

ATLAS MINING CO
Form 10KSB/A
May 01, 2007

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB/A

(MARK ONE)

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2005

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 000-31380

ATLAS MINING COMPANY

(Name of small business issuer in its charter)

Idaho 82-0096527
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

630 East Mullan Avenue
Osburn, Idaho 83849
(Address of principal executive offices)(Zip code)

Issuer's telephone number, including area code: (208) 556-1181

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which each is registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, no par value
(Title of class)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated

by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

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

The issuer's revenues for the fiscal year ended December 31, 2005 were \$628,176.

The number of shares of the registrant's common stock, no par value per share, outstanding as of March 28, 2006 was 48,925,687. The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on March 24, 2006, based on the last sales price on the OTC Bulletin Board as of such date, was approximately \$68,495,961.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Transition Small Business Disclosure Format: Yes No

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NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-KSB contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are based on our current expectations, assumptions, estimates and projections about our business and our industry. Words such as "believe," "anticipate," "expect," "intend," "plan," "will," "may," and other similar expressions identify

forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the section of this Annual Report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations -

Factors Affecting Business, Operating Results and Financial Condition", as well as the following:

- o our uncertainty whether a commercially viable deposits or "reserves" exist on any of our properties;
- o our lack of capital and whether or not we will be able to raise capital when we need it;
- o risks of loss of timber revenues due to fire, disease or weather;
- o change of market prices for timber, halloysite clay or other marketable deposits we may find on any of our properties;
- o whether or not we will continue to receive the services of our executive officers and directors, particularly our President, William T. Jacobson;

and other factors, some of which will be outside our control. You are cautioned not to place undue reliance on these forward-looking statements, which relate only to events as of the date on which the statements are made. We undertake no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. You should refer to and carefully review the information in future documents we file with the Securities and Exchange Commission.

PART I

ITEM 1. BUSINESS

HISTORY AND DEVELOPMENT OF THE COMPANY

We are a natural resources company engaged in the acquisition, exploration and development of our resource properties in the states of Idaho and Utah. We also provide contract mining services and specialized civil construction services for mine operators, exploration companies and the construction and natural resources industries through our trade name "Atlas Fausett Contracting." We were originally incorporated on March 4, 1924 in Idaho and commenced our operations on that date.

From 1980 to 1997, we had no activities. In 1997, we acquired the equipment of Fausett International, Inc. for \$1,416,099 and began our contracting business. In 1998, we acquired the Sierra Silver Lead Mining Company, an Idaho corporation for \$276,157. This merger added an additional 329.18 acres of mineral rights to our current holdings. In 1999, we also acquired the majority outstanding shares of Olympic Silver Resources, Inc., a Nevada corporation for \$228,566. The acquisition of Olympic gave us control of an Olympic subsidiary mine in Zacatecas, Mexico. In 2001 our agreement on the mine in Zacatecas expired and we no longer have any interest there. In 1999 we acquired the Aulbach mining claims for \$ 50,000, approximately 100 acres of timber and mineral property in northern Idaho. In 1999 we acquired 53% interest in the Park Copper Mining Company for \$72,825, which holds 100 acres of timber and mineral property in northern Idaho. In 2001, we entered into a lease purchase agreement on the Dragon Mine in Juab County, Utah for \$100,000. We believe this property may contain a deposit of high quality clay, which we are putting into production. In 2005 we purchased the Dragon Mine for \$500,000. In 2002, we cancelled our agreement with Fausett International, Inc., returned the equipment, and settled the remaining debt. We were not able to utilize this equipment enough to justify the cost related to owning it.

In the future, we intend to be able to acquire additional properties near our current mines and elsewhere.

We have brought the Dragon Mine from an exploration stage into a Development stage. We intend to find other properties that can be acquired, developed and mined with minimal costs, and environmental problems.

In addition to the mineral resources, we also have harvestable timber resources on our properties. We contract out logging of our timber to create revenues and cash flows for our other operations. We have also harvested timber on approximately 420 acres of our previously owned and newly acquired properties. We hope to acquire more properties in the future with timber resources.

