmation Letter with each purchaser of the alluvial gold yet to be produced. Sales are made at a uniform percentage to all purchasers of 73% of the closing price of gold as quoted on the Daily London Bullion Brokers Second Gold Second Fixing on the date the Confirmation Letter is signed by the purchaser. With the exception of the following, the gold is to be delivered on or before November 1, 2010, with any gold distribution prior to November 1, 2010 done on a prorated weight and particle size basis among all purchasers. The final \$200,000 of forward gold sales contracts require delivery of gold by November 1, 2009, and requires an 8% per annum compounded interest penalty for late delivery. The Company expects to mine sufficient gold from its Chandalar property and does not expect to be required to purchase gold on the open market to meet delivery obligations.

**5.**

**CONVERTIBLE DEBENTURE**

In February 2009, the Company issued a total of 5,072,328 common shares to RAB Special Situations (Master) Fund Limited ( RAB ), pursuant to the terms of a convertible debenture held by RAB dated November 25, 2005 in the principal amount of \$1,000,000 due February 27, 2009 (the Debenture ). In accordance with the terms of the Debenture, the principal amount of \$1,000,000 plus interest of \$14,466, accrued from December 1, 2008 through February 27, 2009, was converted into common shares of the Company at a price of \$0.20 per share. Consequently, 5,000,000 common shares were issued to satisfy the conversion of the principal and 72,328 common shares were issued to satisfy conversion of the interest. After the conversion and issuance of these common shares, the Company had 44,219,713 shares of common stock outstanding.

The maturity date of the Debenture was originally November 21, 2008; however, the parties agreed to an extension to February 27, 2009. On February 17, 2009, the Company provided 10-day notice to RAB in writing of its intent to

convert the Debenture, at the Company's option as allowed in the provisions of the Debenture, into common shares of the Company effective on February 27, 2009. The certificate for the common shares was delivered on February 23, 2009. A Form S-1 to register the shares was filed on February 5, 2009, as post-effective amendment number two to the Registration Statement on Form SB-2 (No. 333-140899) initially filed with the Securities and Exchange Commission (SEC) on February 26, 2007, as last amended October 24, 2008. The S-1 Registration Statement also served as post-effective amendment number four to the Registration Statement on Form SB-2 (No. 333-133216) initially filed with the SEC on April 11, 2006 as last amended May 1, 2007, and as post-effective amendment number four to the Registration Statement on Form SB-2 (No. 333-130819) initially filed with the SEC December 30, 2005, as last amended May 1, 2007. An amendment to Form S-1 was filed on May 1, 2009 to incorporate the audited financial statements and other information contained in our Form 10-K for 2008. The repetitive filings over several months have drained the Company's cash resources, and it has elected to abandon the registration effort at the present time. A new S-1 to register the shares may be undertaken in the future, most likely subsequent to or concurrent with the filing of the Company's next Form 10-K. Six months from the issue date, on August 27, 2009, the shares will become tradable; however, RAB will be limited in its trading volume for its holdings of the Company's common stock due to its affiliate relationship to the Company.

**Goldrich Mining Company**

*(An Exploration Stage Company)*

**Notes to the Consolidated Financial Statements**

**6.**

**SUBSEQUENT EVENTS**

In July of 2009, the Superior Court of the State of Alaska issued a Writ of Assistance, wherein any Peace Officer of the State of Alaska is directed to grant assistance in removing Gold Dust Mines, Inc, and its owner, Del Ackels, and any of their personal property from claims owned by the Company. This action results from final judgment and rulings against those parties in favor of the Company in June of 2009. The Company believes that the removal of these parties and their property will enable it or its agent to work its mining claims without disruption or encumbrance from these parties. In separate but related matters, the claim filed in May of 2009 against the Company in Federal court for \$560,000 in purported damages, resulting from a Alaska district judge's award of certain mining claims to the Company as a result of the Company's prevailing in a claim litigation in an Alaska district court in December 2008, is still pending. The Company has filed a motion for dismissal of this proceeding. The defendant has also filed with the Supreme Court of the State of Alaska an appeal of the June 2009 rulings arising from the December 2008 case. The Company and its legal counsel believe that the claims are baseless and without merit, and that the chance of a judgment against the Company in these matters is remote. However, the Company has been advised that the legal process to dismiss or resolve these claims may take up to two or three years. Accordingly, no accrual for this claim has been made in the financial statements ended June 30, 2009.

As detailed in Note 3 Related Party Transactions, subsequent to the end the of the quarter, the Company entered into sales of gold forward contracts totaling \$300,000 of cash proceeds, a liability of \$410,959 less discounts of \$110,959, to the Company, representing 449.78 ounces, with the gold to be delivered on or before November 1, 2010 from gold yet to be produced at the Company's Chandalar property. See Note 4 Gold Future Sales for details of the terms of sale of gold future contracts.

Additionally, the Company sold 250,000 shares of convertible preferred shares subsequent to the end of the quarter, 200,000 of which was to a related party as described in Note 3 Related Party Transactions, resulting in \$250,000 cash proceeds to the Company.



## Item 2. Management's Discussion and Analysis of Financial Condition or Plan of Operation

### Plan of Operation

We, Goldrich Mining Company, are a minerals company in the business of acquiring and advancing mineral properties to the discovery point, where we believe maximum shareholder returns can be realized. Goldrich is an exploration stage company as defined by the U.S. Securities and Exchange Commission ( SEC ). We are primarily an exploration stage company because management considers that most of a company's value is created during the discovery phase. That is, based on capital returns, we believe that the payback to stakeholders for successful exploration is normally greatest during the discovery phase of an exploration program.

