

GOLDRICH MINING CO  
Form 10-Q  
November 14, 2014

**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 September 30, 2014**  
**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**

**91-0742812**

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(State of other jurisdiction of incorporation or organization)

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

**2607 Southeast Blvd, Ste. B211**  
**Spokane, Washington**  
(Address of Principal Executive Offices)

**99223-4942**  
(Zip Code)

**(509) 535-7367**

(Registrant's Telephone Number, including Area Code)

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

Indicate by check mark 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  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. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company

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 November 14, 2014: 123,382,809

**TABLE OF CONTENTS**

**PART I FINANCIAL INFORMATION**

	<b><u>3</u></b>
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition or Plan of Operation</u>	<u>15</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>25</u>
<u>Item 4. Controls and Procedures</u>	<u>26</u>

**PART II OTHER INFORMATION**

	<b><u>27</u></b>
<u>Item 1. Legal Proceedings</u>	<u>27</u>
<u>Item 1A. Risk Factors</u>	<u>27</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use Of Proceeds</u>	<u>27</u>
<u>Item 3. Defaults upon Senior Securities</u>	<u>27</u>
<u>Item 4. Mine Safety Disclosure</u>	<u>27</u>

Item 5. Other Information

27

Item 6. Exhibits

27

**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Goldrich Mining Company  
Consolidated Balance Sheets**

	(Unaudited) September 30, 2014	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 696,462	\$ 16,993
Prepaid expenses	115,600	58,780
Deferred financing costs	36,117	23,632
Other current assets	59,096	52,819
Total current assets	907,275	152,224
Property, plant, equipment, and mining claims:		
Equipment, net of accumulated depreciation	140,025	273,550
Mining properties and claims	582,166	582,166
Total property, plant, equipment and mining claims	722,191	855,716
Other assets:		
Investment in joint venture	55,300	55,300
Total other assets	55,300	55,300
<b>Total assets</b>	<b>\$ 1,684,766</b>	<b>\$ 1,063,240</b>
<b>LIABILITIES AND STOCKHOLDERS DEFICIT</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 472,249	\$ 516,178
Related party deferred compensation	-	115,000
Related party payable	67,322	115,894
Notes payable in gold, net	797,252	701,729
Dividend payable on preferred stock	22,083	22,083
Total current liabilities	1,358,906	1,470,884
Long-term liabilities:		
Note payable, net of discount	251,305	-
Remediation liability and asset retirement obligation	644,424	635,850
Total long-term liabilities	895,729	635,850
<b>Total liabilities</b>	<b>2,254,635</b>	<b>2,106,734</b>
Stockholders' deficit:		
Preferred stock; no par value, 8,999,800 shares authorized;		
no shares issued or outstanding	-	-
Convertible preferred stock series A; 5% cumulative dividends,		

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no par value, 1,000,000 shares authorized; 175,000 shares issued and	175,000	175,000
outstanding, respectively, \$350,000 liquidation preferences		
Convertible preferred stock series B; no par value, 300 shares		
authorized, 200 shares issued and outstanding, \$200,000 liquidation	57,758	-
preference		
Common stock; \$.10 par value, 200,000,000 shares authorized;	12,338,281	
123,382,809 and 95,656,719 issued and outstanding, respectively		9,565,672
Additional paid-in capital	13,507,070	14,724,619
Accumulated deficit	(26,647,978)	(25,508,785)
<b>Total stockholders deficit</b>	<b>(569,869)</b>	<b>(1,043,494)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 1,684,766</b>	<b>\$ 1,063,240</b>

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

**Goldrich Mining Company**  
**Consolidated Statements of Operations**  
*(unaudited)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Operating expenses:				
Mine preparation costs	\$ -	\$ 101,678	\$ 44,754	\$ 147,238
Exploration expense	216,215	10,534	247,296	21,542
Management fees and salaries	56,469	53,250	182,125	213,188
Professional services	5,363	13,959	70,285	68,965
Other general and admin expense	59,149	72,852	188,153	195,556
Office supplies and other expense	4,143	83	11,254	5,668
Directors' fees	6,900	32,300	32,300	50,100
Mineral property maintenance	17,565	15,722	51,540	42,959
Depreciation	32,898	62,302	132,061	191,554
Reclamation and miscellaneous	-	-	-	596
Loss on disposal of mining properties and equipment	-	44	1,465	44
Total operating expenses	398,702	362,724	961,233	937,410
Other (income) expense:				
Interest income	(63)	(272)	(90)	(7,607)
Interest expense and finance costs	60,955	40,988	178,050	89,702
Loss (gain) on foreign currency translation	-	-	-	(605)
Total other expense	60,892	40,716	177,960	81,490
Net loss	459,594	403,440	1,139,193	1,018,900
Preferred dividends	2,237	2,236	56,636	7,143
Net loss available to common stockholders	\$ 461,831	\$ 405,676	\$ 1,195,829	\$ 1,026,043
Net loss per common share basic and diluted	\$ Nil	\$ Nil	\$ 0.01	\$ 0.01
Weighted average common shares outstanding-basic and diluted	120,189,061	95,541,112	99,895,838	95,526,345

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



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

	Nine Months Ended September 30,	
	2014	2013
Cash flows from operating activities:		
Net loss	\$ (1,139,193)	\$ (1,018,900)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	132,059	194,729
Loss on disposal of equipment and mining property	1,465	44
Stock based compensation	-	58,975
Amortization of discount on note receivable	-	(7,592)
Amortization of discount on note payable and notes payable in gold	109,822	64,406
Amortization of deferred financing costs	32,141	13,792
Accretion of asset retirement obligation	8,574	8,247
Change in:		
Prepaid expenses	(56,820)	(59,666)
Other current assets	(6,277)	12
Accounts payable and accrued liabilities	(43,929)	(15,230)
Related party payable	(48,572)	29,913
Related party deferred compensation	(115,000)	-
Net cash used - operating activities	(1,125,730)	(731,270)
Cash flows from investing activities:		
Payment received from receivable for equipment sale	-	332,067
Proceeds from the sale of equipment	-	250
Net cash used - investing activities	-	332,317
Cash flows from financing activities:		
Payments on related party debt	-	(21,000)
Proceeds from issuance of common stock and warrants, net of offering costs	1,374,710	-
Proceeds from issuance of notes payable in gold, net	-	571,352
Proceeds from issuance of note payable with warrants	285,000	-
Proceeds from issuance of preferred stock	200,000	-
Financing costs of note payable	(54,511)	-
Net cash provided - financing activities	1,805,199	550,352

Net increase in cash and cash equivalents	679,469	151,399
Cash and cash equivalents, beginning of period	16,993	44,395
<b>Cash and cash equivalents, end of period</b>	<b>\$ 696,462</b>	<b>\$ 195,794</b>
Supplemental disclosures of cash flow information:		
Non-cash investing and financing activities:		
Warrants issued with notes payable in gold	\$ -	\$ 7,590

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

Goldrich Mining Company

Notes to the Consolidate 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 three and nine-month periods ended September 30, 2014 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2014.

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, 2013.

### Cash and Cash Equivalents

For the purposes of the balance sheet and statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be a cash equivalent. Cash or cash equivalents which secure debt instruments, credit facilities, reclamation or environmental bonds, or that are otherwise limited or restricted in their usage, are reported separately and not included in cash and cash equivalents.

### Consolidation of and Accounting for Subsidiaries

The consolidated financial statements include the accounts of the Company and the accounts of its 100% owned subsidiaries Minera LSG S.A. and Goldrich Placer, LLC. These subsidiaries are included in the accompanying financial statements by consolidation of the Statements of Operations and the Balance Sheets as of September 30, 2014 and December 31, 2013 with all intercompany balances and investment accounts eliminated.

Accounting for Investments in Joint Ventures

For joint ventures in which the Company does not have joint control or significant influence, the cost method is used. Under the cost method, these investments are carried at the lower of cost or fair value. For those joint ventures in which there is joint control between the parties and in which the Company has significant influence, the equity method is utilized whereby the Company's share of the ventures' earnings and losses is included in the statement of operations as earnings in joint ventures and its investments therein are adjusted by a similar amount. Goldrich has no significant influence over its joint venture described in Note 6 *Joint Venture*, and therefore accounts for its investment using the cost method.