We also intend to continue our contract mining services. These services were originally developed and marketed to provide us with operating revenues. We hope to increase the revenue derived from these services and to utilize our expertise in this area to mine our owned properties.

CONTRACT MINING

Because of exploration costs and other budget constraints, mining activity on our Idaho properties has remained idle since the 1980s. However, on August 10, 1997 our board met and approved a plan to revitalize Atlas Mining Company for the purpose of increasing shareholder value and, in the long term, of making us an operating company with producing mines.

The first step in this process was to form a contract mining service under the trade name of Atlas Fausett Contracting, which we refer to as AFC. We acquired equipment and tools and hired key employees from Fausett International, Inc., or Fausett, a privately held mining contracting firm with over 30 years experience in the mining industry. These employees brought with them extensive knowledge and expertise in all aspects of underground mining.

AFC began contracting work on August 15, 1997. Among its many services, AFC performs site evaluation, feasibility studies, trouble-shooting and consultation prior to the undertaking of exploration and mine development. AFC's projects include all types of underground mine development, rehabilitation and specialized civil construction. Services are contracted for either individually or as joint ventures depending on the requirements of a particular project or the specific needs of an individual client. AFC also handles work under contract from government agencies.

AFC crews are experienced and have worked on projects in Idaho, Montana, Oregon, Washington, Nevada, Colorado, Arizona, New Mexico, and British Columbia. AFC has the required licenses to work in Idaho, Washington and Montana and has the ability to be licensed in most states in the western United States. AFC operates under a permit from the Mine Safety and Health Administration and also possesses a permit to handle explosives from the Bureau of Alcohol, Tobacco and Firearms.

AFC was the main contractor at the Mayflower Mine, a Brimstone Gold Corp. project, outside of Whitehall, Montana, and for the Holden Mine closure, a U.S. Government and U.R.S. Corporation project on Lake Chelan, Washington.

AFC maintained a labor contract with Echo Bay Mines, now Kinross Gold Corporation, At Republic, Washington for five years, prior to the mines closure, and has worked at the Lucky Friday Mine for Hecla Mining Company for the past seven years.

AFC must also compete with other smaller companies that provide contract services related to underground mining. However, AFC has experience in a number of different mining techniques. Besides normal underground mining activities, AFC has expertise in ground stabilization (such as grouting, shotcrete, and rock bolting). AFC has provided tunnel construction expertise for hydroelectric work.

AFC also works with government agencies and other mining companies with respect to mine closures to help with industry efforts to alleviate potential hazards from abandoned mines.

Since AFC mainly concentrates on underground mining activities, there is very little surface disturbance, which is the main environmental concern faced by mining companies whose activities are centered on surface mining.

TIMBER

Our entry into the timber industry was commenced primarily as a means of generating cash flow from our exploration properties in northern Idaho. Our intention is to remain in this industry only to the extent that it supplements our revenue while we are conducting our exploration activities. With the amount of timber remaining on Atlas property, we can supplement our revenue for the next couple of years. As we harvest this timber, we will continue to seek out additional exploration properties with harvestable timber. It takes approximately fifteen to twenty years for a tree to mature in northern Idaho, and our current goal is to acquire enough harvestable land to enable us to rotate our logging activities on a yearly basis to allow previously harvested areas the time to grow and mature marketable trees.

When we sell or timber we contract our logging to a qualified logger. We depend on the logger's experience and reputation in the industry and sometimes use him to negotiate the sale of our timber to various lumber mills in the area. We contract a logger on a as needed basis. As with most commodities, timber is subject to price fluctuations and to government regulation.

The timber business is a cyclical business with lumber prices that fluctuate based on a number of factors including new housing starts, imports, and government regulations. North Idaho is predominately held by the U.S. government, either by the Forest Service or by the Bureau of Land Management. When these agencies decide to harvest timber the excess timber can affect the price the mills are willing to pay. In recent years there have been less government sales of timber due to the environmental and bureaucratic policies related to these sales. This has created more demand for privately held timber. We do not hold any contracts with any particular mills at this time. We do, however, maintain a good relationship with local mills, and are able to enter into sales agreements with them as needed. Another factor that makes this aspect of our business cyclical is the weather. North Idaho has a heavy snowfall each winter, making logging difficult during those months. Consequently we do the majority of our logging efforts in the summer and fall. Our property consists primarily of pine, fir and larch, which is used predominately in the building industry.