Our only mineral property at this time is the Chandalar property, located in northern Alaska. We are dependent upon making a gold deposit discovery at Chandalar for the furtherance of the Company. Should we be able to make an economic find at Chandalar, we would then be solely dependent upon a single mining operation for our revenue and profits, if any. Although there is a history of past lode and placer production on our Chandalar property, it currently does not contain any known probable (indicated) or proven (measured) ore reserves under the definition of ore reserves within SEC Industry Guide 7. The probability that ore reserves that meet SEC guidelines will be discovered on an individual hard rock prospect at Chandalar is undeterminable at this time; however, our 2007 drilling program on an alluvial gold has indicated the presence of a mineralized or gold-bearing body of gravel that may be economical for mining in the near term, based on the price of gold at this writing. A great deal of further work is required on our property before a final determination as to the economic and legal feasibility of a mining venture on it can be made. There is no assurance that a commercially viable deposit will be proven through the exploration efforts by us at Chandalar. We cannot assure that funds expended at Chandalar will be successful in leading to the delineation of ore reserves that meet the criteria established under SEC mining industry reporting guidelines.

Our strategic initiatives are to undertake cost efficient and effective exploration activities to discover mineralization and potentially mineral reserves, which may upgrade the value of our Chandalar, Alaska property or other properties we may acquire, and then either joint venture or sell the properties to qualified mining companies. Under certain circumstances, we may choose to develop a mineral deposit discovery. We intend to focus our activities only on projects and deposits where the principal economic value lies in gold mineralization.

As a result of our drill results on the alluvial gold deposits on our Chandalar property, we have initiated a test mining operation for late summer 2009 to evaluate the potential of beginning a commercial extraction program that may generate revenues and cash flow beginning as early as summer of 2011. We do not intend to conduct hard rock mining operations on our own account at this time.

Conducting mining operations on our own account is a secondary objective at this time. An alluvial gold mining operation is being implemented in order to finance the continuing hard rock exploration activities to locate what we

believe to be a larger hard rock gold deposit higher in the terrain that is the source of the alluvial deposit.

**Chandalar, Alaska**

The Chandalar property is located approximately 190 air miles NNW of Fairbanks, Alaska, and 48 miles NE of Coldfoot, in the Chandalar mining district. The center of the district is approximately 70 miles north of the Arctic Circle. The Company owns in fee 426.5 acres of patented federal mining claims consisting of 21 lode claims, one placer claim and one mill site. We control 17,100 acres of unpatented State of Alaska mining claims consisting of one-hundred-thirty-four Traditional and MTRSC claims which provide exploration and mining rights to both lode and placer mineral deposits.

Arctic climate limits exploration activities to a summer field season that generally starts in mid-May and lasts until freeze up in mid-September. There are many operating mines located elsewhere within North America that are located above the Arctic Circle. Management believes year-round operations at Chandalar are feasible should an exploitable deposit of gold be proven through seasonal exploration and mining activities.

### **Independent Study of Chandalar Alluvial Deposit**

In February 2008, we received the final 2007 drill results from our placer gold project of 113 drill holes for a total of 15,535 feet on the Little Squaw Creek, Spring Creek and Big Squaw Creek drainages. We believe that the complete results confirm our opinion that we have discovered an industrial-scale placer gold deposit of commercial significance on the Little Squaw Creek. Based on our drill data we commissioned a study to determine the amount of mineralized material contained in our alluvial gold deposit on Little Squaw Creek, we retained Mr. Paul Martin to do this. Mr. Martin is a consulting, Nevada state licensed and registered mining engineer who has Alaska placer gold mining expertise.

In an internal letter memorandum dated February 9, 2009 and titled "Mineralized Material Estimate and Data Analyses for Little Squaw Creek, Chandalar Project, Alaska", Mr. Martin reported to us that his calculations show the Little Squaw Creek Alluvial Gold Deposit to contain an estimated 10.5 million bank cubic yards (bcy) of in place material having an average grade of 0.0246 ounces of gold per bank (in place) cubic yard. He further reports that the total amount of unmineralized material that would need to be removed to access the mineralized material is about 9.3 million bcy; making for an overburden to mineralized material strip ratio of 0.89 to 1.00. These estimates were prepared by using the cross-sectional method as described in detail in the Society of Mining Engineering Handbook, Volume 1, pages 350 to 353.

These results were based on a detailed data analysis of the Little Squaw Creek Alluvial Gold Deposit performed using Gamma Design software called GS+, which is a geostatistical analysis program that allows one to measure and illustrate spatial relationships in geo-referenced data. The analysis included basic statistics, semi variograms, multi variant evaluation of grade thickness and grade time thickness distributions to verify the lithologic continuity of grade and thickness for the Little Squaw Creek Alluvial Gold Deposit within a preliminarily design of surface mine plan limits. The semi variograms indicated a continuity of data up to 250 feet on both sides of the Cross Sections.