For joint ventures where the Company holds more than 50% of the voting interest and has significant influence, the joint venture is consolidated with the presentation of a non-controlling interest. In determining whether significant influence exists, the Company considers its participation in policy-making decisions and its representation on the venture's management committee. Goldrich currently has no joint venture of this nature.

Goldrich Mining Company

Notes to the Consolidate Financial Statements (unaudited)

1.

**BASIS OF PRESENTATION, CONTINUED**Net Loss Per Share

Basic EPS is computed as net income available to common shareholders after dividends to preferred shareholders, 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 debt and securities. The dilutive effect of vested convertible and exercisable securities would be:

<u>For periods ended</u>	<b>September 30, 2014</b>	<b>September 30, 2013</b>
Convertible preferred stock Series A	1,050,000	1,050,000
Convertible preferred stock Series B	2,857,142	-
Stock options	3,200,000	3,315,000
Warrants	53,446,747	33,849,630
<b>Total possible dilution</b>	<b>60,553,889</b>	<b>38,214,630</b>

For the three and nine-month periods ended September 30, 2014 and 2013, the effect of the Company's outstanding options and common stock equivalents would have been anti-dilutive.

New Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board issued Accounting Standard Update No. 2014-10 (the ASU). This update changes the requirements for disclosures as they relate to exploration stage entities. The ASU specifies that the inception-to-date information is no longer required to be presented in the financial statements of an exploration stage entity. The amendments in the ASU are effective for annual reporting periods beginning after December 15, 2014 and interim periods thereafter, with early application permitted for any financial statements that have not yet been issued. The Company has elected to apply the amendments effective with the third quarter of 2014.

Reclassifications

Certain reclassifications have been made to conform prior periods presentation to the current presentation. These reclassifications have no effect on the results of operations or stockholders deficit.

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, stock based compensation, deferred financing costs, and deferred tax assets and related valuation allowances. Actual results could differ from those estimates.

Fair Value Measures

Our financial instruments other than cash consist principally of notes payable in gold and notes payable. These instruments do not require recurring re-measurement at fair value.

Goldrich Mining Company

Notes to the Consolidate Financial Statements (unaudited)

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 has incurred losses since its inception and does not have sufficient cash to fund normal operations and meet debt obligations for the next 12 months without deferring payment on certain current liabilities and/or raising additional funds.

The Company currently has no historical 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 its business plan. The Company's plans for the long-term return to and continuation as a going concern include the profitable exploitation of its mining properties and financing the Company's future operations through sales of its common stock and/or debt.

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 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 were 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.

3.

## **RELATED PARTY TRANSACTIONS**

Beginning in October 2012, this Company's President and Chief Executive Officer ( CEO ) elected to defer a portion of his salary until the Company is successful in securing financing sufficient to fund future operations. An amount of \$30,000 was deferred and accrued at December 31, 2013, and was paid during the quarter ended September 30, 2014.

A total of \$11,338 interest was accrued and payable at December 31, 2013, to the Company's former Chief Operating Officer in connection with the settlement of notes payable in gold settled in 2011. These amounts were paid during the quarter ended September 30, 2014.

An amount of \$7,031 has been accrued for fees due to the Company's Chief Financial Officer for services performed during the quarter ended September 30, 2014. This amount is included in related party payable. Fees of \$11,469 and \$47,125 were expensed during the three and nine month periods ended September 30, 2014, respectively.

A total of \$87,900 had been accrued for directors' fees at December 31, 2013. For the nine months ended September 30, 2014, \$59,910 has been paid and an additional \$32,300 has been accrued for services performed during the period, for a total of \$60,290, which is included in related party payable.

**4.**

**NOTES PAYABLE IN GOLD**

During 2013, the Company issued notes in principal amounts totaling \$820,000, less a discount of \$205,000, for net proceeds of \$615,000. Under the terms of the notes, the Company agreed to deliver gold produced by the Joint Venture (see Note 6 *Joint Venture*) to the holders at the lesser of \$1,350 per ounce of fine gold or a 25% discount to market price as calculated on the contract date and specify delivery of gold in November 2014. The notes payable in gold contracts contain standard terms regarding delivery and receipt of gold and payment of delivery costs. The Company paid a finder fee of \$42,000 to an independent third party, and incurred other placement costs of \$2,143, for a total of \$44,143 of finance costs.



Goldrich Mining Company

Notes to the Consolidate Financial Statements (unaudited)

4.

#### **NOTES PAYABLE IN GOLD, CONTINUED**

At September 30, 2014, the Company had outstanding total notes payable in gold of \$820,000 less unamortized discounts of \$22,748 for a net liability of \$797,252, representing 511.193 ounces of fine gold deliverable at November 30, 2014.

Additionally, for each dollar of note payable in gold entered into during 2013, the holder received one half of a common stock purchase warrant. Each whole warrant is exercisable to purchase one share of common stock of the Company at an exercise price of \$0.40 for a period of two years following the date of issue.

A portion of the cash proceeds from the notes were allocated to the warrants, resulting in an increase in additional paid in capital and a discount on the notes payable in gold of \$7,590.

In the event that the Company's shares of common stock trade in the United States at a closing price of greater than \$1.00 per share for a period of 10 consecutive trading days at any time following the issuance of the warrants, the Company may, in its sole discretion, accelerate the expiration date of the warrants by giving written notice to the holders thereof, and in such case, the warrants will expire on the 20<sup>th</sup> business day after the date on which such notice is given by the Company.

5.

#### **NOTE PAYABLE**

On January 24, 2014, the Company closed a three-year unsecured senior note financing for \$300,000 with a private investment firm. Per the note agreement, the \$300,000 is the first of six-staged loans for total aggregate proceeds of up to \$2 million. The note bears interest at 15%, payable at the end of each quarter. Interest of \$30,360 had been paid and expensed during the nine months ended September 30, 2014.

Repayment of all amounts owed under the note is guaranteed by Goldrich Placer LLC, the Company's wholly owned subsidiary, which in turn owns a 50% interest in Goldrich NyacAU Placer LLC. See *Note 6 Joint Venture*.

The note contains standard default provisions, including failure to pay interest and principal when due. If the lender has fully funded loans 1 through 4 as outlined below, then upon the occurrence of any event of default as defined in the agreement, until such time as the earlier of either (i) the event of default has been cured in the reasonable judgment of the Lender as evidenced in writing or (ii) all amounts due and payable under the note are paid in full pursuant to the terms hereof, any amounts owing hereunder shall bear an applicable rate equal to twenty percent (20%) per annum and shall be immediately due and payable to lender upon lender's written demand to the Company.

Under the terms of the note, the three-year maturity date is measured from the closing date of each loan in the series. The loans will be issued at a 5% discount and, for each loan of the series, the lender will be issued a pro rata amount of five-year Class M warrants totaling up to 10.5 million shares of common stock of the Company should the total proceeds reach the \$2 million maximum. The company will issue 5.25 Class M warrants, exercisable at \$0.15 per common share, for each dollar loaned under this agreement. The Company has, at its election, the ability to cancel future loans at any time or prepay the loans together with interest thereon without penalty. The lender reserves the right, at its election, to determine whether to fund Loans 2 through 6 in the series. The Company will pay finder fees consisting of a 3% cash commission and warrants to purchase shares of common stock of the Company equal to 8% of each loan (160,000 warrants through September 30, 2014), of which 1% of the cash commission and 3% of the warrants will be paid to a director of the Company. The terms of the warrants will be the same as the warrants issued to the lender.

## Goldrich Mining Company

## Notes to the Consolidate Financial Statements (unaudited)

## 5.

**NOTE PAYABLE, CONTINUED**

During the nine-months ended September 30, 2014, the Company received the first staged loan of \$300,000 less a discount of \$15,000, for proceeds of \$285,000. The Company issued 1,735,000 Class M warrants, paid finder fees totaling \$9,000, and incurred other placement costs of \$45,511, for a total of \$54,511 of deferred finance costs.

The fair value of warrants issued with the notes payable in gold was estimated at the date of issuance using the Black-Scholes fair value model, which requires the use of highly subjective assumptions, including the expected volatility of the stock price, which may be difficult to estimate for small reporting companies traded on micro-cap stock exchanges.