Our logging activities are regulated by the Idaho State Department of Lands. They inspect our logging practices and inform us of any activities that may cause either a safety or an environmental problem. Our logger carries workers compensation and liability insurance, and falls under the guidelines of Occupational Safety and Health Act.

EXPLORATION

We intend to conduct our exploration activities for halloysite clay and other minerals, and intend to acquire commercially feasible properties that can be put into production with minimal environmental problems and with limited financial resources. We do not intend to seek out and acquire other properties unless they fit into the parameters we have set. Further, we will limit our acquisitions based on our ability to conduct our feasibility surveys and other exploration work on these properties, and until we have been able to bring our existing acquisitions into a income generating stage.

In August 2001, we acquired the Dragon Mine in Juab, Utah and began our clay exploration. Our exploration and development expenses for the period ending December 31, 2004, and 2005 were \$340,657 and \$760,347, respectively on the halloysite clay project.

The halloysite clay is considered a non-toxic material, and we feel we can produce a sellable product with minimal environmental consequences using proper containment and processing techniques. The intended processing will be the crushing, drying, and packaging of the product for shipment. In 2003 and again in 2005 we completed small diamond drilling programs to verify location of clay beds at the Dragon Mine. With that information we have begun to formulate development and operating plans. During 2005 we continued to explore the Dragon Mine, and we have run numerous analytical test on the halloysite clay to ascertain quality. In 2005 we did not have any sales of halloysite clay

Our halloysite clay marketing efforts include contacting potential customers and distributors, which we have done. Each buyer may have a different use for the product and the price and quantity will vary as a result. The sale of product cannot be formalized until we have verified our ability to provide the quality and quantities as required by the potential buyers. From results of the product samples distributed we have numerous potential buyers.

Until the Dragon Mine is in a profitable stage we do not anticipate trying to develop other properties. However we will continue to look for other properties that can be acquired, developed and mined with minimal costs, and environmental problems, which we have done in 2005.

We have submitted a reclamation bond to the proper state authorities, and have received acceptance of our plan. In the future, we may pursue additional acquisitions and exploration of other properties for metals and industrial minerals, development of which will require submission of new reclamation plans to the proper state and federal authorities.

BUSINESS STRATEGY

As was noted above, the creation of AFC was done for the purpose of creating operating revenues for us. We also intend to expand our exploration, and our timber production.

To date our activities have been financed primarily through debt and the sale of equity securities and the issuance of equity for the acquisition of mining property. See "Management's Discussion and Analysis - Results of Operations."

We will need to obtain additional funding to pursue our business strategy. At the present time, we anticipate seeking additional funding through additional private placements, joint venture agreements, production financing, and/or pre-sale loans. Our inability to raise additional capital to fund operations through the remainder of this year and through the next fiscal year would have a detrimental effect on our viability and ability to pursue our business plan.

COMPETITION

CONTRACT MINING

A review of Dun and Bradstreet shows that the main competitors of AFC in the contract mining business are: American Mine Services, Inc.; Dynatec Mining Corporation; Tyson; J.S. Redpath and Small Mines Development. Each of these companies are larger than AFC or part of larger companies which gives them the depth to take on larger projects that require large capital investments.

Similarly, AFC must compete with other companies that provide contract services related to underground mining. AFC has had the opportunity to compete outside of this area on occasion in that it has used its underground mining expertise in different ways. Such related use of this expertise has been in such things as rock bolting, shotcrete, and grouting for ground support. AFC has provided tunnel construction expertise for hydroelectric work. AFC has also acquired and completed mine closure projects under the jurisdiction of the Forest Service and State and Federal Environmental Agencies.