A total of 93 reverse circulations (RVC) drill holes, 7034 total feet of pay gravel and 1,407 five foot composited samples were utilized in the data analysis. Gold fineness used is 870. The drill holes in the database are holes that fall within the alluvial gold deposit designed pit limits, including holes located in the 45-degree pit high-wall. The grade data is de-clustered by using the weighted average grade for all drill hole Mineralized Material and the average Mineralized Material thickness for each drill hole. The average thickness of Mineralized Material per hole (for all holes) is 82 feet and overburden is 50 feet. The mean grade for the total drill hole database (average of all drill hole grades per section within the mining limits) totaled 0.0262 fine gold ounces per bank cubic yard (bcy), which compares within 6 percent to the total estimated grade of the mineralized material for this report of 0.0246 ounces fine gold per bcy within the proposed mining limit.



It is management's opinion that we have discovered a promising alluvial gold deposit. We have defined an estimated 10.5 million bank cubic yards (bcy) of near-surface gold-bearing gravels (mineralized material) where we believe economies of scale could be gained that are typical of surface bulk-mining operations elsewhere. We also believe the deposit can be substantially expanded through additional drilling. We note that mining this alluvial gold deposit would not require the use and permitting of milling and chemicals in the gold recovery process because raw gold could be obtained by use of simple gravity separation recovery methods that are standard to processing gold bearing alluvial gravels. In making these statements, we do not purport to have a U.S. Securities and Exchange Industry Guide 7 compliant mineral reserve at Chandalar. Mr. Martin recommended continuing our drilling program.

*Figure 1. Location.*

### **Mine Plan for 2009**

On May 6, 2009, our Board of Directors approved a limited mining plan for the alluvial gold deposit on Little Squaw Creek on our Chandalar property and authorized management to enter into forward gold sales contracts for a total of up to 1,500 ounces of alluvial gold produced at our Chandalar property to fund the mining operation. The forward sales were approved at 73% of the closing price of gold as quoted on the Daily London Bullion Brokers Second Gold Fixing on the date a Confirmation Letter is signed by the purchaser, with gold to be delivered on or before November 1, 2010. With the exception of the following, any gold distribution prior to November 1, 2010 would be done on a prorata basis among all purchasers and will be evenly representative of the total gold produced and not based on fraction sizing of gold coarseness. The final \$200,000 of forward gold sales contracts require delivery of gold by November 1, 2009, and requires an 8% per annum compounded interest penalty for late delivery. Under the forward gold sales contracts in place at August 14, 2009, we will be required to deliver 301.56 ounces of gold on or before November 1, 2009 and 989.49 on or before November 1, 2010. Because the funds raised will be required to execute the mining plan and pay for normal corporate overhead, we are unable to set aside funds to purchase gold on the open

market to satisfy the gold delivery obligations. We expect to mine sufficient gold from our Chandalar property and do not expect to be required to purchase gold on the open market to meet delivery obligations. If we are unable to mine sufficient gold, we will be required to renegotiate the terms of the forward gold sales contracts or raise funds from other sources through private placements of our common stock, joint ventures with other mining companies, sale of company assets or other means that will be addressed should the need arise. We can give no assurance that we will be able to successfully fill our requirements from mined gold or raise additional funds if required.

We received a mining permit for a test mine from the Alaska Department of Natural Resources and a water course diversion permit from the U.S. Army Corps of Engineers, raised cash proceeds of \$870,000 in forward gold sales as of the date of this report, sold 250,000 shares of Series A Convertible Preferred stock for \$250,000, and initiated the construction of the wash plant required to extract gold from mineralized gravel during the summer of 2009. Of the funds raised, \$300,000 of the forward gold sales and all of the Series A Convertible Preferred shares were sold subsequent to the end of the quarter ended June 30, 2009. The terms of the Series A Convertible Preferred shares are described in full the our 2008 Form 10-K filed with the Securities and Exchange Commission on April 3, 2009.

We are undertaking a bulk test placer extraction on our claims along Little Squaw Creek, in the Chandalar Mining District, northern Alaska (Figure 1). In 2009 activities will be confined to several unpatented claims in the Mello Bench area; the bulk sample site is located on MTRSC claim # LSGMC 1117.

We received a permit from the Alaska Department of Natural Resources to test mine and process about 8,500 yds<sup>3</sup> of mineralized gravel to determine engineering, water, and other criteria before undertaking a commercial-scale operation. Critical amongst the engineering information to be obtained are ground ice conditions, aquifer data, mine pit wall slope stability factors and gold recovery characteristics. A series of up to 12 prospect pits will also be dug with an excavator to better delineate the bounds of the deposit. Approximately 10,000 yds<sup>3</sup> of overburden is being removed to reach the deposit. Mining will be done with a Komatsu D155A dozer, Cat D-6R dozer, a Hitachi 200 excavator, a Cat 930G loader, and several smaller pieces of equipment. A decision will be made in advance of reclamation whether to prepare for continuing operations in 2010.

*Figure 2. Property map*

### **Access and Camp**

We maintain a 4,400-foot long airstrip about 1.5 miles north of the proposed project. The strip is suitable for multi-engine aircraft up to C-130 class and is connected to the camp via an improved all-weather mine road. Camp facilities include frame tents with plywood floors, several older house trailers left by previous operators, a frame office building on skids, and an older cabin built by lessees in the 1950 s. It is anticipated that a crew

of six people will operate the placer mine; also present will be a geologist, sampler, camp hand, and a cook. With visitors, up to fourteen people can be accommodated at camp. Fuel is delivered by DC-6 aircraft and stored in a small tank farm at the airstrip. Depending on the results of the 2009 bulk sample test, some additional equipment and supplies will be moved to the site via the Chandalar winter trail from Coldfoot in late winter of 2010. The proposed site is characterized by a stream incised into deep valley alluvial fill where there are no bedrock exposures.