The fair value of the warrants was estimated on the issue date using the following weighted average assumptions:

Risk-free interest rate	1.52%
Expected dividend yield	0
Expected term (in years)	5
Expected volatility	157.1%

The risk-free interest rate is based on the U.S. Treasury yield curve at the time of the grant. The expected term of warrants issued is from the date of issuance. The expected volatility is based on historical volatility. The Company has evaluated previous low occurrences of warrant forfeitures and believes that current holders of the warrants will hold them to maturity as has been experienced historically; therefore, no variable for forfeiture was used in the calculation of fair value. Each stage of the Note payable is discounted by the fair value of the warrants, which is then amortized over the life of the note.

At September 30, 2014, the Company had outstanding total notes payable of \$300,000 less unamortized discounts of \$48,695 for a net liability of \$251,305. The holder of the note payable contract elected to defer at least the second through the fifth tranches of the note advances pending the resolution and additional due diligence related to a lien that was placed on our claims in December by our joint venture partner, which were subsequently released during the quarter ended March 31, 2014.

6.

## JOINT VENTURE

On May 7, 2012, the Company entered into a joint venture ( the JV ) with NyacAU, LLC ( NyacAU ), an Alaskan private company, to bring Goldrich s Chandalar placer gold properties into production. In each case as used herein in reference to the JV, production is as defined by the JV agreement. As part of the agreement, Goldrich and NyacAU formed a 50:50 joint venture company, Goldrich NyacAU Placer LLC ( GNP ), to operate the Chandalar placer mines, with NyacAU acting as managing partner. Goldrich has no significant control or influence over the JV, and therefore accounts for its investment using the cost method, which totals \$55,300 through September 30, 2014.

Under the terms of the joint venture agreement (the Agreement ), NyacAU provided funding to the JV. The loans are to be repaid from future production. Once all loans have been repaid and working capital and budgeted reserves have been established, profits from the placer production will be paid out on a 50:50 basis to each of the JV partners.

Goldrich Mining Company

Notes to the Consolidate Financial Statements (unaudited)

7.

## **STOCKHOLDERS EQUITY**

### Private Placements

On June 6, 2014, the Company completed the first tranche of a private placement of its common stock and warrants to purchase shares of its common stock. This tranche of the private placement consisted of 14,208,637 units to be issued at a price of \$0.055 per unit and resulted in net proceeds to the Company of \$703,004. Each unit consists of one share of the Company's common stock and one half of a Class N warrant. Each full Class N warrant is exercisable to purchase one additional common share of the Company at \$0.11, for a period of five years following the date of issue. Of the units to be issued in this tranche, officers and directors of the Company purchased 481,819 units, contributing \$26,500 of the total proceeds. Such units were purchased on the same terms and conditions as the purchase of units by other investors in the private placement.

On June 30, 2014, the Company completed the second tranche of a private placement of its common stock and warrants to purchase shares of its common stock. This tranche of the private placement consisted of 8,700,363 units to be issued at a price of \$0.055 per unit and resulted in net proceeds to the Company of approximately \$432,960. Of the units to be issued in this tranche, officers and directors of the Company purchased 833,545 units, contributing \$45,845 of the total proceeds. Such units were purchased on the same terms and conditions as the purchase of units by other investors in the private placement.

On July 18, 2014, the Company completed the final tranche of a private placement of its common stock and warrants to purchase shares of its common stock. This tranche of the private placement consisted of 4,817,090 units to be issued at a price of \$0.055 per unit and resulted in net proceeds to the Company of approximately \$238,746. Of the units to be issued in this tranche, officers and directors of the Company purchased 109,090 units, contributing \$6,000 of the total proceeds. Such units were purchased on the same terms and conditions as a purchase of units by other investors in the private placement.

In relation to these placements, the Company issued 2,701,386 Class N-2 Warrants for finders fees. Terms of the N-2 warrant are identical to the class N warrant except the exercise price to purchase a common share is \$0.055.

On January 23, 2014, the Company completed the offer and sale of 200 shares of Series B Preferred stock in the Company, resulting in net proceeds of \$200,000 to the Company. These shares were issued from the designated 9,000,000 share of Preferred Stock, par value as the Board may determine.

In connection with the issuance of the Series B Preferred Stock, the Company issued 2,857,142 five-year Class L warrants with an exercise price of \$0.10 per share of the Company's common stock with a fair value of \$92,242 as determined using a Black Scholes model and allocation between the preferred shares and the warrants as prescribed by ASC 470. Additionally, after accounting for the fair value of the warrant, a beneficial conversion feature of \$50,000 was determined to exist, which represented a deemed dividend to the holder of the preferred shares recognizable immediately upon issue due to the ability to convert the shares concurrent with issuance of the preferred shares. Both the fair value of the warrants and the beneficial conversion feature were charged to Additional paid in capital at the date of issuance.

Goldrich Mining Company

Notes to the Consolidate Financial Statements (unaudited)

7.

**STOCKHOLDERS EQUITY, CONTINUED**

The fair value of the warrants was estimated on the issue date using the following weighted average assumptions:

Risk-free interest rate	1.62%
Expected dividend yield	--
Expected term (in years)	5
Expected volatility	157.0%

The Series B Convertible Preferred Shares carry the following rights and preferences:

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**Liquidation Preference:** Upon a liquidation event, each holder of outstanding shares of Series B Stock shall be entitled to be paid out of the assets of the Company available for distribution to stockholders, whether such assets are capital, surplus or earnings and before any amount shall be paid or distributed to the holders of any class of the Company's common stock, par value \$0.10 per share (the "Common Stock"), or of any other stock ranking on liquidation junior to the Series B Stock, an amount in cash equal to \$1,000 per share (adjusted appropriately for stock splits, stock dividends and the like) (the "Series B Liquidation Amount"), payable pari passu with the preference with any other securities ranking equal in liquidation preference; provided, however, that if upon any liquidation event, the amounts payable with respect to the Series B Stock are not paid in full, the holders of the Series B Stock shall share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. Holders of the Company's Series A Preferred Stock shall be paid in advance of holders of Series B Stock on the occurrence of a liquidation event.

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**Voting:** Each holder of Series B Stock shall be entitled to vote on all matters upon which holders of Common Stock would be entitled to vote and shall be entitled to that number of votes equal to the number of whole shares of Common Stock into which such holder's shares of Series B Stock could be converted under Section 4, at the record date for the determination of stockholders entitled to vote on such matter, or, if no such record date is established, at the day before the first notice of the meeting of stockholders at which the vote is to be taken is delivered to stockholders, or the date any written consent of stockholders is solicited if the vote is not to be taken at a meeting. Each such holder shall be entitled to notice of any stockholders' meeting in accordance with the Company's Bylaws.

Except as otherwise expressly provided in the Company's Articles of Incorporation, by the Alaska Code or the Certificate of Designation, the holders of shares of Series B Stock shall vote together as a single class with the Common Stock on an as-if-converted basis on all matters.

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Conversion: Any share of Series B Preferred Stock may, at the option of the holder be converted at any time into such number of fully-paid and non-assessable shares of Common Stock as is equal to the product obtained by multiplying the Series B Conversion Rate (\$1000 divided by the Series B Conversion Price of \$0.07 per share) by the number of shares of Series B Stock being converted.

•

Right to Participate: The Company grants to each holder of Series B Stock the right to participate in any offerings of the Company's Common Shares or securities convertible into or exercisable to obtain Common Shares ( Participation Securities ) where the price per Common Share (including on an as converted or exercised basis, as applicable) is less than \$0.07 for a three-year period beginning on the Closing Date.



## Goldrich Mining Company

Notes to the Consolidate Financial Statements (unaudited)

7.

