

ATLAS MINING CO  
Form 10QSB  
August 14, 2007

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-QSB**

(Mark One)

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

For the quarterly period ended June 30, 2007

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

For the transition period from to

Commission File Number 000-31380

[Missing Graphic Reference]

**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.)

630 East Mullan Avenue, Osburn, Idaho  
(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 wither 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 required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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The number of share outstanding of each of the issuer's classes of common equity as of August 6, 2007, was as follows: 54,173,594 shares of Common Stock.

Transitional Small Business Disclosure  
Format

Yes      o      No      x

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**ATLAS MINING COMPANY**

SECOND QUARTER 2007 REPORT ON FORM 10-QSB

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**PART I. FINANCIAL INFORMATION****ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS**

**ATLAS MINING COMPANY AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**

<i>ASSETS</i>	June 30, 2007 (unaudited)	December 31, 2006
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,511,010	\$ 217,102
Accounts receivable (net of allowance of \$0)	1,129,560	887,494
Investments – available for sale	4,344	3,794
Advances	558	618
Mining supplies	35,399	2,000
Deposits and prepaids	256,276	170,731
<b>Total Current Assets</b>	<b>2,937,147</b>	<b>1,281,739</b>
<b>Property, Plant and Equipment</b>		
Land and tunnels	1,225,412	1,225,412
Land improvements	89,876	83,987
Buildings	451,054	291,214
Mining equipment	1,291,305	972,060
Milling equipment	880,827	586,979
Laboratory equipment	31,814	74,174
Office furniture and equipment	75,968	1,300
Vehicles	238,530	150,952
Less: Accumulated depreciation	(574,157)	(408,145)
<b>Total Property, Plant and Equipment</b>	<b>3,710,629</b>	<b>2,977,933</b>
<b>Other Assets</b>		
Long-term note receivable	172,000	50,209
<b>Total Other Assets</b>	<b>172,000</b>	<b>50,209</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,819,776</b>	<b>\$ 4,309,881</b>

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

**ATLAS MINING COMPANY AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
(continued)

	June 30, 2007 (unaudited)	December 31, 2006
<b><i>LIABILITIES AND STOCKHOLDERS' EQUITY</i></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 485,193	\$ 359,527
Current portion of notes payable	145,896	229,304
Current portion of capital lease liabilities	38,673	49,537
<b>Total Current Liabilities</b>	<b>669,762</b>	<b>638,368</b>
<b>Long-Term Liabilities</b>		
Notes payable	490,637	432,786
Capital lease liabilities	38,673	62,776
Less: Current portion of long-term liabilities	(184,569)	(278,841)
<b>Total Long-Term Liabilities</b>	<b>344,741</b>	<b>216,721</b>
<b>TOTAL LIABILITIES</b>	<b>1,014,503</b>	<b>855,089</b>
<b>Commitments &amp; Contingencies</b>	<b>- 0 -</b>	<b>- 0 -</b>
<b>Minority Interest</b>	<b>50,307</b>	<b>52,287</b>
<b>Stockholders' Equity</b>		
Preferred stock, \$1.00 par value, 10,000,000 shares authorized, non-cumulative, non-voting, non-convertible, none issued or outstanding	- 0 -	- 0 -
Common stock, no par value, 60,000,000 shares authorized, 53,086,043 and 51,275,539 shares issued and outstanding, respectively	17,559,819	15,209,933
Accumulated deficit	(11,590,192)	(11,642,427)
Accumulated other comprehensive income (loss)	(214,661)	(165,001)
<b>Total Stockholders' Equity</b>	<b>5,754,966</b>	<b>3,402,505</b>
<b><i>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</i></b>	<b>\$ 6,819,776</b>	<b>\$ 4,309,881</b>

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



**ATLAS MINING COMPANY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
<b>Revenues</b>				
Contract mining	\$ 2,158,250	\$ 767,097	\$ 4,160,520	\$ 1,101,829
Mining production	- 0 -	- 0 -	- 0 -	- 0 -
Timber	- 0 -	- 0 -	- 0 -	- 0 -
<b>Total Revenues</b>	<b>2,158,250</b>	<b>767,097</b>	<b>4,160,520</b>	<b>1,101,829</b>
<b>Cost of Sales</b>				
Contract mining	1,120,412	526,126	2,212,415	700,430
Mining production	- 0 -	- 0 -	- 0 -	- 0 -
Timber	- 0 -	- 0 -	- 0 -	- 0 -
<b>Total Cost of Sales</b>	<b>1,120,412</b>	<b>526,126</b>	<b>2,212,415</b>	<b>700,430</b>
<b>GROSS PROFIT (LOSS)</b>	<b>1,037,838</b>	<b>240,971</b>	<b>1,948,105</b>	<b>401,399</b>
<b>Operating Expenses</b>				
Exploration & development costs	440,402	505,364	922,270	1,116,131
Mining production costs	381,276	74,632	631,535	180,860
General & administrative	111,910	184,301	379,670	563,694
<b>Total Operating Expenses</b>	<b>933,588</b>	<b>764,297</b>	<b>1,933,475</b>	<b>1,860,685</b>
<b>Net Operating Income (Loss)</b>	<b>104,250</b>	<b>(523,326)</b>	<b>14,630</b>	<b>(1,459,286)</b>
<b>Other Income (Expenses)</b>				
Interest income	19,315	9,568	50,174	21,069
Interest expense	(5,698)	(12,294)	(12,549)	(16,453)
Miscellaneous income	- 0 -	65	- 0 -	80
<b>Total Other Income (Expense)</b>	<b>13,617</b>	<b>2,661</b>	<b>37,625</b>	<b>4,696</b>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>117,867</b>	<b>(525,987)</b>	<b>52,255</b>	<b>(1,454,590)</b>
Provision (Benefit) for Income Taxes	- 0 -	- 0 -	- 0 -	- 0 -
Minority Interest	(20)	- 0 -	(20)	- 0 -
<b>NET INCOME (LOSS)</b>	<b>\$ 117,847</b>	<b>\$ (525,987)</b>	<b>\$ 52,235</b>	<b>\$ (1,454,590)</b>
<b>Net Income (Loss) Per Share:</b>				
Basic	\$ NIL	\$ (0.01)	\$ NIL	\$ (0.03)
Diluted	\$ NIL	\$ (0.01)	\$ NIL	\$ (0.03)
Weighted Average Shares Outstanding	53,084,175	48,824,432	52,997,150	49,136,018