### **Water Rights**

We retain valid water rights (ADL 403439) for the use of 3,000 gallon per minute (gpm) specifically for placer mining. Water can be diverted between April and October from any of the local streams for this use. Other additional rights are held for lode mining use.

### **Development Plan**

An older water diversion dam will be re-built at a site approximately 650 feet upstream of the proposed test pit and armored with boulders. This diversion point has been used in the past in an apparent attempt to develop placer ground underlying Pioneer Gulch, a small tributary stream to Little Squaw Creek. The diversion dam diverts Little Squaw Creek into an old ditch (Figure 3) that traverses the right limit hill side for about 1,850 feet and thence into Pioneer Gulch from where it will flow about 700 feet to rejoin the Little Squaw Creek channel. Pioneer Gulch is deeply incised and armored with coarse gravel and boulders, and supports a thick growth of alder and willow. The old ditch will require cleaning of accumulated sediment which will be done with a combination of the dozer and excavator, and deepened to handle an unusual storm event beyond any event in evidence or witnessed during the last seven years.

Overburden removal will be done by dozer and pushed downstream by the dozer to form a retention pond for re-cycled wash water. A dam about twenty feet high and fifty feet thick at the base will be built in a narrow and deeply incised site below the camp. During development of the pit the underlying low-grade material will be set aside as best possible and used to re-fill the pit during reclamation. The retention pond will lie at an elevation somewhat lower than the top of the pay gravel section and will receive and retain any seepage from the pit. The existing mine road which provides access to the rest of the district will be re-routed higher on the left limit, west slope of the creek. An area of pay gravel about 80 feet wide and 150 feet long will be exposed by development work.

### **Mining Plan Detail**

The Hitachi 200 excavator will be the principle mining tool and will operate from the top of the pay section as it retreats from south to north mining the pay gravel section about 20 feet thick. Pending water levels in the pit the mining of the 20-foot section will be done in two lifts (Figure 6). Excavated material will be placed in one or more surge piles from where it will be fed to the wash plant by either the excavator or a smaller loader. Washed tailings

will be stacked along the left limit of the channel below the wash plant or used for the mine road relocation west of the camp which will be necessary to allow future mining of the Little Squaw Creek placer deposit. Drilling has shown that the placer strata is perched on glaciofluvial sediments and additional perched mineralized gravel layers occur at greater depths. Access along the re-cycle pond will be maintained should additional sediment need to be removed from the pond. Except for storm events no mine water will be allowed to overtop the retention dam and flow into stream waters below; the process water will be zero discharge. It is requested that this application serve as a Notice of Intent to discharge clarified water during storm events and at the conclusion of mining to allow reclamation to proceed.





*Figure 3. Plan view.*

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*Figure 4. Cross-section of mine bulk sample pit.*

### **Surface Disturbance**

Total disturbed area for the mine pit and higher benches will be an area about 225 X 300 feet, about 1.5 acres. The settling pond will disturb an additional 2 acres and tailings placement will cover an additional one acre. The diversion ditch has been in existence for more than 45 years and includes an area about 20 feet wide by 1,850 feet long that was previously disturbed (Figure 7). Cleaning and re-shaping of the ditch may disturb an additional 10 to 12-foot-wide path and thereby 0.5 acres may be involved. All of the above disturbances may total 5 acres.

### **Reclamation**

It is intended that reclamation be done such as to place the un-processed lower grade material into the mine pit in anticipation that the entire auriferous section to bedrock will be eventually mined by low-cost bulk mining techniques. Thereby, low-grade material below the 2800 level bench will be preferentially pushed in as pit-fill to expose the

higher grade gravel for processing in 2010 if this is found to be feasible. Mostly barren upper sediments will be distributed as surface cover as shown on Figure 6. Washed tailings stacked on the left limit of the stream during mining will be contoured and partially spread over fine-sized settled sediment in the re-cycle pond to prevent erosion. If future mining appears to be unwarranted at this site the retention dam and ditch diversion will be re-contoured, otherwise these structures will be partly breached and stabilized until the 2010 mining season.

**Mining Budget**

The cost estimates for the 2009 alluvial gold mining program are as follows:

<b>Item/Task</b>	<b>Cost</b>
Capital equipment	\$ 313,000
Pre-field season labor	46,710
Mobilization/de-mobilization	59,300
Field labor	152,725
Camp and mine labor	106,080
Camp and miscellaneous	88,150
Cleanup	18,000
Hard rock program	6,405
Contingency	79,030
Total	\$ 869,400

The costs of the program have been funded through the forward sale of 1,291.05 ounces of gold for \$870,000. Additional operating funds of \$250,000 have been provided through the sale of 250,000 shares of convertible preferred stock. Based upon projections derived from assayed drill results of the test pit area, the assay results of drill holes encompassed in the test pit from the 2007 drill program of and the volume of mineralized material to be extracted and processed, we believe that we can mine well in excess of 1,500 ounces during the 2009 summer field season. Our economic modeling is built upon achieving at least 1,300 ounces of production. While we believe our mining plan to be conservative, there can be no assurance that the operation of the test mine will be successful in producing the anticipated number of ounces, or in providing engineering data that would support a similar or larger mining operation in 2010.