**STOCKHOLDERS EQUITY, CONTINUED****Warrants:**

The following is a summary of warrants outstanding at September 30, 2014:

	Shares	Exercise Price (\$)	Expiration Date
<b>Class G Warrants: (for Private Placement)</b>			
Outstanding and exercisable at January 1, 2013	4,169,850	0.36	Dec. 31, 2014 (1)
Outstanding and exercisable at December 31, 2013	4,169,850		
Outstanding and exercisable at September 30, 2014	4,169,850		
<b>Class H Warrants: (Issued for Private Placement)</b>			
Outstanding and exercisable at January 1, 2013	5,125,936	0.30	May 31, 2016
Outstanding and exercisable at December 31, 2013	5,125,936		
Outstanding and exercisable at September 30, 2014	5,125,936		
<b>Class I Warrants: (Issued for Private Placement)</b>			
Outstanding and exercisable at January 1, 2013	13,906,413	0.40	May 31, 2016
Outstanding and exercisable at December 31, 2013	13,906,413		
Outstanding and exercisable at September 30, 2014	13,906,413		
<b>Class J Warrants: (Issued for Private Placement)</b>			
Outstanding and exercisable at January 1, 2013	8,780,478	0.30	July 29, 2016
Outstanding and exercisable at December 31, 2013	8,780,478		
Outstanding and exercisable at September 30, 2014	8,780,478		
<b>Class K Warrants: (Issued for Notes payable in gold)</b>			
Warrants issued March 29, 2013	307,500	0.40	March 29, 2015
Outstanding and exercisable at December 31, 2013	307,500		
Outstanding and exercisable at September 30, 2014	307,500		
<b>Class L Warrants: (Issued for Private Placement of Preferred Stock)</b>			
Warrants issued January 23, 2014	2,857,142	.10	January 23, 2019
Outstanding and exercisable at September 30, 2014	2,857,142		
<b>Class M Warrants: (Issued for Note Payable)</b>			
Warrants issued January 29, 2014	1,735,000	.15	January 29, 2019
Outstanding and exercisable at September 30, 2014	1,735,000		

**Class N Warrants: (Issued for Private Placement)**

Warrants issued June 6, 2014	7,104,317	.11	June 6, 2019
Warrants issued June 30, 2014	4,350,180	.11	June 30, 2019
Warrants issued July 18, 2014	2,408,545	.11	July 18, 2019
Outstanding and exercisable at September 30, 2014	13,863,042		

**Class N-2 Warrants: (Issued for Finders Fees)**

Warrants issued July 18, 2014	2,701,386	.055	July 18, 2019
Outstanding and exercisable at September 30, 2014	2,701,386		
Weighted average exercise of warrants outstanding and weighted average exercise price at September 30, 2014	53,446,747	.25	

(1)

In February 2013, the expiration dates of the Class G warrants were extended by one year, all of which will expire during December of 2014. No other terms were modified.

Goldrich Mining Company

Notes to the Consolidate Financial Statements (unaudited)

7.

**STOCKHOLDERS EQUITY, CONTINUED****Stock-Based Compensation:**

During 2013, the Company issued 25,000 options to an employee. The fair value of these options was determined using a Black Scholes model, resulting in a total fair value of \$2,700 for these options. The fair value of the options was estimated on the issue date using the following weighted average assumptions:

Risk-free interest rate	1.75%
Expected dividend yield	--
Expected term (in years)	10
Expected volatility	142.4%

In 2009, the Company issued 750,000 options to the President and CEO for a term of five-years. On February 20, 2013, the board voted to cancel the options and issue new options at the same exercise price of \$0.405 to effectively extend to a total of 10-years with the same strike price. This resulted in an additional fair value of \$37,575 for these options.

	<b>Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding at December 31, 2013	3,315,000	\$ 0.28
Issued	-	-
Canceled/Forfeited	(115,000)	0.24
Outstanding at September 30, 2014	3,200,000	\$ 0.28

For the nine-month periods ended September 30, 2014 and 2013, the Company recognized share-based compensation for employees of \$nil and \$58,975, respectively.

8.

**COMMITMENTS AND CONTINGENCIES**

The Company has 426.5 acres of patented claims and 22,432 acres of non-patented claims. We are subject to annual claims rental fees in order to maintain our non-patented claims. In addition to the annual claims rental fees due November 30 of each year, we are also required to meet annual labor requirements due November 30 of each year. The Company is able to carry forward costs for annual labor that exceed the required yearly totals for four years.

Following are the annual claims and labor requirements for 2014 and 2015.

	November 30, 2014	November 30, 2015
Claims Rental	\$ 69,350	\$ 83,570
Annual Labor	61,100	61,100
Yearly Totals	\$ 130,450	\$ 144,670

The Company has a carryover to 2015 of approximately \$17.1 million to satisfy its annual labor requirements. This carryover expires in the years 2015 through 2020 if unneeded to satisfy requirements in those years.

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

As used in herein, the terms Goldrich, the Company, we, us, and our refer to Goldrich Mining Company.

*This discussion and analysis contains forward-looking statements that involve known or unknown risks, uncertainties and other factors that may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Except for historical information, the matters set forth herein, which are forward-looking statements, involve certain risks and uncertainties that could cause actual results to differ. Potential risks and uncertainties include, but are not limited to, unexpected changes in business and economic conditions; significant increases or decreases in gold prices; changes in interest and currency exchange rates; unanticipated grade changes; metallurgy, processing, access, availability of materials, equipment, supplies and water; results of current and future exploration and production activities; local and community impacts and issues; timing of receipt and maintenance of government approvals; accidents and labor disputes; environmental costs and risks; competitive factors, including competition for property acquisitions; and availability of external financing at reasonable rates or at all, and those set forth under the heading Risk Factors in our Form 10-K filed with the United States Securities and Exchange Commission (the SEC) on April 15, 2013. Forward-looking statements can be identified by terminology such as may, will, should, expects, intends, plans, anticipates, believes, estimates, predicts, potential, continues or the negative of these terms or other comparable terminology. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements. Forward-looking statements are made based on management's beliefs, estimates, and opinions on the date the statements are made, and the Company undertakes no obligation to update such forward-looking statements if these beliefs, estimates, and opinions should change, except as required by law.*

*This discussion and analysis should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes. The discussion and analysis of the financial condition and results of operations are based upon the unaudited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent liabilities at the financial statement date and reported amounts of revenue and expenses during the reporting period. On an on-going basis the Company reviews its estimates and assumptions. The estimates were based on historical experience and other assumptions that the Company believes to be reasonable under the circumstances. Actual results are likely to differ from those estimates under different assumptions or conditions, but the Company does not believe such differences will materially affect our consolidated financial position or results of operations. Critical accounting policies, the policies the Company believes are most important to the presentation of its consolidated financial statements and require the most difficult, subjective and complex judgments are outlined below in Critical Accounting Policies and have not changed significantly.*

## **General**

### ***Overview***

Our Chandalar, Alaska gold mining property has seen over a hundred years of intermittent mining exploration and extraction history. There has been small production of gold from several alluvial, or placer gold streams, and from an array of small quartz veins that dot the property. However, only in very recent times is the primary source of the gold becoming evident. As a result of our exploration we have discovered gold in prolific micro-fractures within schist in many places and have petrographic and geochemical evidence linking these and larger vein-hosted gold occurrences to an intrusive source. We are currently defining drilling targets for a hard-rock (lode) gold deposit in an area of interest approximately 1,800 feet wide and over five miles long, possibly underlain by a granitic, mineralized intrusion. Exploration therefore has taken on two directions; one toward defining a low-grade, large tonnage body of mineralization running beneath the headwaters of Little Squaw Creek, the other a deeper, larger mineralized body from which mineralizing fluids have migrated through Chandalar country rock. Our main focus continues to be the exploration of these hard-rock targets; however, weak financial markets prevented us from obtaining funds for any significant exploration in 2012 and 2013. It appears financial markets may be improving and we were successful in raising funds for a limited exploration program in 2014.

Because of the weak financial markets suffered by the mining industry in recent years, we endeavored to develop our placer properties as a source of internal cash to protect us from future market fluctuations and to provide funds for future exploration. In 2012, Goldrich and NyacAU LLC ( NyacAU ) formed Goldrich NyacAU Placer LLC ( GNP ), a 50/50 joint-venture company, managed by NyacAU, to mine Goldrich's various placer properties at Chandalar.

As of 2013, total mining preparation expenditures by GNP were approximately \$13.7 million and mining preparation expenditures for 2014 are estimated to be \$4.5 million. The total mine preparation expenditures to complete the mine are comparable to total costs, adjusted for inflation, as estimated in our 2009 preliminary assessment study for a similar mine plan. All costs up to commercial production (as defined in the joint venture agreement) are required to be funded by NyacAU and will be paid back from cash flow from gold production (as defined in the joint venture agreement).