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



**ATLAS MINING COMPANY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME (LOSS)**  
(Unaudited)

	For the Six Months Ended	
	June 30,	
	2007	2006
Net Income (Loss)	\$ 52,235	\$ (1,454,590)
Other Comprehensive Income (Loss):		
Change in market value of investments	550	- 0 -
Net Comprehensive Income (Loss)	\$ 52,785	\$ (1,454,590)
Comprehensive Loss Per Share:		
Basic	\$ NIL	\$ (0.03)
Diluted	\$ NIL	\$ (0.03)

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

**ATLAS MINING COMPANY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	For the Six Months Ended	
	June 30,	
	2007	2006
<b>Cash Flows From Operating Activities:</b>		
Net Income (Loss)	\$ 52,235	\$(1,454,590)
<b>Adjustments to Reconcile Net Loss to Net Cash Provided by Operations:</b>		
Depreciation	166,012	61,517
Stock issued for services	- 0 -	45,000
Compensation for options	188,395	33,700
Minority interest	(1,873)	- 0 -
<b>Change in Operating Assets and Liabilities:</b>		
(Increase) in notes receivable	(2,000)	- 0 -
(Increase) decrease in accounts receivable	(242,066)	(217,968)
(Increase) decrease in deposits and prepaids	(85,545)	59,239
(Increase) decrease in mining supplies	(33,399)	- 0 -
Increase (decrease) in accounts payable and accrued expenses	125,666	78,782
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>167,425</b>	<b>(1,394,320)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of equipment	(898,708)	(580,034)
Purchases of land	- 0 -	(227,883)
Issuance of notes receivable	(170,000)	- 0 -
Receipts from advances	60	602
<b>Net Cash (Used) by Investing Activities</b>	<b>(1,068,648)</b>	<b>(807,315)</b>
<b>Cash Flows from Financing Activities:</b>		
Payments on notes payable	(204,459)	(16,528)
Payments on leases payable	(24,103)	(92,704)
Proceeds from notes payable	272,834	201,340
Proceeds from leases payable	- 0 -	165,363
Proceeds from issuance of common stock	2,150,859	772,045
<b>Net Cash Provided by Financing Activities</b>	<b>2,195,131</b>	<b>1,029,516</b>
<b>Increase (Decrease) in Cash</b>	<b>1,293,908</b>	<b>(1,172,119)</b>
<b>Cash and Cash Equivalents, Beginning of Period</b>	<b>217,102</b>	<b>2,215,929</b>
<b>Cash and Cash Equivalents, End of Period</b>	<b>\$ 1,511,010</b>	<b>\$ 1,043,810</b>

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

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**ATLAS MINING COMPANY AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

(continued)

	For the Six Months Ended	
	June 30,	
	2007	2006
<b>Cash Paid For:</b>		
Interest	\$ 12,549	\$ 16,453
Income Taxes	\$ - 0 -	\$ - 0 -
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities:</b>		
Receipt of stock in payment of note receivable	\$ 50,209	\$ - 0 -
Stock issued for majority interest	\$ 2,000	\$ - 0 -
Stock issued for services	\$ - 0 -	\$ 45,000
Stock issued in payment of note	\$ - 0 -	\$ 10,000

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



**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
June 30, 2007

**NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Organization**

Atlas Mining Company, (“the Company”) was incorporated in the state of Idaho on March 4, 1924. The Company was formed for the purpose of exploring and developing the Atlas mine, a consolidation of several patented mining claims located in Coeur d’Alene Mining District near Mullan, Idaho. The Company eventually became inactive as a result of low silver prices.

In September 1997, the Company became active and purchased substantially all of the operating equipment and mining supplies from Fausett International, Inc., a related party. The purchase price totaled \$1,416,099, which consisted of \$50,000 cash, 875,000 shares of the Company’s common stock valued at \$350,000 and a note payable of \$1,016,094. After the purchase, the Company commenced contracting operations through the trade name, Atlas Fausett Contracting. Through Atlas Fausett Contracting, the Company provides shaft sinking, underground mine development and contracting primarily to companies in the mining and civil industries. The Company also pursues property acquisitions and resource development projects. In 2002, the Company settled out the debt to Fausett International and returned the majority of the unusable equipment; however the Company continues to pursue contracting activities.

In 1997 and 1998, the Company was to exchange 844,560 shares of its common stock for all of the outstanding shares of Sierra Silver Lead Mines, Inc. (Sierra), an Idaho corporation. As of June 30, 2007, 383,932 shares of the Company’s common stock had not been exchanged. The Company was unable to locate some of the shareholders of Sierra. Therefore, the Company agreed to transfer the stock to an Atlas Mining Company Trust account in trust for the unlocated shareholders of Sierra Silver. The acquisition of Sierra has been recorded as a purchase. The purchase price totaled \$276,157. All of the assets and liabilities of Sierra were transferred to the Company and Sierra ceased to exist.