**Gold Recovery Plant, Stripping and Results of Sample Pit**

On August 6, 2009, the Company reported that an alluvial gold gravity recovery plant capable of processing up to 200 cubic yards per hour of gold-bearing gravels has been constructed and mobilized to its Chandalar property. The plant, which was expected to be operational within days, is scheduled to operate at about half capacity during its initial mechanical shakedown period and will process lower grade mineralized material that is readily accessible. Thereafter, focus will be on processing higher grade mineralized material from a mining test pit where overburden is currently being stripped.

At that date, overburden stripping to access higher grade mineralized material was approximately 50% complete. Sampling beneath the overburden confirmed the presence of high grade mineralized material, as shown in Figure 5.

This sample pit was excavated about 20 feet from the collar of a drill hole containing a 20-foot-thick intercept of gold-bearing gravel averaging 0.22 fine ounces of gold per cubic yard (oz/yd<sup>3</sup>). It penetrated this mineralized zone, where a series of 2-foot-long vertical samples, each equivalent to one cubic foot of material, over 12 feet average 0.51 oz/yd<sup>3</sup>, including 6 feet reporting nearly an ounce per cubic yard. At the same location, an excavator was used to also collect a one cubic yard sample from 5 vertical feet within the 12 foot zone. A total of 0.86 fine ounces of gold was recovered from this one yard sample, indicating a grade of 0.86 oz/yd<sup>3</sup>.

The gold recovered from the one yard bulk sample is of high quality. The gravity concentrate is clean and contains coarse easily recoverable gold with trivial associated flour gold. Black sands of magnetite or other heavy minerals like garnets that could plug up the sluice boxes on the plant are also negligible. Notably, no troublesome boulders were encountered in the material sampled. The Company uses a purity factor of 87% when converting raw troy ounces of gold to fine troy ounces of gold. This standard is based on the average of 22 assays of raw gold extracted from a suite of drill hole samples along Little Squaw Creek. Alaskan placer gold deposits typically show average grades on the order of 0.015 to 0.040 oz/yd<sup>3</sup>, and 0.025 oz/yd<sup>3</sup> is typically considered to be an acceptable mining grade. The Company considers samples that run more than 0.10 oz/yd<sup>3</sup>

to be high-grade . The Company has contracted Cathedral Rock Enterprises of Fairbanks, Alaska, to maintain grade and quality control. A Denver Gold Saver was used in the recovery of gold from all the samples.

*Figure 5, Sample Pit*





## Financial Condition and Liquidity

We are an exploration stage company and have incurred losses since our inception. We do not have sufficient cash at June 30, 2009 to fund normal operations for the next 12 months. During the quarter ended June 30, 2009, we raised cash of \$570,000 through the sale of gold futures and used those funds to build a wash plant, purchase equipment and mobilize our field camp at our Chandalar property in preparation for alluvial gold mining operations which are slated to begin in the third quarter of 2009. Additionally, subsequent to the close of the quarter, we raised additional cash of \$300,000 through the sale of gold futures and cash of \$250,000 through the sale of convertible preferred shares. The mining plan that was initiated during the quarter ended June 30, 2009 will consume approximately \$870,000 of the funds raised, leaving approximately \$250,000 to fund continuing operations for the coming 12 months if the mining operation is not successful in contributing additional cash through the sale of mined gold at market prices. Under the forward gold sales contracts in place at August 14, 2009, we will be required to deliver 301.56 ounces of gold on or before November 1, 2009 and 989.49 on or before November 1, 2010. Because the funds raised will be required to execute the mining plan and pay for normal corporate overhead, we are unable to set aside funds to purchase gold on the open market to satisfy the gold delivery obligations. We expect to mine sufficient gold from our Chandalar property and do not expect to be required to purchase gold on the open market to meet delivery obligations. If we are unable to mine sufficient gold, we will be required to renegotiate the terms of the forward gold sales contracts or raise funds from other sources through private placements of our common stock, joint ventures with other mining companies, sale of company assets or other means that will be addressed should the need arise. We can give no assurance that we will be able to successfully fill our requirements from mined gold or raise additional funds if required.

We currently have no recurring source of revenue and our ability to continue as a going concern is dependent on our ability to raise capital to fund our future exploration and working capital requirements or our ability to profitably execute on our current mining plan. Our plans for the long-term return to and continuation as a going concern include financing our future operations through sales of our common stock and/or debt and the eventual profitable exploitation of our mining properties. Additionally, the current capital markets and general economic conditions in the United States are significant obstacles to raising the required funds. These factors raise substantial doubt about our ability to continue as a going concern. We are currently investigating a number of alternatives for raising additional capital with potential investors, including the additional sales of gold futures, sales of convertible preferred shares, or forming relationships with lessees and joint venture partners.

On June 30, 2009 we had total liabilities of \$1,008,965 and total assets of \$1,706,969. This compares to total liabilities of \$1,230,215 and total assets of \$1,510,622 on December 31, 2008. As of June 30, 2009, the Company's liabilities consist of \$50,000 for environmental cleanup, \$580,053 in gold forward contracts, and \$378,912 in current liabilities, consisting of \$107,017 of trade payables, \$23,699 in accrued liabilities, \$10,306 due to legal firms, \$138,144 due to related parties, \$57,745 due to consultants and directors and \$42,000 due on note payable. The increase in liabilities compared to December 31, 2008 is largely due to increased spending related to preparation for mining activities during the quarter ended June 30, 2009, the continuing deferral of payments on related party and consultant fees and the note payable arising from the purchase of capital equipment. The increase in total assets was due to an increase in cash reserves and investment in the construction of the wash plant being assembled at our mine site during the quarter ending June 30, 2009, offset somewhat by the reduction of gold and fuel inventory through sales and usage, respectively.