Goldrich has completed approximately 15,000 feet of drilling to date on the upper half of the Little Squaw Creek placer project and outlined 10.5 million cubic yards of mineralized material, at an average head grade of 0.025 ounces of gold per cubic yard for an estimated total of approximately 250,000 contained ounces. The mineralized material at Chandalar is not a mineral reserve as defined in SEC Industry Guide 7. Based on a targeted production rate of 20,000 ounces of gold per year and the mineralized material drilled out to date, the Little Squaw Creek mine would have a mine life of approximately 12 years. Little Squaw Creek is one of seven potential placer targets on the Chandalar property and is open to expansion. Mining operations at the Chandalar mine utilize conventional gravity technologies for gold recovery. All plants will employ a recirculating closed-loop water system to minimize water usage and protect the environment.

### **Completion of 2014 Winter Trail**

In late March and early April GNP successfully completed the mobilization of equipment and supplies needed for its placer mining operation this summer at Chandalar, Alaska. Equipment and supplies were delivered over the 90-mile winter trail between Coldfoot, Alaska and Chandalar. The primary piece of equipment delivered to the mine site was a feeder for the expanded plant. Plant expansion is scheduled to be completed in stages through 2016, culminating in a nearly 400% increase from the former plant with a 125 loose cubic yard (lcy) per hour capacity to a new plant with a 600 lcy per hour capacity. Once finished, processing facilities will consist of a primary feeder system with multiple gravel screens and gold recovery tables and an expanded settling pond system for additional water conservation and quality control. The full capacity of the feeder will be realized as additional gravel screens and gold recovery tables are added in stages.

### **2014 Summer Construction Season**

All mining permits for an expanded mine were received in August 2013 and GNP was able to produce approximately 680 ounces of gold during the last several weeks late of the 2013 production season operating at partial capacity. The new permit expanded the mine site area, including the area for a new airstrip, from approximately 10 to 350 acres. This provides an increased area for stockpiling topsoil, a larger settling pond system with greater capacity to ensure water quality and availability, and room to allow concurrent mine reclamation as the project advances. After the 2013

production season and on receiving all the mining permits, the existing plant was able to be disassembled and moved from a tight position up the mountain to a lower and more easily accessible broader part of the valley floor. The new site will facilitate maximum and efficient production under the expanded mine plan.

The expanded plant and recirculating pond system are currently under construction and are expected to be near completion in 2014 except for certain equipment with longer lead manufacturer time being constructed outside of Alaska. That equipment will not be available until the later part of the 2014 and will be mobilized to Chandalar during the 2015 winter trail. GNP has concluded it is prudent, more efficient, and in the best interest of the operation to focus on the construction of the plant and process no pay gravel in 2014.



### **2014 Petrographic Study and Exploration Activities**

As announced in May 2014, we completed advanced petrographic studies of drill core samples from the Chandalar gold property. The new data refines the orogenic model that has historically guided exploration at Chandalar and offers a fresh approach to future exploration.

Our geologists concurred the studies are important for exploration as the pegmatite textures in outcrop and drilling and the radiogenic activity from accessory minerals associated with pegmatite-veins may indicate proximity to intrusive-related mineralization and may provide us a highly useful tool for gold mineralization discovery.

The petrologic study involved detailed microprobe examination of samples taken from veins in the Chandalar gold system that exhibit characteristics of pegmatite, an igneous rock deposited during emplacement of a granitic intrusive body. All of the samples contain numerous accessory minerals that commonly derive from magma or late stage magmatic fluids, including monazite, thorite and xenotime. Some of the accessory minerals co-precipitated with gold, indicating that late intrusive stage hydrothermal fluids migrated upward along shear zones within which the lode gold mineralization is emplaced. Importantly, radiogenic activity is associated with the accessory mineral suite.

We believe rigorous follow-up rock sampling and radiogenic surveys may result in more effective selection of high-priority drill sites, an important factor considering the expansive size of the Chandalar system.

In August 2014, we engaged a contractor and geologists to perform additional airborne magnetic and radiometric studies across the entire Chandalar property. The data obtained from these studies will be compiled with data already derived from sampling, trenching, drilling and geophysical testing to present a comprehensive 3D model of the Chandalar prospects and their geological setting. The results of these studies will assist us in determining methods and targets for exploration in 2015 and beyond.

### **Liquidity and Capital Resources**

We have incurred losses since our inception and we currently do not have sufficient cash to support the Company through 2014 and beyond. We anticipate that we will incur approximately \$650,000 for general operating expenses over the next 12 months as of September 30, 2014.

On January 23, 2014, we completed the offer and sale of 200 shares of Series B Preferred stock in the Company, resulting in net proceeds of \$200,000 to the Company.

On January 24, 2014, we closed a three-year unsecured senior note financing for \$300,000. Per the note agreement, the \$300,000 is the first of six-staged loans for total aggregate proceeds of \$2 million. Under the terms of the note, the three-year maturity date is measured from the closing date of each loan in the series. The loans will be issued at a 5% discount and, for each loan of the series, the lender will be issued a pro rata amount of five-year warrants totaling up to 10.5 million shares of common stock of the Company exercisable at a price equal to the greater of \$0.15 per common share or the market price per common share on date of issuance of the warrants. We have, at our election, the ability to cancel future loans at any time or prepay the loans together with interest thereon without penalty. The Lender reserves the right, at its election, to determine whether to fund Loans 2 through 6 in the series. We will pay finder fees consisting of a 3% cash commission and warrants to purchase shares of common stock of the Company equal to 8% of each loan, of which 1% of the cash commission and 3% of the warrants will be paid to a director of the Company. The terms of the warrants will be the same as the warrants issued to the lender.

On June 6, 2014, we completed the first tranche of a private placement of our common stock and warrants to purchase shares of our common stock. This tranche of the private placement consisted of 14,208,637 units to be issued at a price of \$0.055 per unit and resulted in net proceeds to the Company of approximately \$703,004. Each unit consists of one share of the Company's common stock and one half of a Class N warrant. Each full Class N warrant is exercisable to purchase one additional common share of the Company at \$0.11, for a period of five years following the date of issue. Of the units to be issued in this tranche, officers and directors of the Company

purchased 481,819 units, contributing \$26,500 of the total proceeds of the private placement. Such units were purchased on the same terms and conditions as the purchase of units by other investors in the private placement.

On June 30, 2014, we completed the second tranche of a private placement of our common stock and warrants to purchase shares of our common stock. This tranche of the private placement consisted of 8,700,363 units to be issued at a price of \$0.055 per unit and resulted in net proceeds to the Company of approximately \$432,960. Each unit consists of one share of the Company's common stock and one half of a Class N warrant. Each full Class N warrant is exercisable to purchase one additional common share of the Company at \$0.11, for a period of five years following the date of issue. Of the units to be issued in this tranche, officers and directors of the Company purchased 833,545 units, contributing \$45,845 of the total proceeds of the private placement.

On July 18, 2014, we completed the final tranche of a private placement of our common stock and warrants to purchase shares of our common stock. This tranche of the private placement consisted of 4,817,090 units to be issued at a price of \$0.055 per unit and resulted in net proceeds to the Company of approximately \$238,746. Of the units to be issued in this tranche, officers and directors of the Company purchased 109,090 units, contributing \$6,000 of the total proceeds. Such units were purchased on the same terms and conditions as a purchase of units by other investors in the private placement.

The terms of the warrants include a call option for the Company. In the event that the Company's common shares trade at a weighted volume average price equal to or greater than \$0.22 for a period of 20 out of 30 consecutive trading days at any time following the issuance of the respective warrants, and the average trading volume of the common stock for 20 out of 30 consecutive trading days was at least 120,000 shares, the Company may, in its sole discretion, accelerate the expiration date of the respective warrants by giving written notice to the holders thereof within 14 business days of the occurrence thereof, and in such case, the warrants will expire on the close of business on the date next preceding the Redemption Date. The Company's right to call the warrants is also dependent on (i) a registration statement under the United States Securities Act of 1933, as amended (the "Securities Act"), registering for sale the Warrant Shares, has been filed with the United States Securities and Exchange Commission and is in effect on the date of written notice of the redemption (the "Notice Date") and the redemption date contained therein and (ii) there exists on the Notice Date a public trading market for the Company's common stock and such shares are listed for quotation on the NASDAQ Stock Market, the OTC Electronic Bulletin Board, or a national securities exchange. The Company granted piggyback registration rights to such investor.