The amount of underground contracts for which AFC could bid fluctuates greatly depending on the economic climate of the industry. However on average the total contracts offered are generally between \$100 and \$120 million per year. Over the past year AFC has not pursued any of the larger projects which accounts for 80% to 90% of all projects available, and has only looked at smaller projects in the three state area of Idaho, Montana and Washington. In the future the company intends to use some of its existing AFC personnel to pursue any activities on its other properties.

However, we believe we are in a unique position due to our manpower and mining knowledge and experience. AFC has the ability to compete on larger projects because of its expertise. However, the issue of whether to compete on larger projects depends on our willingness to devote the necessary capital, bonding, and other resources to larger projects when these resources might be better used in the exploration of our own properties. The goal of our management at this time is to show continued growth and profitability in AFC in order to support the total corporate structure, and to utilize the talents and resources of the AFC for our own exploration projects when those resources are available.

Up until this past year we have noticed less activity in the mining industry in the United States. The price of metals and increased costs due to regulations imposed on the industry have driven mining costs upward making mining less profitable. Consequently, the ability to generate a sustainable revenues source from AFC has been hampered, and management has decided to find mineable resources on its own properties to utilize the manpower and equipment available to the company. As the trend in metals prices improves, the possibility of more contracting activity should also improve.

TIMBER

Although our logging is a very small percentage of our activities, we face large numbers of competitors in this industry, and our competitors include individuals who may own property in northern Idaho and wish to sell their lumber at market prices to local mills. We are affected by market prices, and as prices fall and competing suppliers increase, our revenues from this business may fall significantly. Logging activities in northern Idaho are seasonal due to the large amount of snow that accumulates during the winter. We do most of our logging activity in the summer and fall.

EXPLORATION

We face a large number of competitors with respect to our exploration activities. Although we may have some advantage with respect to companies smaller than ours, we also face the common disadvantage against larger companies with more available capital. Consequently over the past three years we have limited our exploration activities to the clay property (Dragon Mine). However as we complete our exploration activities at the Dragon Mine, we will look more actively at other exploration targets. Our one advantage over many other smaller mining companies is that we have the ability to actually mine.

GOVERNMENTAL REGULATION

CONTRACT MINING

We are subject to a variety of state and federal regulations with respect to this aspect of our business. Most states require a contractor's license before conducting business in their state. Each state has a different procedure for licensing. We estimate the annual cost to maintain our state Contractor's licenses to be approximately \$500 per year. We obtain and pay workers compensation insurance, unemployment, and state withholding in all states in which we work. We handle these functions as a part of our normal clerical process.

Several states that we operate in require a permit to handle explosives, and we maintain such a license under the U.S. Bureau of Alcohol Tobacco and Firearms (ATF, USC18, (Chapter 40). This license must be renewed every three years. If we hire new employees that will handle our explosives, we are required to submit information to the ATF. Over the past year, the ATF has asked that we keep in contact with them regarding any projects that require the use of explosives.

Property owners must also obtain permits prior to mining. From the contracting side, we have always required that the mine owner permit his project with the proper regulatory authority prior to beginning work, which relieves us of any cost or liability. On our own properties, we will spend approximately \$2,000 per year to keep permits in place.

We are licensed under the Mine Safety and Health Act of 1997 (MSHA) (License number: VL-2). We are required to submit quarterly reports of our activities MSHA and to conduct annual refresher courses for our employees. The annual cost of these functions varies based on the amount of activity. We estimate that compliance with the described state and federal regulations costs us approximately \$3,000 per year.

TIMBER

Our timber business is regulated by the Idaho state Department of Lands under the Idaho Forestry Act Title 38, Chapter 1. Under this regulation, a logger must apply for and obtain a Notification of Forest Practices prior to starting a logging project. This permit requires the logger to maintain proper logging practices, including erosion abatement, and fire prevention. The State of Idaho retains \$4 per thousand board feet from all logs hauled to the mill, and once the project is completed, along with a State inspection verifying that the project was completed according to Idaho Forest Practices Act, the logger applies for a release of these funds. Although we contract out our logging, we may be liable, as the landowner, for problems created by the logger. However, we take measures to ensure that our contracted loggers are reputable and incidents do not occur. We do not currently have any direct costs related to this regulation. The process of obtaining access to our ground when it is necessary to enter through Forest Service or BLM property can delay timber harvesting. Although the law does not allow either of these agencies to restrict access to the private landowner, the permitting process is time consuming and reflects a cost to the landowner. We estimate the cost of this process will be about \$5,000 per year.