In April 1999, the Company exchanged 741,816 shares of its common stock and paid cash of \$15,770 for all of the outstanding shares of Olympic Silver Resources, Inc. (Olympic), a Nevada corporation. At the time of purchase, Olympic held the rights to the San Acacio Mine in Zacatecas, Mexico. The purchase price totaled \$228,566. The acquisition has been recorded as a purchase and all of the assets and liabilities were transferred to the Company. In 2001, the Company did not renew the rights to the property due to increased carrying costs.

In 1998 and 1999, the Company exchanged 71,238 shares of its common stock for 53% of the outstanding shares of Park Copper and Gold Mining, Ltd. (Park Copper), an Idaho corporation. The purchase price totaled \$72,825. The acquisition was recorded as a purchase.

In July 2001, the Company began leasing the Dragon Mine from Conjecture Silver Mines, Inc. (“Conjecture”) in Spokane, Washington. Conjecture has since merged into Chester Mines, Inc. at the same location. The Company initially paid 400,000 shares of its common stock, or the option to purchase the property for \$500,000 if \$1,000,00 in sales from the mine occurred in a 12-month period. The Company exercised the option to purchase the Dragon Mine on August 18, 2005 for \$500,000. The property consists of 38 patented mining claims on approximately 230 acres and is located near Eureka, Utah.



**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
June 30, 2007

## NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## b. Interim Financial Reporting

The accompanying condensed financial statements of the Company have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. These condensed financial statements reflect all adjustments (consisting only of normal recurring adjustments) that, in the opinion of management, are necessary to present fairly the results of operations of the Company for the periods presented. These condensed financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Form 10-KSB for the year ended December 31, 2006. The results of operations for the six months ended June 30, 2007, are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2007.

## c. Earnings (Loss) Per Share

The computation of earnings (loss) per share of common stock is based on the weighted average number of shares outstanding at the date of the financial statements. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus the common stock equivalents which would arise from the exercise of stock options and warrants outstanding using the treasury stock method and the average market price per share during the year.

Common stock equivalents at June 30, 2007 consisted of 3,773,333 in options. The effect of common stock equivalents at June 30, 2007 are as follows:

<b>For the quarter ended June 30, 2007:</b>	
Weighted average shares outstanding	53,084,175
Common stock equivalents	3,773,333
Total shares and equivalents outstanding	56,857,508
Net Income	\$ 117,847
EPS, basic and diluted	\$ NIL
<b>For the six months ended June 30, 2007:</b>	
Weighted average shares outstanding	52,997,150
Common stock equivalents	3,773,333
Total shares and equivalents outstanding	56,770,483
Net Income	\$ 52,235
EPS, basic and diluted	\$ NIL

**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
June 30, 2007

## NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## c. Earnings (Loss) Per Share (continued)

Common stock equivalents at June 30, 2006 consisted of 3,500,000 in options and 1,164,000 in warrants. Common stock equivalents at June 30, 2006 were considered but were not included in the computation of loss per share at June 30, 2007 and 2006 because they would have been anti-dilutive.

	Net Income (Loss) (Numerator)	Shares (Denominator)	Per Share Amount
For the quarter ended June 30, 2006:			
EPS, basic and diluted			
Net loss to common shareholders	\$ (525,987)	48,824,432	\$ (0.01)
For the six months ended June 30, 2006:			
EPS, basic and diluted			
Net loss to common shareholders	\$ (1,454,590)	49,136,018	\$ (0.03)

## d. Available for Sale Investments

The shares are evaluated quarterly using the specific identification method. Any unrealized holding gains or losses are reported as Other Comprehensive Income and as a separate component of stockholder's equity. Realized gains and losses are included in earnings. Marketable Securities-Available for Sale are as follows:

Balance, January 1, 2006	\$ 3,754
Marketable securities received	41,823
Net unrealized losses	(41,783)
Balance, January 1, 2007	\$ 3,794
Marketable securities received	50,209
Net unrealized losses	(49,659)
<b>Balance, June 30, 2007</b>	<b>\$ 4,344</b>

## e. Property and Equipment

Property and equipment are carried at cost. Depreciation and amortization is computed on the straight-line method over the estimated useful lives of the assets as follows:

Estimated Useful Life
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Building	30 years
Land improvements	15 years
Mining equipment	2 – 8 years
Milling equipment	2 – 8 years
Laboratory equipment	2 – 8 years
Office furniture and equipment	5 – 8 years
Vehicles	5 years

**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
June 30, 2007

## NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

## e. Property and Equipment (continued)

In accordance with Financial Accounting Standards Board Statement No. 144, the Company records impairment of long-lived assets to be held and used or to be disposed of when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount. At June 30, 2007 and December 31, 2006, no impairments were recognized. Depreciation expense for the six months ended June 30, 2007 and 2006 totaled \$166,012 and \$61,517, respectively.

## f. Stock Options and Warrants

The Company has stock option plans that provide for stock-based employee compensation, including the granting of stock options, to certain key employees. The plans are more fully described in Note 5. Prior to January 1, 2006, the Company applied APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related Interpretations in accounting for awards made under the Company's stock-based compensation plans. Under this method, compensation expense was recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price.

During the periods presented in the accompanying financial statements, the Company has adopted the provisions of SFAS No. 123R using the modified-prospective transition method and the disclosures that follow are based on applying SFAS No. 123R. Under this transition method, compensation expense recognized during the six months ended June 30, 2007 included: (a) compensation expense for all share-based awards granted prior to, but not yet vested as of January 1, 2007, and (b) compensation expense for all share-based awards granted on or after January 1, 2007. Accordingly, compensation expense of \$188,395 and \$33,700 has been recognized for vesting of options to employees and directors in the accompanying statements of operations for the six months ended June 30, 2007 and 2006, respectively.