In relation to these placements, the Company issued 2,701,386 Class N-2 Warrants for finders fees. Terms of the N-2 warrant are identical to the class N warrant except the exercise price to purchase a common share is \$0.055.

During the nine-months ended September 30, 2014, we received the first staged loan of \$300,000 less a discount of \$15,000, for proceeds of \$285,000. We paid finder fees totaling \$9,000, and incurred other placement costs of

\$35,627, for a total of \$44,627 of deferred finance costs. The lender elected to defer at least the second through the fifth tranches of the note advances pending the resolution and additional due diligence related to a lien that was placed on our claims in December by our JV partner, which were subsequently released during the quarter ended March 31, 2014.

At September 30, 2014, we had an outstanding note payable of \$300,000 less unamortized discounts of \$48,695 for a net liability of \$251,305.

We plan to raise additional necessary financing through debt and/or equity placements. Failure to raise needed financing could result in us having to scale back or discontinue exploration activities or some or all of our business operations. Under the joint venture operating agreement, no minimum distribution is due Goldrich from the placer operation until 2016. Although the current capital markets and general economic conditions in the United States may be obstacles to raising the required financing, we believe we will be able to secure sufficient financing for further our operations and exploration activities but we cannot give assurance we will be successful in attracting financing on terms acceptable to us, if at all. Additionally, as the placer mine nears completion, we look forward to internal cash flow and additional options for financing appear to be coming available. To increase its access to

financial markets, Goldrich intends to also seek a listing of its shares on a recognized stock exchange in Canada in addition to its listing on the FINRA OTCBB in the United States.

***Going Concern***

The accompanying consolidated financial statements have been prepared under the assumption that we will continue as a going concern. We have incurred losses since our inception and we do not have sufficient cash to fund normal operations and meet debt obligations for the next 12 months without deferring payment on certain current liabilities and/or raising additional funds. During the nine-months ended September 30, 2014, we raised \$1,374,710 net cash from the sale of 27,726,090 common shares to be issued, \$200,000 net cash from the sale of 200 shares of Series B Preferred Stock, and \$230,489 net cash from the issuance of a note payable. We believe that the going concern condition cannot be removed with confidence until the Company has entered into a business climate where funding of its activities is more assured.

We currently have no historical 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 our business plan. Our plans for the long-term return to and continuation as a going concern include the profitable exploitation of our mining properties and financing our future operations through sales of our common stock and/or debt.

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.

On October 10, 2013, we reported Goldrich NyacAU Placer, LLC ( GNP ) had completed preparations for initial production and had produced approximately 680 ounces of gold during the construction of the mine before closing out the 2013 season. There was no production during the 2014 season. Production is expected to begin in 2015 and plant expansion is scheduled to be completed in stages through 2016. A successful mining operation may provide the long-term financial strength for the Company to remove the going concern condition in future years. See Note 6 *Joint Venture*.

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 were 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.

***Results of Operations for the Three and Nine-Month Periods ended September 30, 2014***

On September 30, 2014 we had total liabilities of \$2,254,634 and total assets of \$1,684,766. This compares to total liabilities of \$2,106,734 and total assets of \$1,063,240 on December 31, 2013. The increase in liabilities was due to the note payable entered into during the quarter ended March 31, 2014, partially offset by a decrease in trade payables and related party payables resulting from payments made from the cash proceeds of private placements of equity units and note payable. As of September 30, 2014, our liabilities consist of \$797,252 for notes payable in gold, net of discounts, \$644,424 for environmental remediation and asset retirement obligations, \$472,249 of trade payables and accrued liabilities, \$251,305 for note payable, net of discounts, \$67,322 due to related parties, and \$22,083 for dividends payable. Of these liabilities, \$1,358,906 is due within 12 months. The increase in total assets was due to the cash received from the note payable, the sale of 200 shares of Series A Convertible Preferred stock, the sale of 27,726,090 equity units issued from private placements, increases in prepaid expenses for insurance premiums paid, and an increase in deferred financing cost asset during the nine-months ended September 30, 2014.

On September 30, 2014 we had negative working capital of \$451,631 and stockholders' deficit of \$569,869 compared to negative working capital of \$1,318,660 and stockholders' deficit of \$1,043,494 for the year ended December 31, 2013. Negative working capital decreased due to the cash proceeds from the private placements entered into during June and July of 2014, offset by the cash remaining in the bank from those proceeds after

payment of trade payables and related party payables. Stockholders' deficit decreased due to the sale of preferred stock and private placements of equity units in the nine months ended September 30, 2014, partially offset by the operating loss for the nine-month period.

During the nine-month period ended September 30, 2014, we used cash from operating activities of \$1,125,730 compared to \$731,270 for same period of 2013. The increase in cash used is due primarily to pay down of accounts payable and related party payables in the nine-month period ended September 30, 2014 compared to a smaller decrease of accounts payable and an increase in related party payables for the same period of 2013. As of September 30, 2014, we had accumulated approximately \$24.0 million in federal and state net operating losses, which may enable us to generate approximately \$24.0 million in net income prior to incurring any significant income tax obligation.

During the nine-month period ended September 30, 2014, no cash was provided by investing activities compared to cash provided by the sale of equipment of \$332,317 in 2013. We purchased no additional capital equipment in the September 2014 and 2013 quarters.

During the nine-month period ended September 30, 2014, cash of \$1,805,199 was provided by financing activities from the proceeds of a note payable, private placement of common stock, and the sale of Preferred Stock, compared to cash provided of \$550,352 from proceeds of notes payable in gold and payments made on related party debt during the nine-month period ended September 30, 2013.

### **Sale of Unregistered Securities**

#### *Private Placements*

On June 6, 2014, we completed the first tranche of a private placement of our common stock and warrants to purchase shares of its common stock. This tranche of the private placement consisted of 14,208,637 units to be issued at a price of \$0.055 per unit and resulted in net proceeds to the Company of approximately \$703,004. Each unit consists of one share of the Company's common stock and one half of a Class N warrant. Each full Class N warrant is exercisable to purchase one additional common share of the Company at \$0.11, for a period of five years following the date of issue. Of the units to be issued in this tranche, our officers and directors purchased 481,819 units, contributing \$26,500 of the total proceeds of the private placement. Such units were purchased on the same terms and conditions as the purchase of units by other investors in the private placement.

On June 30, 2014, we completed the second tranche of a private placement of our common stock and warrants to purchase shares of its common stock. This tranche of the private placement consisted of 8,700,363 units to be issued at a price of \$0.055 per unit and resulted in net proceeds to us of approximately \$432,960. Each unit consists of one share of the Company's common stock and one half of a Class N warrant. Each full Class N warrant is exercisable to purchase one additional common share of the Company at \$0.11, for a period of five years following the date of issue. Of the units to be issued in this tranche, our officers and directors purchased 833,545 units, contributing \$45,845 of the total proceeds of the private placement.

On July 18, 2014, we completed the final tranche of a private placement of our common stock and warrants to purchase shares of its common stock. This tranche of the private placement consisted of 4,817,090 units to be issued at a price of \$0.055 per unit and resulted in net proceeds to us of approximately \$238,746. Of the units to be issued in this tranche, our officers and directors purchased 109,090 units, contributing \$6,000 of the total proceeds. Such units were purchased on the same terms and conditions as a purchase of units by other investors in the private placement.

The terms of the warrants include a call option for us. In the event that our common shares trade at a weighted volume average price equal to or greater than \$0.22 for a period of 20 out of 30 consecutive trading days at any time following the issuance of the respective warrants, and the average trading volume of the common stock for 20 out of 30 consecutive trading days was at least 120,000 shares, we may, in our sole discretion, accelerate the expiration date of the respective warrants by giving written notice to the holders thereof within 14 business days of



the occurrence thereof, and in such case, the warrants will expire on the close of business on the date next preceding the Redemption Date. Our right to call the warrants is also dependent on (i) a registration statement under the United States Securities Act of 1933, as amended (the "Securities Act"), registering for sale the Warrant Shares, has been filed with the United States Securities and Exchange Commission and is in effect on the date of written notice of the redemption (the "Notice Date") and the redemption date contained therein and (ii) there exists on the Notice Date a public trading market for the Company's common stock and such shares are listed for quotation on the NASDAQ Stock Market, the OTC Electronic Bulletin Board, or a national securities exchange We granted piggyback registration rights to such investors.

