

ATLAS MINING CO
Form 10-Q
July 27, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2008

Transition report under section 13 or 15(d) of the Exchange Act

For the transition period from to

Commission File Number 000-31380

ATLAS MINING COMPANY
(Exact name of registrant as specified in its charter)

Idaho
(State or other jurisdiction of incorporation or organization)

82-0096527
(I.R.S. Employer Identification No.)

110 Greene Street – Ste 101, New York, NY
(Address of principal executive offices)

83849
(Zip Code)

(208) 556-1181
(Issuer's Telephone Number, Including Area Code)

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

N/A

Indicate by check whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NOX

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.

Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting CompanyX
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NOX

The number of shares of the registrant's common stock, no par value per share, outstanding as of March 31, 2008 was 54,233,779.

DOCUMENTS INCORPORATED BY REFERENCE: None.

ATLAS MINING COMPANY AND SUBSIDIARIES

FIRST QUARTER 2008 REPORT ON FORM 10-Q

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Signatures

Certification Under Sarbanes-Oxley Act of 2002

PREFATORY NOTE

This Quarterly Report of Form 10-Q for the quarter ended March 31, 2008 was required to be filed on May 12, 2008. On January 11, 2008, a Special Committee of the Board of Directors was appointed to review and investigate the conduct of our prior management and any issues arising therefrom. The Special Committee has reported its findings to the staff of the Securities and Exchange Commission (“SEC”) in July 2008 and issued a press release summarizing its findings in August 2008. The Special Committee concluded that it was necessary to restate the financial statements, and to file amended Quarterly Reports of Form 10-QSB for the fiscal quarters ended, March 31, and June 30, 2007.

The restatement at March 31, 2007 relate to the following matters:

- The only revenues from operations during 2007 were generated by the Company’s Contract Mining operations. Those operations were discontinued and shut down permanently on December 31, 2008 and will not be revived;
- Operations at the Dragon Mine were suspended in October, 2007 and remained suspended throughout 2008; and
 - The following persons are no longer with the Company:
 - i. the persons (there were two) who served as president and CEO of the Company at any time during 2007, both of whom also served as a director on the Company’s board;
 - ii. the person who was president and CEO of Nano Clay & Technologies, Inc., our subsidiary, during 2007, and who also served as a director on the Company’s board.

Because the disclosure in this report makes certain statements as to conditions and beliefs of, and information available to, the Company and management during the period covered by this report and because the management during 2007 has been replaced, it has been necessary for us to make certain assumptions as to what were the Company’s or the Board of Directors conditions, beliefs, and information for the financial information at March 31, 2007.

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

ATLAS MINING COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets

	March 31, 2008 (Unaudited)	December 31, 2007
Current Assets		
Cash and cash equivalents	\$ 507,996	\$ 1,210,621
Accounts receivable	990,364	911,710
Accounts receivable – related party	- 0 -	1,618
Investments – available for sale	5,426	4,886
Advances	609	1,054
Mining supplies	40,544	40,544
Deposits and prepaids	329,696	396,217
Total Current Assets	1,874,635	2,566,650
Property and Equipment		
Land and tunnels	1,062,499	1,062,499
Land improvements	91,835	91,835
Buildings	551,383	551,383
Mining equipment	1,535,936	1,485,936
Milling equipment	886,982	886,982
Laboratory equipment	75,968	75,968
Office furniture and equipment	38,171	37,962
Vehicles	236,530	236,530
Less: Accumulated depreciation	(833,571)	(724,102)
Total Property and Equipment	3,645,733	3,704,993
TOTAL ASSETS	\$ 5,520,368	\$ 6,271,643

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

ATLAS MINING COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets

	March 31, 2008 (Unaudited)	December 31, 2007
Current Liabilities		
Accounts payable and accrued liabilities	\$840,557	\$803,752
Stock awards payable	199,500	280,000
Current portion of notes payable	28,712	111,571
Current portion of leases payable	134,927	153,064
Total Current Liabilities	1,203,696	1,348,387
Long-Term Liabilities		
Long-term portion of notes payable	- 0 -	9,481
Long-term portion of leases payable	308,607	344,356
Total Long-Term Liabilities	308,607	353,837
TOTAL LIABILITIES	1,512,303	1,702,224
Commitments and Contingencies	- 0 -	- 0 -
Minority Interest	52,415	52,415
Stockholders' Equity		
Preferred stock, \$1.00 par value, 10,000,000 shares authorized, noncumulative, nonvoting, nonconvertible, none issued or outstanding	- 0 -	- 0 -
Common stock, no par value, 60,000,000 shares authorized, 54,233,779 and 54,173,594 shares issued and outstanding at March 31, 2008 and December 31, 2007, respectively	19,526,986	19,108,111
Accumulated deficit	(15,569,870)	(14,589,101)
Accumulated other comprehensive loss	(1,466)	(2,006)
Total Stockholders' Equity	3,955,650	4,517,004
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$5,520,368	\$6,271,643

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

ATLAS MINING COMPANY AND SUBSIDIARIES
 Consolidated Statements of Operations and Comprehensive Loss
 (Unaudited)

	For the three months ended March 31,	
	2008	2007
REVENUES:		
Contract mining	\$1,555,999	\$2,002,270
Total Revenues	1,555,999	2,002,270
COST OF SALES:		
Contract mining	1,021,496	1,070,714
Total Cost of Sales	1,021,496	1,070,714
Gross Profit (Loss)	534,503	931,556
OPERATING EXPENSES:		
Exploration & development costs	64,287	481,868
Mining production costs	401,181	259,249
General & administrative	873,689	490,953
Total Operating Expenses	1,339,157	1,232,070
Net Operating Income (Loss)	(804,654)	(300,514)
OTHER INCOME (EXPENSE):		
Interest income	24,718	29,424
Interest expense	(85)	(6,851)
Realized gain on securities available for sale	- 0 -	1,620
Gain on revaluation of stock awards	80,500	- 0 -
Special investigation fees and expenses	(281,124)	- 0 -
Bad debt	- 0 -	(20,000)
Total Other Income (Expenses)	(175,991)	4,193
Loss Before Income Taxes	(980,645)	(296,321)
Provision (Benefit) for Income Taxes	- 0 -	- 0 -
Minority Interest	- 0 -	19
Net Loss	\$(980,645)	\$(296,302)
Net Loss Per Share, Basic and Diluted	\$(0.02)	\$(0.01)
Weighted Average Shares Outstanding	54,212,094	52,747,230

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

ATLAS MINING COMPANY AND SUBSIDIARIES
 Consolidated Statements of Operations and Comprehensive Loss
 (Unaudited)

For the three months
 ended
 March 31,
 2008 2007

Net Loss	\$(980,645)	\$(296,302)
Other Comprehensive Income:		
Change in Market Value of Investments	540	1,392
Net Comprehensive Loss	\$(980,105)	\$(294,491)

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

ATLAS MINING COMPANY AND SUBSIDIARIES
 Consolidated Statements of Cash Flows
 (Unaudited)

For the three months
 ended
 March 31,
 2008 2007

Cash Flows from Operating Activities:

Net Income (Loss)	\$(980,645)	\$(296,302)
Adjustments to Reconcile Net Loss to Net Cash Used by Operations:		
Depreciation	109,469	75,051
Stock issued for director fees	40,000	- 0 -
Non-cash exercise of warrants for bonus	- 0 -	35,000
Valuation of options		