## g. Concentration of Risk

The Company maintains cash balances in multiple checking accounts at two separate financial institutions. At June 30, 2007 and December 31, 2006, total cash balances were \$1,511,010 and \$217,102, respectively. Such funds exceed Federal Deposit Insurance Corporation limits, and amounts exceeding \$100,000 are not insured.

The Company receives 87% of contract service revenue from two customers. For the period ended June 30, 2007, customers who account for 10% or more of revenues are presented as follows:

Customers	% of Revenues
Customer A	59%
Customer B	29%



**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
June 30, 2007

## NOTE 2 - NOTES PAYABLE

Notes payable are detailed in the following schedules as of June 30, 2007 and December 31, 2006:

	June 30, 2007	December 31, 2006
Note payable to a company, due in monthly installments of \$2,135, including interest at 18.62%. The note matures in March 2008 and is collateralized by equipment.	\$ 20,422	\$ 31,905
Note payable to a company, due in monthly installments of \$1,605, including interest at 17.03%. The note matures in May 2009 and is collateralized by equipment.	36,434	44,944
Note payable to a company, due in monthly installments of \$676, including interest at 1.35%. The note matures in June 2008 and is collateralized by equipment.	8,068	12,096
Note payable to a company, due in monthly installments of \$13,000, including interest at 1.35%. The note matures in February 2007 and is collateralized by equipment.	- 0 -	16,716
Note payable to a company, due in annual installments of \$15,573, including interest at 5%. The note matures in August 2011 and is collateralized by equipment.	61,225	61,225
Note payable to a company, due in monthly installments of \$7,500, including interest at 25.9%. The note matures in January 2007 and is collateralized by equipment.	- 0 -	48,250
Note payable to a company, due in monthly installments of \$479, including interest at 0%. The note matures in December 2008 and is collateralized by equipment.	12,945	15,822
Note payable to a company, due in monthly installments of \$688, including interest at 7.59%. The note matures in March 2010 and is collateralized by a vehicle.	20,481	23,697
Note payable to a private party, due in annual installments of between \$15,000 to \$54,000. The note matures in April 2009 and is collateralized by property with mineral rights.	83,796	100,677
Note payable to a company, due in monthly installments of \$3,518, including interest at 22.66%. The note matures in February 2012 and is collateralized by equipment.	120,959	- 0 -
<b>BALANCE FORWARD</b>	<b>364,330</b>	<b>355,332</b>





**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
June 30, 2007

## NOTE 2 - NOTES PAYABLE (continued)

	June 30, 2007	December 31, 2006
<b>BALANCE FORWARD</b>	\$ 364,330	\$ 355,332
Note payable to a company, due in monthly installments of \$1,632, including interest at 3%. The note matures in April 2012 and is collateralized by equipment.	88,019	- 0 -
Note payable to an insurance company, due in monthly installments of \$12,767. The note matures in July of 2006.	2,801	77,454
Note payable to a company, due in monthly installments of \$1,075, including interest at 0%. The note matures in March 2010 and is collateralized by a vehicle.	35,487	- 0 -
<b>Total Notes Payable</b>	<b>490,637</b>	<b>432,786</b>
<b>Less: Current portion</b>	<b>(145,896)</b>	<b>(229,304)</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 344,741</b>	<b>\$ 203,482</b>

Future minimum principal payments on notes payable are as follows:

2007	\$ 66,977
2008	130,863
2009	144,141
2010	65,818
2011	69,508
Thereafter	13,330
<b>Total</b>	<b>\$ 490,637</b>

## NOTE 3 - STOCK OPTIONS AND WARRANTS TO PURCHASE COMMON STOCK

Stock Options

In 1998, the Company adopted a non-qualified stock option plan authorizing the granting to officers, directors, or employees options to purchase common stock. Options are granted by the Administrative Committee, which is elected by the Board of Directors. The number of options granted under this plan and any other plans active may not exceed 10% of the currently issued and outstanding shares of the Company's common stock. The term of each option granted is determined by the Committee, but cannot be for more than five years from the date the option is granted. The option price per share with each option granted will be fixed by the Administrative Committee on the date of grant.

The Company adopted an incentive stock option plan in 1998. The stock option plan permits the Company to grant to key employees options to purchase shares of stock in the Company at the direction of the Committee. The price of shares purchased must be equal to or greater than fair market value of the common stock at the date. At June 30, 2007, no options have been granted under this plan.

**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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## NOTE 3 - STOCK OPTIONS AND WARRANTS TO PURCHASE COMMON STOCK (continued)

The Company is authorized to issue stock options under one existing stock option plan approved by stockholders. The fair value of each of the Company's stock option awards is estimated on the date of grant using a Black-Scholes option-pricing model that uses the assumptions noted in the table below. Expected volatility is based on an average of historical volatility of the company's stock. The risk-free interest rate for periods within the contractual life of the stock option award is based on the yield curve of a zero-coupon U.S. Treasury bond on the date the award is granted with a maturity equal to the expected term of the award. The Company uses historical data to estimate forfeitures within its valuation model.

The expected term of awards granted is derived from historical experience under the Company's stock-based compensation plans and represents the period of time that awards granted are expected to be outstanding.

During 2004, the company's board of directors approved an option to the Company's CEO to acquire up to 3.5 million shares of common stock over a five year period at \$0.18 per share under the non-qualified stock option plan. The options vested 43% on January 1, 2005, and 14% on January 1, 2006 -2009.