In relation to these placements, we issued 2,701,386 Class N-2 Warrants for finders fees. Terms of the N-2 warrant are identical to the class N warrant except the exercise price to purchase a common share is \$0.055.

The proceeds from the offering will be utilized to further advance development of our 100%-owned Chandalar district-scale gold project in Alaska as well as for general working capital purposes.

The shares were issued to accredited investors (as defined in Rule 501(a) of Regulation D) in private placement transactions pursuant to Section 4(2) of the Securities Act of 1933, as amended.

#### *Series B Preferred Stock*

On January 23, 2014, we completed the offer and sale of 200 shares of Series B Preferred stock in the Company, resulting in net proceeds of \$200,000 to us. These shares were issued from the designated 9,000,000 share of Preferred Stock, par value as the Board may determine.

In connection with the issuance of the Series B Preferred Stock, we issued 2,857,142 five-year Class L warrants with an exercise price of \$0.10 per share of the Company's common stock with a fair value of \$92,242 as determined using a Black Scholes model and allocation between the preferred shares and the warrants as prescribed by ASC 470. Additionally, after accounting for the fair value of the warrant, a beneficial conversion feature of \$50,000 was determined to exist, which represented a deemed dividend to the holder of the preferred shares recognizable immediately upon issue due to the ability to convert the shares concurrent with issuance of the preferred shares. Both the fair value of the warrants and the beneficial conversion feature were charged to Additional paid in capital at the date of issuance.

The fair value of the warrants was estimated on the issue date using the following weighted average assumptions:

Risk-free interest rate	1.62%
Expected dividend yield	--
Expected term (in years)	5
Expected volatility	157.0%

The Series B Convertible Preferred Shares carry the following rights and preferences:

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Liquidation Preference: Upon a liquidation event, each holder of outstanding shares of Series B Stock shall be entitled to be paid out of the assets of the Company available for distribution to stockholders, whether such assets are capital, surplus or earnings and before any amount shall be paid or distributed to the holders of any class of the Company's common stock, par value \$0.10 per share (the "Common Stock"), or of any other stock ranking on liquidation junior to the Series B Stock, an amount in cash equal to \$1,000 per share (adjusted appropriately for stock splits, stock dividends and the like) (the "Series B Liquidation Amount"), payable pari passu with the preference with any other securities ranking equal in liquidation preference; provided, however, that if upon any liquidation event, the amounts payable with respect to the Series B Stock are not paid in full, the holders of the Series B Stock shall share ratably in any distribution of assets in proportion to the full respective preferential amounts to which they are entitled. Holders of the Company's Series A Preferred Stock shall be paid in advance of holders of Series B Stock on the occurrence of a liquidation event.

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Voting: Each holder of Series B Stock shall be entitled to vote on all matters upon which holders of Common Stock would be entitled to vote and shall be entitled to that number of votes equal to the number of whole shares of Common Stock into which such holder's shares of Series B Stock could be converted under Section 4, at the record date for the determination of stockholders entitled to vote on such matter, or, if no such record date is established, at the day before the first notice of the meeting of stockholders at which the vote is to be taken is delivered to stockholders, or the date any written consent of stockholders is solicited if the vote is not to be taken at a meeting. Each such holder shall be entitled to notice of any stockholders' meeting in accordance with the Company's Bylaws. Except as otherwise expressly provided in the Company's Articles of Incorporation, by the Alaska Code or the Certificate of Designation, the holders of shares of Series B Stock shall vote together as a single class with the Common Stock on an as-if-converted basis on all matters.

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Conversion: Any share of Series B Preferred Stock may, at the option of the holder be converted at any time into such number of fully-paid and non-assessable shares of Common Stock as is equal to the product obtained by multiplying the Series B Conversion Rate (\$1000.00 divided by the Series B Conversion Price of \$0.07 per share) by the number of shares of Series B Stock being converted.

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Right to Participate: The Company grants to each holder of Series B Stock the right to participate in any offerings of the Company's Common Shares or securities convertible into or exercisable to obtain Common Shares ( Participation Securities ) where the price per Common Share (including on an as converted or exercised basis, as applicable) is less than \$0.07 for a three-year period beginning on the Closing Date. Such participation shall be on the same terms as other investors in such future offerings at a dollar value equal to the principal amount of Preferred Shares held by the holder at the time of the Participation Notice (as defined below). Each holder of Series B Stock shall participate in such future offering by surrendering all of the holders then outstanding Preferred Shares and Warrants and receiving securities in the future offering with a dollar value equal to the principal amount of Preferred Shares surrendered. Prior to closing any offering of Participation Securities, the Company shall provide the holder with a written notice detailing the Participation Securities being offered and the material terms of the offering, which shall be the same terms being offered to other investors in the offering ( Participation Notice ). Upon receipt of the Participation Notice, the holder will have 10 Business Days for a private offering or 3 Business Days for a public offering to notify the Company that the holder wishes to participate in the offering.

Notices of Record Date: In the event of any capital reorganization of the Company, any reclassification of the capital stock of the Company, or any Liquidation Event, the Company shall mail or deliver, or cause to be mailed or delivered, to each holder of Series B Stock a notice specifying: (a) if a plan of merger, consolidation or exchange is to be submitted for approval by the Company's shareholders, the place, day and hour of the meeting and purpose for which the meeting is called and including a copy or summary of the plan of merger, consolidation or exchange and copies of Alaska Code Sections 574 and 576; (b) the date on which any such reorganization, reclassification, or Liquidation Event is expected to become effective; and (c) the time, if any, that is to be fixed, as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, or Liquidation Event. Such notice shall be mailed or delivered no later than ten (10) days prior to the date specified in such notice on which such action is to be taken.

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Transfer: The shares of Series B Stock are non-transferrable.

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Other Rights: Except as otherwise provided in the Certificate of Designation, each share of Series B Stock and each share of Common Stock shall be identical in all respects, shall have the same powers, preferences and rights, without preference of any such class or share over any other such class or share.

The Series B Preferred Shares were issued to accredited investors (as defined in Rule 501(a) of Regulation D) in private placement transactions pursuant to Section 4(2) of the Securities Act of 1933, as amended.

*Note Payable*

On January 24, 2014, we closed a three-year unsecured senior note financing for \$300,000 with a private investment firm. Per the note agreement, the \$300,000 is the first of six-staged loans for total aggregate proceeds of \$2 million. The note bears interest at 15%, payable at the end of each quarter. Interest of \$30,360 had been accrued and paid as of September 30, 2014.

Repayment of all amounts owed under the note is guaranteed by Goldrich Placer LLC, the Company's wholly owned subsidiary, which in turn owns a 50% interest in Goldrich NyacAU Placer LLC. *See Note 6 Joint Venture.*

The note contains standard default provisions, including failure to pay interest and principal when due. If the lender has fully funded loans 1 through 4 as outlined below, then upon the occurrence of any event of default as defined in the agreement, until such time as the earlier of either (i) the event of default has been cured in the reasonable judgment of the Lender as evidenced in writing or (ii) all amounts due and payable under the note are paid in full pursuant to the terms hereof, any amounts owing hereunder shall bear an applicable rate equal to twenty percent (20%) per annum and shall be immediately due and payable to lender upon lender's written demand to the Company.

Under the terms of the note, the three-year maturity date is measured from the closing date of each loan in the series. The loans will be issued at a 5% discount and, for each loan of the series, the lender will be issued a pro rata amount of five-year Class M warrants totaling up to 10.5 million shares of common stock of the Company exercisable at \$0.15 per common share. We have, at our election, the ability to cancel future loans at any time or prepay the loans together with interest thereon without penalty. The lender reserves the right, at its election, to determine whether to fund Loans 2 through 6 in the series. The Company will pay finder fees consisting of a 3% cash commission and warrants to purchase shares of common stock of the Company equal to 8% of each loan (160,000 warrants through September 30, 2014), of which 1% of the cash commission and 3% of the warrants will be paid to a director of the Company. The terms of the warrants will be the same as the warrants issued to the lender.