Our principal source of liquidity during the respective six month periods ended June 30, 2009 and 2008, has been through the sale of equity instruments and forward gold contracts. During the most recent quarter, we sold \$780,822 in gold forward contracts for cash proceeds of \$570,000. We used cash of \$179,493 (to purchase and build equipment) compared with \$9,697 (to stake additional mining claims, offset by release of restricted cash for use in operations) for investing activities during the respective six months ended June 30, 2009 and 2008, respectively. Financing activities provided cash of \$486,000 and \$582,999 during the six months ended June 30, 2009 and 2008, respectively. We used cash in operating activities of \$222,607 and \$1,518,802 during the six months ended June 30, 2009 and 2008, respectively. Additionally, we converted the \$1,000,000

convertible debenture as described below into 5,000,000 shares of common stock during the six months ended June 30, 2009.

On May 6, 2009, our Board of Directors approved a limited mining plan for the alluvial gold deposit on Little Squaw Creek on our Chandalar property and authorized management to enter into forward gold sales contracts for a total of up to 1,500 ounces of alluvial gold to fund the mining operation. We have received a mining permit for a test mine, sold \$780,822 of forward gold sales contracts, net of discounts of \$210,822, resulting in cash proceeds of \$570,000, during the quarter ended June 30, 2009 with additional sales of \$410,959 of forward gold contracts net of discounts of \$110,959, resulting in cash proceeds of \$300,000 subsequent to the end of the quarter, have sold 250,000 shares of convertible preferred stock for cash proceeds of \$250,000 and have nearly completed the construction of the wash plant required to extract the gold from mineralized gravel during the late summer of 2009. The delivery of gold under \$670,000 of the forward gold sale contracts is on or before November 1, 2010 and for \$200,000 of forward gold sale contracts, delivery is required on or before November 1, 2009. The latter contracts also require an 8% compounded interest penalty for late delivery of gold. Our activities on the hard rock prospects at Chandalar will be limited to those that can be executed without significant supply or equipment shipments and may be limited to caretaking activities until additional funding can be obtained.

We believe that we currently have sufficient cash for company operations until the Spring of 2010. We believe that the sale of gold extracted during 2009 and 2010 will fill our commitments under the forward gold sales contracts and will provide operating capital for continued mining operations, and may eventually provide sufficient cash to finance further exploration activities on the hard rock prospects at Chandalar. We do not expect to be required to purchase gold on the open market to meet our gold delivery obligations. To assure the continuing operations of the Company through 2010, we will need to raise additional funds through profitable mining activities or additional debt or equity. We cannot assure that we will be successful in our mining plan or in attracting capital or debt on terms acceptable to us.

#### Convertible Debenture

In February 2009, the Company issued a total of 5,072,328 common shares to RAB Special Situations (Master) Fund Limited ( RAB ), pursuant to the terms of a convertible debenture held by RAB dated November 25, 2005 in the principal amount of \$1,000,000 due February 27, 2009 (the Debenture ). In accordance with the terms of the Debenture, the principal amount of \$1,000,000 plus interest of \$14,466, accrued from December 1, 2008 through February 27, 2009, was converted into common shares of the Company at a price of \$0.20 per share. Consequently, 5,000,000 common shares were issued to satisfy the conversion of the principal and 72,328 common shares were issued to satisfy conversion of the interest. After the conversion and issuance of these common shares, the Company had 44,219,712 shares of common stock outstanding.

The maturity date of the Debenture was originally November 21, 2008; however, the parties agreed to an extension to February 27, 2009. On February 17, 2009, the Company provided 10-day notice to RAB in writing of its intent to convert the Debenture, at the Company's option as allowed in the provisions of the Debenture, into common shares of the Company effective on February 27, 2009. The certificate for the common shares was delivered on February 23,

2009. A Form S-1 to register the shares was filed on February 5, 2009, as post-effective amendment number two to the Registration Statement on Form SB-2 (No. 333-140899) initially filed with the Securities and Exchange Commission ( SEC ) on February 26, 2007, as last amended October 24, 2008. The S-1 Registration Statement also served as post-effective amendment number four to the Registration Statement on Form SB-2 (No. 333-133216) initially filed with the SEC on April 11, 2006 as last amended May 1, 2007, and as post-effective amendment number four to the Registration Statement on Form SB-2 (No. 333-130819) initially filed with the SEC December 30, 2005, as last amended May 1, 2007. An amendment to Form S-1 was filed on May 1, 2009 to incorporate the audited financial statements and other information contained in our Form 10-K for 2008. The repetitive filings over several months have drained the Company's cash resources, and it has elected to abandon the registration effort at the present time. A new S-1 to register the shares may be undertaken in the future, most likely subsequent to or concurrent with the filing of the Company's next Form 10-K. Six months from the issue date, on August 27, 2009, the shares will become

tradable; however, RAB will be limited in its trading volume for its holdings of the Company's common stock due to its affiliate relationship to the Company.