The significant weighted average assumptions relating to the valuation of the Company's CEO's Stock Options for the year ended December 31, 2006 were as follows:

	2006
Dividend Yield	0%
Expected Life	3 years
Expected Volatility	59%
Risk-Free Interest Rate	4.94%

During 2006, the Company's board of directors approved an option to the CEO of the Company's wholly owned subsidiary, Nano Clay and Technologies, Inc., to acquire up to one million shares of common stock over a two year period. The first 500,000 shares are exercisable at \$1.51 per share, and the remaining 500,000 shares are exercisable at 85% of the common stock price on given anniversary dates. These options were issued under the non-qualified stock option plan. The options vested 25% on July 14, 2006, and will continue to vest in 25% increments on January 14, 2007, July 14, 2007, and January 14, 2008.

A summary of the status of the options granted under the Company's 1998 stock option plan and other agreements and changes for the six months ended June 30, 2007 and the year ended December 31, 2006 are as follows:

**ATLAS MINING COMPANY AND SUBSIDIARY**  
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## NOTE 3 - STOCK OPTIONS AND WARRANTS TO PURCHASE COMMON STOCK (continued)

	June 30, 2007		December 31, 2006	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	3,773,333	\$ 0.49	3,773,333	\$ 0.49
Granted	- 0 -	- 0 -	- 0 -	- 0 -
Exercised	- 0 -	- 0 -	- 0 -	- 0 -
Forfeited	- 0 -	- 0 -	- 0 -	- 0 -
Expired	- 0 -	- 0 -	- 0 -	- 0 -
Outstanding at end of period	3,773,333	\$ 0.49	3,773,333	\$ 0.49
Exercisable at end of period	1,773,333	\$ 0.59	1,773,333	\$ 0.59

A summary of the status of the options outstanding at June 30, 2007 is presented below:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable	Weighted-Average Exercise Price	
\$ 0.18	2,773,333	3.25 years	\$ 0.18	1,273,333	\$ 0.18	
\$ 1.59	1,000,000	1.50 years	\$ 1.59	500,000	\$ 1.59	
	3,773,333			1,773,333		

At June 30, 2007 the Company had 2,000,000 non-vested options with a weighted average grant date fair value of \$0.53.

Stock Warrants

During 2005, the Company granted warrants to purchase up to 1,174,000 of its common shares at between \$0.25 to \$0.50 per share expiring in January 2007 with a calculated weighted average fair value of \$0.44 each for services. The fair value of each option granted is estimated on the date granted using the Black-Scholes option pricing model. Assumptions used to compute the weighted-average grants during the year ended December 31, 2005 include risk-free interest rates of 3.25%, expected dividend yields of 0%, expected life of 2 years, and expected volatility 76.36%.

Also during 2005, the Company granted warrants to purchase up to 474,000 of its common shares at \$0.50 per share, with 470,000 shares expiring in January 2007 and 4,000 shares expiring in February 2007, with a calculated weighted average fair value of \$0.27 each. The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing model. Assumptions used to compute the weighted-average grants during the year ended December 31, 2005 include risk-free interest rates of 4.22%, expected dividend yields of 0%, expected life of 2 years, and expected volatility ranging from 79.75% to 107.77%.



**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
June 30, 2007

**NOTE 3 - STOCK OPTIONS AND WARRANTS TO PURCHASE COMMON STOCK (continued)**

A summary of the status of the warrants granted at June 30, 2007 and December 31, 2006, and changes during the periods then ended is presented below:

	June 30, 2007		December 31, 2006	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Outstanding at beginning of period	304,000	\$ 0.50	1,580,980	\$ 0.45
Granted	- 0 -	- 0 -	- 0 -	- 0 -
Exercised	(304,00)	0.50	(1,256,980)	0.38
Forfeited	- 0 -	- 0 -	- 0 -	- 0 -
Expired	- 0 -	- 0 -	(20,000)	0.50
Outstanding at end of period	- 0 -	- 0 -	304,000	\$ 0.50
Exercisable at end of period	- 0 -	- 0 -	304,000	\$ 0.50

At the period ended June 30, 2007, there were no stock warrants outstanding.

**NOTE 4 – STOCKHOLDERS’ EQUITY**

During the year ended December 31, 2006, the Company recognized the following transactions related to common stock:

1. 50,000 shares of restricted stock at \$0.90 per share were issued in payment for services.
2. 8,000 shares of restricted stock at \$1.25 per share were issued for payment on a note payable.
3. 40,500 shares of stock were issued to selected employees at \$1.40 per share as a year end stock bonus.
4. 726,667 shares of restricted stock were issued as a result of stock options being exercised at \$0.18 per share.
5. 1,256,980 shares of restricted stock were sold for cash through the exercise of warrants at a price ranging between \$0.25 to \$0.50 per share.
6. 340,500 shares of restricted stock were sold for cash at \$2.00 per share.

During the six months ended June 30, 2007, the Company sold a total of 304,000 shares of restricted common stock at a price ranging between \$0.25 to \$0.50 per share for a total of \$150,858 cash. The sale resulted from a redemption of an outstanding warrant.

Also during the six months ended June 30, 2007, the Company sold a total of 1,481,482 shares of restricted stock at a price of \$1.35 per share for a total of \$2,000,001 cash. The sale resulted from the exercise of a stock subscription agreement. An additional 19,430 shares were sold for cash at \$.50 per share.

Finally, during the six months ended June 30, 2007, the Company issued a total of 4,592 shares of stock in payment of a note payable, and issued 1,000 shares of stock in exchange for minority interest in Park Copper and Gold.