The loans are scheduled to be made as follows:

Loan Number	Date of Loan:	Amount of Loan:	Warrants to Lender
1	January 29, 2014	\$300,000	1,575,000

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2	February 28, 2014	\$200,000	1,050,000
3	March 30, 2014	\$300,000	1,575,000
4	April 29, 2014	\$200,000	1,050,000
5	June 30, 2014	\$500,000	2,625,000
6	September 30, 2014	\$500,000	2,625,000
TOTAL		\$2,000,000	10,500,000

During the nine-months ended September 30, 2014, we received the first staged loan of \$300,000 less a discount of \$15,000, for proceeds of \$285,000. We issued 1,735,000 Class M warrants, paid finder fees totaling \$9,000, and incurred other placement costs of \$35,627, for a total of \$44,627 of deferred finance costs. The lender elected to defer at least the second through the fifth tranches of the note advances pending the resolution and additional due diligence related to a lien that was placed on our claims in December by our JV partner, which were subsequently released during the quarter ended March 31, 2014.

The fair value of warrants issued with the notes payable in gold was estimated at the date of issuance using the Black-Scholes fair value model, which requires the use of highly subjective assumptions, including the expected volatility of the stock price, which may be difficult to estimate for small reporting companies traded on micro-cap stock exchanges. The fair value of the warrants was estimated on the issue date using the following weighted average assumptions:

Risk-free interest rate	1.52%
Expected dividend yield	0
Expected term (in years)	5
Expected volatility	157.1%

The risk-free interest rate is based on the U.S. Treasury yield curve at the time of the grant. The expected term of warrants issued is from the date of issuance. The expected volatility is based on historical volatility. We have evaluated previous low occurrences of warrant forfeitures and believe that current holders of the warrants will hold them to maturity as has been experienced historically; therefore, no variable for forfeiture was used in the calculation of fair value. The Note payable was discounted by the fair value of the warrants, which is being amortized over the life of the note.

At September 30, 2014, we had outstanding total notes payable of \$300,000 less unamortized discounts of \$48,695 for a net liability of \$251,305. The holder of the note payable contract elected to defer at least the second through the fifth tranches of the note advances pending the resolution and additional due diligence related to a lien that was placed on our claims in December by our joint venture partner, which were subsequently released during the quarter ended March 31, 2014.

#### *Notes Payable in Gold*

During 2013, we issued notes in principal amounts totaling \$820,000, less a discount of \$205,000, for cash proceeds of \$615,000. Under the terms of the notes, we agreed to deliver gold to the holders at the lesser of \$1,350 or a 25% discount to market price as calculated on the contract date and specify delivery of gold in November 2014. The notes payable in gold contracts contain standard terms regarding delivery and receipt of gold and payment of delivery costs. We paid a finder fee of \$42,000, or 7% of \$600,000 of the net proceeds and incurred other placement costs of \$2,143, for a total of \$44,143 of deferred finance costs.

Additionally, for each dollar of note payable in gold entered into during the three month period ended March 31, 2013, the holder received one half of a common stock purchase warrant. Each whole warrant is exercisable to purchase one share of common stock of the Company at an exercise price of \$0.40 for a period of two years following the date of issue. We recognized an additional discount of \$10,247 for the fair value of the warrants.

In the event that our shares of common stock trade in the United States at a closing price of greater than \$1.00 per share for a period of 10 consecutive trading days at any time following the issuance of the warrants, we may, in our sole discretion, accelerate the expiration date of the warrants by giving written notice to the holders thereof, and in such case, the warrants will expire on the 20th business day after the date on which we give such notice.

At September 30, 2014, we had outstanding total notes payable in gold of \$820,000 less unamortized discounts of \$22,748 for a net liability of \$797,252, representing 511.193 ounces of fine gold deliverable at November 30, 2014. The Joint Venture does not plan to produce or distribute gold to us prior to November 30, 2014; therefore, we will

secure financing to buy the gold for payment, enter into negotiations with holders to modify the terms of the agreement or begin accruing and paying 8% interest on the total notes payable balance until the gold is delivered.

The notes were issued to accredited investors (as defined in Rule 501(a) of Regulation D) in private placement transactions pursuant to Section 4(2) of the Securities Act of 1933, as amended.

Subsequent Events

The Company has no subsequent events at this time.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.



Inflation

We do not believe that inflation has had a significant impact on our consolidated results of operations or financial condition.

Contractual Obligations

We have no contractual obligations

Critical Accounting Policies

We have identified our critical accounting policies, the application of which may materially affect the financial statements, either because of the significance of the financials statement item to which they relate, or because they require management's judgment in making estimates and assumptions in measuring, at a specific point in time, events which will be settled in the future. The critical accounting policies, judgments and estimates which management believes have the most significant effect on the financial statements are set forth below:

Estimates of the recoverability of the carrying value of our mining and mineral property assets. We use publicly available pricing or valuation estimates of comparable property and equipment to assess the carrying value of our mining and mineral property assets. However, if future results vary materially from the assumptions and estimates used by us, we may be required to recognize an impairment in the assets' carrying value.

Expenses and disclosures associated with accounting for stock-based compensation. We used the Black-Scholes option pricing model to estimate the fair market value of stock options issued under our stock-based compensation plan, which determines the recognition of associated compensation expense. This valuation model requires the use of judgment in applying assumptions of risk-free interest rate, stock price volatility and the expected life of the options. While we believe we have applied appropriate judgment in the assumptions and estimates, variations in judgment in applying assumptions and estimates used in this valuation could have a material effect upon the reported operating results.

Estimates of our environmental liabilities. Our potential obligations in environmental remediation, asset retirement obligations or reclamation activities are considered critical due to the assumptions and estimates inherent in accruals of such liabilities, including uncertainties relating to specific reclamation and remediation methods and costs, the application and changing of environmental laws, regulations and interpretations by regulatory authorities.

Accounting for Investments in Joint Ventures. For joint ventures in which we do not have joint control or significant influence, the cost method is used. Under the cost method, these investments are carried at the lower of cost or fair

value. For those joint ventures in which there is joint control between the parties and in which we have significant influence, the equity method is utilized whereby our share of the ventures' earnings and losses is included in the statement of operations as earnings in joint ventures and our investments therein are adjusted by a similar amount. We have no significant influence over our joint venture described in Note 6 *Joint Venture* to the financial statements, and therefore account for our investment using the cost method. For joint ventures where we hold more than 50% of the voting interest and has significant influence, the joint venture is consolidated with the presentation of a non-controlling interest. In determining whether significant influence exists, we consider our participation in policy-making decisions and our representation on the venture's management committee. We currently have no joint venture of this nature.

**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 Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision of, and with the participation of, our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our 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 (the Exchange Act)). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective, and 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 Chief Executive Officer and Chief Financial Officer have also determined that the disclosure controls and procedures are effective, and that material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer 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 Quarterly Report on Form 10-Q, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



## **PART II OTHER INFORMATION**

### **Item 1. Legal Proceedings**

There have been no material developments or rulings during the period ended September 30, 2014.

### **Item 1A. Risk Factors**

There have been no changes to our risk factors as reported in our annual report on Form 10-K for the year ended December 31, 2013.

### **Item 2. Unregistered Sales of Equity Securities and Use Of Proceeds**

See full disclosure in section entitled "Sale of Unregistered Securities" above, which is incorporated by reference to this Item 2.

### **Item 3. Defaults upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosure**

Our exploration properties are subject to regulation by the Federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). Pursuant to Section 1503(a) of the

Dodd-Frank Wall Street Reform and Consumer Protection Act (The "Dodd-Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the quarter ended September 30, 2014, we had no such specified health and safety violations, orders or citations, related assessments or legal actions, mining-related fatalities, or similar events in relation to our United States operations requiring disclosure pursuant to Section 1503(a) of the Dodd-Frank Act.

## Item 5. Other Information

None.

## Item 6. Exhibits

Exhibit No.	Document
31.1	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14 of the Exchange Act</u>
31.2	<u>Certification of the Chief Financial Officer pursuant to Rule 13a-14 of the Exchange Act</u>
32.1	<u>Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
32.2	<u>Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

**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: November 14, 2014

GOLDRICH MINING COMPANY

By /s/ William Schara

William Schara, Chief Executive Officer and 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: November 14, 2014

GOLDRICH MINING COMPANY

By /s/ Ted R. Sharp

Ted R. Sharp, Chief Financial Officer