### Gold Futures Sales

On May 6, 2009, the Company's Board of Directors authorized management to enter into forward gold sales contracts for a total of up to 1,500 ounces of alluvial gold. During the quarter ended June 30, 2009, the Company was successful in selling 841.27 ounces for total cash proceeds of \$570,000, for a total liability of \$780,822 net of \$210,822 in discounts. Through the date of this report, the Company has secured a total of \$870,000 (\$1,191,781 less \$321,781 of discounts) on the sale of 1291.05 ounces, with additional interested parties to complete the 1,500 ounce allotment. The forward sales of gold are being made under an Alluvial Gold Forward Sales Contract and its associated Confirmation Letter with each purchaser of the alluvial gold yet to be produced. Sales are made at a uniform percentage to all purchasers of 73% of the closing price of gold as quoted on the Daily London Bullion Brokers Second Gold Second Fixing on the date the Confirmation Letter is signed by the purchaser. With the exception of the following, the gold is to be delivered on or before November 1, 2010, with any gold distribution prior to November 1, 2010 done on a prorated weight and particle size basis among all purchasers. The final \$200,000 of forward gold sales contracts require delivery of gold by November 1, 2009, and requires an 8% per annum compounded interest penalty for late delivery. The Company expects to mine sufficient gold from its Chandalar property and does not expect to be required to purchase gold on the open market to meet delivery obligations.

### Related Party Transactions

During the quarter ended June 30, 2009, Earl C. Foster, an affiliate of the Company, owning more than 5% of the outstanding shares, entered into a gold future contract with the Company wherein he purchased \$250,000 of gold futures, a \$342,466 liability less \$92,466 in discounts, representing 377.58 ounces, with the gold to be delivered on or before November 1, 2010 from gold yet to be produced at the Company's Chandalar property. See Note 4 Gold Future Sales for details of the terms of sale of gold future contracts. Subsequent to the end of the quarter, he purchased 200,000 shares of convertible preferred stock, resulting in \$200,000 gross and net proceeds to the Company. See Gold Future Sales for details of the terms of sale of gold future contracts.

During the quarter ended June 30, 2009, David Atkinson, a director of the Company, beneficially owning more than 5% of the outstanding shares, and acting on behalf of the beneficial ownership group, entered into gold future contracts with the Company wherein he purchased a total of \$200,000 of gold futures, a \$273,973 liability less \$73,973 in discounts, representing 288.89 ounces, with the gold to be delivered on or before November 1, 2010 from gold yet to be produced at the Company's Chandalar property. Subsequent to the end of the quarter, that beneficial ownership group purchased an additional 134.44 ounces of gold futures for \$90,000, a \$123,288 liability less \$33,288 in discounts, under similar terms as the previous purchase, except that \$40,000 for 59.30 ounces requires gold delivery by November 1, 2009. See Gold Future Sales for details of the terms of sale of gold future contracts.

During the quarter ended June 30, 2009, James A. Fish, a director of the Company entered into gold future contracts with the Company wherein he purchased a total of \$20,000 of gold futures, a \$27,397 liability less \$7,397 in discounts, representing 28.99 ounces, with the gold to be delivered on or before November 1, 2010 from gold yet to be produced at the Company's Chandalar property. See Gold Future Sales for details of the terms of sale of gold future contracts.

#### Subsequent Events

Subsequent to the end the of the quarter, we entered into sales of gold forward contracts totaling \$300,000 of cash proceeds to the Company, representing 449.78 ounces, with the gold for \$100,000 of the purchases to be delivered on or before November 1, 2010 and delivery of \$200,000 of the forward gold purchases on or before November 1, 2009, from gold yet to be produced at the Company's Chandalar property. We do not expect to be required to purchase gold on the open market to meet these gold delivery obligations.

Subsequent to the end of the quarter, a fund managed by Nicholas Gallagher, an affiliate of the Company, owning more than 5% of the outstanding shares, entered into a gold future contract with the Company wherein he purchased \$160,000 of gold futures, a \$219,178 liability less \$59,178 in discounts, representing 241.25 ounces, with the gold to be delivered on or before November 1, 2009 from gold yet to be produced at the Company's Chandalar property. See Gold Future Sales for details of the terms of sale of gold future contracts.

Additionally, we sold 250,000 shares of Series A Convertible Preferred shares subsequent to the end of the quarter, resulting in \$250,000 cash proceeds to the Company. The terms of the Series A Convertible Preferred shares are described in full in our 2008 Form 10-K filed with the Securities and Exchange Commission on April 3, 2009. The Series A Convertible Preferred shares were issued in private transactions pursuant to the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) thereof.

### **Off-Balance Sheet Arrangements**

None.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not Applicable.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

At the end of the period covered by this report, an evaluation was carried out under the supervision of, and with the participation of, the Company's management, including the President and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Securities and Exchange Act of 1934, as amended). Based on that evaluation, the President and Chief Financial Officer have concluded that as of the end of the period covered by this report, the Company's disclosure controls and procedures were adequately designed and effective in ensuring that information required to be disclosed by the Company in its reports that it files or submits to the SEC under the Exchange Act, is recorded, processed, summarized and reported within the time period specified in applicable rules and forms.

Our President and Chief Financial Officer have also determined that the disclosure controls and procedures are effective to ensure that material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including the Company's President and Chief Financial Officer, to allow for accurate required disclosure to be made on a timely basis.

**Changes in internal controls over financial reporting**

During the period covered by this report, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.