**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
June 30, 2007

**NOTE 5 – CAPITAL LEASES**

The Company leases equipment under capital leases that expire in September 2006 and March through December 2008. The gross amount of assets recorded under capital leases and the associated accumulated depreciation are included under property and equipment and are as follows:

	June 30, 2007	December 31, 2006
Mining equipment	\$ 62,776	\$ - 0 -
Total	\$ 62,776	\$ - 0 -
Less: Accumulated Depreciation	(18,557)	- 0 -
<b><i>Net Leased Equipment</i></b>	<b>\$ 44,219</b>	<b>\$ - 0 -</b>

The future minimum lease payments are as follows for the periods ended:

December 31,	Amount Due
2007	\$ 26,956
2008	13,478
2009	- 0 -
2010	- 0 -
2011	- 0 -
Thereafter	- 0 -
Total minimum obligations	\$ 40,434
Executory costs and interest	(1,761)
PV of minimum obligations	38,673
Less: current portion	(38,673)
<b><i>Long-Term Obligations</i></b>	<b>\$ - 0 -</b>

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

There are no significant commitments and contingencies related to the Company.



**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 – SEGMENT REPORTING**

The Company's Chief Operating Decision-maker, as defined in SFAS No. 131, is considered to be Atlas's CEO. The Chief Operating Decision-maker reviews separate financial information for the contract mining business segment, the mining production business segment and the timber business segment. Each of the Company's business segments offer and distribute distinct services to different customer segments. The contract mining segment provides mining services and specialized civil construction services in various locations for mine operators, exploration companies and the construction and natural resources industries. Other activities include site evaluation, feasibility studies, trouble-shooting and consultation prior to the undertaking of exploration and mine development. The mining production segment is located at the Dragon Mine in Juab County, Utah which contains a deposit of high quality halloysite clay. The Company is in the process of extracting this clay to sell to outside parties. The Company holds property with harvestable timber in Northern Idaho. Timber harvesting is contracted out to a qualified logger, who is able to negotiate with local timber mills on the price for the timber. The Company primarily uses the timber to generate revenues and cash flows for other operations. The Company therefore considers that it has three reportable segments under SFAS 131 during 2006 to 2007 as follows: (i) contract mining, (ii) mining production, and (iii) timber.

The Chief Operating Decision-maker evaluates performance and allocates resources based on revenues produced from operations. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. It is the Company's policy that trade between the segments is entered into at an arms-length basis.

**SEGMENT REPORTING**

	For the Period Ended	
	June 30,	
	2007	2006
<b>CONTRACT MINING</b>		
Net Revenue	\$ 4,160,520	\$ 1,101,829
Operating Expenses		
Cost of Sales	2,212,415	700,430
General and Administrative	189,835	254,615
<b>Total Operating Expenses</b>	<b>2,402,250</b>	<b>955,045</b>
<b>Net Operating Profit</b>	<b>\$ 1,758,270</b>	<b>\$ 146,784</b>
Capital Expenditures	\$ 229,821	\$ 39,506
Depreciation	\$ 55,729	\$ 9,848
Total Assets	\$ 3,741,265	\$ 180,948



**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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## NOTE 7 – SEGMENT REPORTING (continued)

	For the Period Ended	
	June 30,	
	2007	2006
<b>MINING PRODUCTION</b>		
Net Revenue	\$ - 0 -	\$ - 0 -
Operating Expenses		
Mining Production Costs	631,535	180,860
Exploration and Development Costs	922,270	1,116,131
General and Administrative	189,835	254,614
<b>Total Operating Expenses</b>	<b>1,743,640</b>	<b>1,551,605</b>
<b>Net Operating Profit (Loss)</b>	<b>\$ (1,743,640)</b>	<b>\$ (1,551,605)</b>
Capital Expenditures	\$	\$ 768,411
Depreciation	\$ 110,283	\$ 51,669
Total Assets	\$ 2,673,101	\$ 3,199,809
<b>TIMBER</b>		
Net Revenue	\$ - 0 -	\$ - 0 -
Operating Expenses		
Cost of Sales	- 0 -	- 0 -
General and Administrative	- 0 -	54,465
<b>Total Operating Expenses</b>	<b>- 0 -</b>	<b>54,465</b>
<b>Net Operating Profit (Loss)</b>	<b>\$ - 0 -</b>	<b>\$ (54,465)</b>
Capital Expenditures	\$ - 0 -	\$ - 0 -
Depreciation	\$ - 0 -	\$ - 0 -
Total Assets	\$ 405,410	\$ 405,410

**ATLAS MINING COMPANY AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)  
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## NOTE 7 – SEGMENT REPORTING (continued)

	For the Period Ended	
	June 30,	
	2007	2006
<b><i>CONSOLIDATED ON FINANCIAL STATEMENT</i></b>		
Net Revenue	\$ 4,160,520	\$ 1,101,829
Operating Expenses		
Total Cost of Sales	2,212,415	700,430
Mining Production Costs	631,535	180,860
Exploration and Development Costs	922,270	1,116,131
Total General and Administrative	379,670	563,694
<b>Total Operating Expenses</b>	<b>(4,145,890)</b>	<b>2,561,115</b>
<b><i>Net Operating Profit (Loss)</i></b>	<b>\$ 14,630</b>	<b>\$ (1,459,286)</b>
Capital Expenditures	\$ 898,708	\$ 807,917
Depreciation	\$ 166,012	\$ 61,517
Total Assets	\$ 6,819,776	\$ 3,786,167

## NOTE 8 – SUBSEQUENT EVENTS

In July 2007, the Company agreed to terminate its diamond drilling contract with SNS Silver Corp. Management has not estimated the affect that such early termination will have on the Company's financial statements.