EXPLORATION AND DEVELOPMENT'

Should we decide to conduct exploration activities in Idaho, we must notify the Idaho State Bureau of Mines as required under Title 47, Chapter 1, the Department of Lands, and the federal Mine Safety and Health Administration of our intent. If we produce any ground disturbance, we will then need to notify the State Department of Environmental Quality to ensure that we are working within their guidelines. However, we do not intend to conduct any exploration in Idaho at this time.

We have conducted some exploration activities at the Dragon Mine in Juab County, Utah. The Utah Department of Natural Resources sets the guidelines for Exploration, and other mineral related activities based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules and Rules of Practice and Procedures, R647-1 through R647-5. We have applied for and received the proper permit from them. We also applied for and received authority from the Utah Department of Commerce to conduct business as a foreign corporation in the state as required by Utah Code, Title 16-10A-1501. Compliance with these regulations is expected to cost us approximately \$1,200 per year. As we hire additional people for this project we have covered them under proper state workman compensation, withholding and unemployment laws as required by both Utah and Idaho State employment regulations. We carry a Mine Safety and Health Administration (MSHA) license (#4202383) for this property and report as required to this agency. We estimate the cost of compliance to MSHA to be approximately \$5,000 per year.

EMPLOYEES

As of December 31, 2005, Atlas Mining and its subsidiaries have fourteen employees. As additional projects becomes available we will hire needed employees. We have also outsourced some of our logging work to a logging contractor who employs approximately six people. In addition, we periodically utilize the services of various individuals on a consulting basis. In 2005, we hired the services of a geologist, prospectors, industrial minerals consultants, and acquisition experts. We have one employment agreement with our CEO. None of our employees are covered by a collective bargaining agreement, we have never experienced a work stoppage, and we consider our labor relations to be excellent.

ITEM 2. DESCRIPTION OF PROPERTY

PRINCIPAL OFFICE

We rent office space from the McGillvray Environmental in Osburn, Shoshone County, Idaho. The address of the property is 630 East Mullan Avenue, Osburn, Idaho 83849. The property is a two-room office, containing approximately 800 square feet, in a business complex in the downtown area of Osburn, Idaho. The rent is \$300 per month and there is no rental agreement.

MINING PROPERTIES

We have assets of real property, mineral leases and options. The following section describes our right, title, or claim to our properties and each property's location. This section also discusses our present plans for exploration of the properties, and an estimate of mineralized material located on each property. Please refer to our Glossary at the end of this section for definitions of technical terms used in our discussion.

SHOSHONE COUNTY, IDAHO

Exploration

We own approximately 900 acres of fee simple property and patented mining claims, and 260 acres of mineral rights and unpatented claims, located in the Coeur d'Alene mining district in Shoshone County, Idaho, commonly referred to as the Silver Valley of North Idaho. Atlas was originally incorporated to pursue mining activities on the Atlas mine property near Mullan, Idaho. This property had some past production of silver, lead, zinc and copper in the early 1900's. However, the existence of minerals on this property cannot be determined without extensive exploration. Any revenues we may eventually generate may be used to further explore mines within the Shoshone County area or to acquire and explore new properties wholly unrelated to our Shoshone County properties. We have no plans for exploration of the Shoshone County mines at this time.

Our properties in Shoshone County are divided into five separate tracts. These sections are named for the mines located in that specific section. The section location and estimated acreage are as follows:

Section Of The Coeur D'Alene Mining District Estimated Acres

Atlas Mine	540 acres fee simple and patented, 180 unpatented
Sierra Trapper Creek	80 acres patented
Aulbach, Section 6 & 7	100 acres patented
Sierra Silver, Woodland Pk & 60 acres patented, 9 Mi	80 acres mineral rights
Sierra Hardscrabble	20 acres patented
L& N claims	108 acres patented

The largest section is the Atlas Mine. The underground Atlas Mine, idle since the early 1980's due to exploration budget restraints, is located on the east end of the Coeur d'Alene Mining District in Shoshone County. The property is accessible by interstate freeway and a county maintained road. Geologically, the property lies just south of the Osburn

Fault in the Wallace and St. Regis formations. The Mine has over 7,000 feet of tunnels with a rail system and a 2,000-foot internal shaft which can be accessed for future exploration.