## PART II OTHER INFORMATION

### Item 1. Legal Proceedings

In July of 2009, the Superior Court of the State of Alaska issued a Writ of Assistance, wherein any Peace Officer of the State of Alaska is directed to grant assistance in removing Gold Dust Mines, Inc, and its owner, Del Ackels, and any of their personal property from claims owned by us. This action results from final judgment and rulings against those parties in our favor in June 2009. We believe that the removal of these parties and their property will enable us or our agents to work our mining claims without disruption or encumbrance from these parties. In separate but related matters, the claim filed in May of 2009 against the Company in Federal court for \$560,000 in purported damages resulting from the State Superior Court's award of certain mining claims to us in December 2008 is still pending. We have filed a motion for dismissal of this proceeding. The defendant has also filed with the Supreme Court of the State of Alaska an appeal of the June 2009 rulings from the December 2008 case. We and our legal counsel believe that the claims are baseless and without merit, and that the chance of a judgment against us in these matters is remote. However, we have been advised that the legal process to dismiss or resolve these claims may take two or three years. Accordingly, no accrual for this claim has been made in the financial statements ended June 30, 2009.

### Item 1A. Risk Factors

Except for the risk factors described below, there have been no material changes from the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission on April 3, 2009.

***We may not be able to cover our gold future contracts with gold produced from our property, requiring us to purchase gold in the open market to cover these contracts, depleting our capital, and, further, we may not have or be able to obtain sufficient capital to make such purchases, subjecting us to penalties under the contracts.***

We have entered into multiple gold future contracts that require us to deliver certain amounts of gold on future dates. Specifically, we will be required to deliver 301.56 ounces of gold to a future contract holder on November 1, 2009 and 989.49 ounces of gold to future contract holders on November 1, 2010 for a total delivery requirement of 1,291.05 ounces of gold. If we are unable to produce gold from our property sufficient to meet these delivery requirements, we will be required to purchase gold in the open market to cover our delivery requirements. As of June 30, 2009, we had \$446,536 in current assets. On August 12, 2009, the closing 24-hour New York spot price for gold was \$947.20 per ounce, making the current estimated cost for purchasing the full amount of required ounces of gold to be delivered under the future gold contracts approximately \$1,222,883. This amount is subject to the volatility of gold prices. We may not have sufficient capital to cover the purchase of gold in the market to cover any short-fall in our gold delivery requirements and we may be unable to raise sufficient capital through financing to meet such obligations. Further, such purchases in the open market will reduce our available working capital and may require us to reduce or cease our future mining plans on our property. If we are unable to meet our 2009 delivery requirement, the gold future contracts

provide for an 8% per annum compounded interest penalty for late delivery.

**Item 2. Unregistered Sales Of Equity Securities And Use Of Proceeds**

On May 6, 2009, the Company's Board of Directors authorized management to enter into forward gold sales contracts for a total of up to 1,500 ounces of alluvial gold. During the quarter ended June 30, 2009, the Company was successful in selling 841.27 ounces for total cash proceeds of \$570,000, for a total liability of \$780,822 net of \$210,822 in discounts. Through the date of this report, the Company has secured a total of \$870,000 (\$1,191,781 less \$321,781 of discounts) on the sale of 1291.05 ounces, with additional interested parties to complete the 1,500 ounce allotment. The forward sales of gold are being made under an Alluvial Gold Forward Sales Contract and its associated Confirmation Letter with each purchaser of the alluvial gold yet to be produced. Sales are made at a uniform percentage to all purchasers of 73% of the closing price of

gold as quoted on the Daily London Bullion Brokers Second Gold Second Fixing on the date the Confirmation Letter is signed by the purchaser. With the exception of the following, the gold is to be delivered on or before November 1, 2010, with any gold distribution prior to November 1, 2010 done on a prorated weight and particle size basis among all purchasers. The final \$200,000 of forward gold sales contracts require delivery of gold by November 1, 2009, and requires an 8% per annum compounded interest penalty for late delivery. The Company expects to mine sufficient gold from its Chandalar property and does not expect to be required to purchase gold on the open market to meet delivery obligations. The forward gold sales contracts were placed in private transactions pursuant to the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) thereof.

Subsequent to the end of the quarter, we sold 250,000 shares of Series A Convertible Preferred shares, resulting in \$250,000 cash proceeds to the Company. The terms of the Series A Convertible Preferred shares are described in full the our 2008 Form 10-K filed with the Securities and Exchange Commission on April 3, 2009. The Series A Convertible Preferred shares were issued in private transactions pursuant to the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) thereof.

**Item 3. Defaults upon Senior Securities**

Not Applicable.

**Item 4. Submission of Matters to a Vote of Security Holders**

None

**Item 5. Other Information**

None

**Item 6. Exhibits**

Exhibit 10.1

Form of Alluvial Gold Forward Sales Contract (1)

Exhibit 10.2

Form of Alluvial Gold Forward Sales Contract Confirmation Letter (1)

Exhibit 10.3

Update of Mineralized Material Estimate and Data Analysis for Little Squaw Creek (1)

Exhibit 31.1

Certification of Richard R. Walters, President and Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2

Certification of Ted R. Sharp, Chief Financial Officer and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1

Certification of Richard R. Walters, President and Principal Executive Officer, pursuant to 18 U.S.C. 1350.

Exhibit 32.2

Certification of Ted R. Sharp, Chief Financial Officer and Principal Financial Officer, pursuant to 18 U.S.C. 1350.

(1) Previously filed with the Commission under cover of Form 8-K on June 4, 2009



**SIGNATURES**

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 14, 2009

GOLDRICH MINING COMPANY

By

/s/ Richard R. Walters

Richard R. Walters, President

In accordance with Section 12 of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 14, 2009

GOLDRICH MINING COMPANY

By /s/ Ted R. Sharp

Ted R. Sharp, Chief Financial Officer