Also in July 2007, the Board appointed Robert Dumont as the Company's CEO and President. This appointment was a result of William Jacobson's stepping down from the same positions, and assuming the title Chairman of the Board. Upon appointment, Mr. Dumont signed an employment agreement defining his position, compensation, and benefits for a three year period.

In July 2007, William Jacobson exercised options, for a total of \$195,256 cash and received 1,084,756 shares of the Company's common stock.

## **ITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS 2. OF OPERATIONS**

### **FORWARD LOOKING STATEMENTS**

This Form 10-QSB contains forward-looking statements, including statements regarding the expectations of future operations. For this purpose, any statements contained in this Form 10-QSB that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing words such as "may," "will," "expect," "believe," "anticipate," "estimate," or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within the Company's control. These factors include, but are not limited to, economic conditions generally and in the industries in which the Company may participate, competition within the chosen industry, including competition from much larger competitors, technological advances, and the failure to successfully develop business relationships. In light of these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. This item should be read in conjunction with "Item 1. Consolidated Financial Statements" and other items contained elsewhere in this report.

### **OVERVIEW**

We are a natural resources company engaged in the acquisition and exploration of our resource properties in the states of Idaho and Utah, and in New Foundland, Canada. We also provide contract mining services and specialized civil construction services for mine operators, exploration companies, and the construction and natural resource industries through our trade name "Atlas Fausett Contracting."

Our primary source of revenue is generated by our Atlas Fausett Contracting operations. However, we also have exploration targets and timber. As a result, we are providing management's discussion on our plan of operation.

#### ***Contract Mining***

Our contract mining generates most of our revenues. This may decrease as we are able to increase operations on our owned properties, and we will adjust our resources accordingly. At this time, we anticipate that our contracting will remain a significant portion of our business.

#### ***Property Exploration***

We intend to continue 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 an 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 three month period ending June 30, 2007 and 2006 were \$440,402 and \$505,364, 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, we completed diamond drilling programs to verify location of clay beds at the Dragon Mine. In 2006, we have continued our diamond drilling program. With that information, we have been able to formulate development and mining plans. During 2005 and 2006 we have worked

to develop and bring the Dragon Mine into a production stage.

Our halloysite clay marketing efforts include contacting potential customers and distributors, which we have done. Each buyer may have different uses for the product and, therefore, the prices and quantities 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 buyer. In March 2006, we activated Nano Clay and Technologies, Inc., a wholly owned subsidiary, and hired Dr. Ronald Price as its President and Chief Executive Officer, to pursue these activities.

Until the Dragon Mine is producing in a profitable manner, we are not aggressively trying to develop other properties. However, it is our intent to look for other properties that can be acquired, developed, and mined with minimal costs, and environmental concerns.

We have a mining plan and reclamation bond approved by the proper state authorities, have filed and received Mine Safety and Health Administration (MSHA) registration, and county permitting where applicable. 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 mining and reclamation plans to the proper state and federal authorities.

### ***Timber***

We will continue to harvest timber on our property. Timber harvesting will be dependent upon lumber prices and weather. We normally do not log much in the winter months.

## **RESULTS OF OPERATIONS**

Revenues for the three month period ended June 30, 2007 were \$2,158,250 and \$767,097 for the same period ending June 30, 2006, or an increase of \$1,391,153. Revenues for the six month period ended June 30, 2007 were \$4,160,520 and \$1,101,829 for the same period ended June 30, 2006, or an increase of \$3,058,691. The main difference was caused by the increase in contracting revenues for both periods in 2007 as compared to the previous year.

Gross profit (loss) for the three month period ended June 30, 2007 was \$1,037,838 compared to \$240,971 for the same period ended June 30, 2006, a difference of \$796,867. Gross profit (loss) for the six month period ended June 30, 2007 was \$1,948,105 compared to \$401,399 for the same period ended June 30, 2006, or an increase of 385%. This was due to the increased revenues for the periods ended June 30, 2007 over the same periods ended June 30, 2006.

Total operating expenses for the three month period ended June 30, 2007 were \$933,588 compared to \$764,297 for the same period ending June 30, 2006, or an increase of 22%. Total operating expenses for the six month period ended June 30, 2007 were \$1,933,475 compared to \$1,860,685 for the same period ended June 30, 2006. The increase is primarily attributed to the increase in mining production costs.

Our net profit (loss) for the three month period ended June 30, 2007 was \$117,847 compared to (\$525,987) for the same period ended June 30, 2006, or an increase of \$643,834 (122%). For the six month period ended June 30, 2007, net profit (loss) was \$52,235 compared to (\$1,454,590) for the same period ending June 30, 2006, or a decrease of \$1,506,825 (104%). The increase realized the period ended June 30, 2007 is due to a significant increase in contract mining revenues, coupled with a reduction in the cost of performing contract mining services.

## **LIQUIDITY AND CAPITAL RESOURCES**

Through December 31, 2006, our activities had been financed primarily through the sale of equity securities and borrowings, coupled with revenues from Atlas Fausett Contracting and logging operations. During the six month period ended June 30, 2007, our activities have been primarily financed through contract mining activities, and sales of equity securities. We intend to continue pursuing contract mining work to help finance for our operations and provide for future growth. For the three month periods and the six month periods ended June 30, 2007 and June 30, 2006, contract mining accounted for 100% of the revenue. Our current asset and debt structure is explained below.

Our total assets as of June 30, 2007 were \$6,819,776 compared to \$4,309,881 as of December 31, 2006, or an increase of \$2,509,895. For the six month period ended June 30, 2007, the Company has increased its current assets by \$1,655,408, and increased its fixed assets by \$898,708 through acquisitions of additional mining equipment and vehicles.