The other properties in Shoshone County have no accessible workings. All the properties are accessible either by state highway, county road or forest service roads. As time and the economic trends merit it we will be looking find ways to make these properties more productive or to sell them.

The Atlas property carried a first mortgage to CLS Mortgage, all of which were paid off in 2005.

Timber

We estimate that our properties in Shoshone County contain approximately 2 million board feet of harvestable timber. We contract with independent loggers to harvest the timber and deliver it to mills. We contract our logging activities to experienced loggers in the industry. The current return to Atlas is approximately \$150 per thousand board feet. A board foot of lumber is one foot by one foot by one inch. We implement reforestation techniques to replenish its timber supply. Much of the remaining timer on Atlas lands requires access through U S Forest Service or BLM properties. Permitting for access through these entities is somewhat time consuming and we do not know whether we will be able to log very much of our properties in the near future.

We acquired our Sierra properties through the acquisition of Sierra Silver Lead Mining Company. Through this purchase the Company acquired approximately 329 acres of mineral rights that include approximately 250 acres of surface land and timber. Although there was a small amount of zinc mined on the Sierra Silver property, there has been no mining activity for over forty years. Subsequent to the purchase we sold approximately 100 acres. The majority of the Sierra property lies south of the Osburn Fault in the Wallace formation, and has no reserves. The property does have approximately 500,000 board feet of timber, which we value at approximately \$75,000.

We acquired our Aulbach claims in March 1999 from Trail Gulch Gold Mining Company. Through this purchase, we acquired approximately 100 acres of surface land and mineral rights, including timber rights. To date, we have logged approximately 650,000 board feet of timber on the property with an approximate net value of \$105,000.

JUAB COUNTY, UTAH

Dragon Mine

The Dragon Mine property, located in Juab County, Utah near the City of Eureka (Tintic Mining District) has been principally exploited for halloysite clay, a rare and high unit value clay mineral. The property consists of 38 patented mining claims, approximately 230 acres, located in the following sections: T10S, R2W, sections 29, 30, 31, and T10S, R3W, Section 36, all relative to the Salt Lake Meridian. Since July 10, 2001, Atlas Mining Company had leased the property from Conjecture Silver Mines, Inc., whose address is P.O.B. 14006, Spokane, Washington 99214. Conjecture Mines has since been merged into Chester Mines, Inc. with the same address. We initially paid 400,000 shares of our common stock, valued at \$100,000, for a one-year lease. Under the terms of the lease agreement, we have the right to renew the lease annually in exchange for 100,000 additional shares of our common stock, or we may buy the property for \$500,000 if we have \$1,000,000 in sales from the mine in a 12-month period. On August 18, 2005, we purchased the property from Conjecture Silver Mines and transferred ownership to Atlas Mining Company.

Conjecture Mines acquired the claims through a Quit Claim deed and share exchange with Grand Central Silver Mines, Inc. From 1950 to 1977, the Dragon Mine was owned by Anaconda and operated by Filtrol Corporation. The property has been idle since 1977. Examination of the mine maps, the open pit and surviving correspondence, coupled with informal interviews of former employees, all lead us to the conclusion that the mining techniques were likely inefficient which combined with developments of synthetic catalysts (the halloysite was mined for petroleum cracking) led the mine to price itself out of business. In 2004 Chester Mines, Inc acquired Conjectures Silver Mines, Inc. The address remains the same as does the principal officer.

Previous owners' records indicate that over 1.1 million tons were mined at the property from 1950 until it closed. Those records also indicate approximately 300,000 tons of mineralized material remain on the property. The previous owners also conducted some exploration core drilling and som