Total liabilities were \$1,014,503 as of June 30, 2007, compared to \$855,089 as of December 31, 2006. The Company acquired mining equipment during the period ended June 30, 2007 to facilitate increased contract mining activities. The following debts are still outstanding:

- We have a note payable for equipment due in monthly installments of \$2,135, including interest of 9.75%, with a balance of \$20,422.
- We have a note payable for equipment due in monthly installments of \$1,605, including interest of 5.41%, with a balance of \$36,434.
- We have a note payable for equipment due in monthly installments of \$676, including interest of 1.35%, with a balance of \$8,068.
- We have a note payable for equipment due in annual installments of \$15,573, including interest of 5%, with a balance of \$61,225.
- We have a note payable for equipment due in monthly installments of \$479, including interest of 0%, with a balance of \$12,945.
- We have a note payable for a vehicle due in monthly installments of \$688, including interest of 7.59%, with a balance of \$26,847.
- We have a note payable for property with mineral rights due in annual installments ranging between \$15,000 to \$54,000 with a balance of \$83,796.
- We have a note payable for equipment due in monthly installments of \$3,518, including interest of 22.66%, with a balance of \$120,959.
- We have a note payable for equipment due in monthly installments of \$1,075, including interest of 0%, with a balance of \$35,487.
- We have a note payable for equipment due in monthly installments of \$1,632, including interest of 3%, with a balance of \$88,019.
  - We have a note payable to an insurance company for insurance premiums with a balance of \$2,801.
- We have two capital leases payable for equipment at an aggregate monthly payment totaling \$4,493 with a balance of \$38,673.
- Current liabilities including accounts payable and accrued expenses due as of June 30, 2007 were \$485,193 and are the result of daily operations and accrued taxes. We also carry a liability of \$50,307 to the minority interest in a subsidiary.

If we do not reduce our debts, we would be obligated to pay an average of \$19,874 per month or \$238,491 for the next twelve months.

Our principal sources of cash flow during the first six months of 2007 was from contracting activities which provided an average of \$693,420 per month for the six month period ended June 30, 2007, and averaged \$183,638 per month for the same period in 2006. In addition, we rely on our credit facilities and public or private sales of equity for



additional cash flow.

Cash flow from financing activities for the six month period ended June 30, 2007 was \$2,195,131 compared to \$1,029,516 for the same period in 2006, a difference of \$1,165,615. The major factor for the difference was receipt of proceeds from issuance of common stock in January 2007.

The Company used \$1,068,648 from investing activities for the six month period ended June 30, 2007, compared to using \$807,315 in the same period in 2006, a difference of \$261,333. This was attributed to purchases of more equipment in the period ended June 30, 2007 compared to the same period in 2006.

Cash flows provided by (used by) operating activities for the six month period ended June 30, 2007 was \$167,425 compared to (\$1,394,320) for the same period in 2006, a difference of \$1,561,745. In the six month period in 2007, we had net income after income taxes, as compared to a net loss after income taxes for the same period ended in 2006.

**OFF-BALANCE SHEET ARRANGEMENTS**

There are no off-balance sheet arrangements between the Company and any other entity that have, or are reasonable likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

**ITEM 3. CONTROLS AND PROCEDURES**

**(a) *Evaluation of Disclosure Controls and Procedures***

The Company's Chief Executive Officer and its Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a 14(c) and 15d 14(c)) as of a date within 90 days of the filing date of this quarterly report on Form 10-QSB (the "Evaluation Date"), have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to it would be made known to it by others within the Company, particularly during the period in which this quarterly report on Form 10-QSB was being prepared.

**(b) *Changes in Internal Controls.***

There were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's disclosure controls and procedures subsequent to the Evaluation Date, nor any significant deficiencies or material weaknesses in such disclosure controls and procedures requiring corrective actions.

**PART II. OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

None

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

On March 31, 2006, the Company issued 20,000 shares of common stock to an accredited investor for \$10,000 for the exercise of an outstanding warrant.

On April 7, 2006, the Company issued 8,000 shares of common stock to an accredited investor for \$13,520 for the acquisition of an 80% interest in a gold property.

On April 25, 2006, the Company issued 3,465 shares of common stock to an accredited investor for \$866 for the exercise of an outstanding warrant.

On April 25, 2006, the Company issued 50,000 shares of common stock to an accredited investor for \$25,000 for the exercise of an outstanding warrant.

On May 11, 2006, the Company issued 340,500 shares of common stock to an accredited investor for \$681,000.

On May 11, 2006, the Company issued 715 shares of common stock to an accredited investor for \$179 for the redemption of an outstanding warrant.

On May 11, 2006, the Company issued 50,000 shares of common stock to an accredited investor for \$25,000 for the exercise of an outstanding warrant.

On June 30, 2007, the Company issued 60,000 shares of common stock to an accredited investor for \$30,000 for the exercise of an outstanding warrant.

Unless otherwise noted, the sales set forth above involved no underwriter's discounts or commissions and are claimed to be exempt from registration with the Securities and Exchange Commission pursuant to Section 4 (2) of the Securities Act of 1933, as amended, as transactions by an issuer not involving a public offering, the issuance and sale by the Company of its securities to financially sophisticated individuals who are fully aware of the Company's activities, as well as its business and financial condition, and who acquired said securities for investment purposes and understood the ramifications of same.

**ITEM 3.                   DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4.                   SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

**ITEM 5.                   OTHER INFORMATION**

None.

**ITEM 6.                   EXHIBITS**

(a) Exhibits.

The following exhibits are included in this report:

Exhibit Number	Description of Exhibits
31.1	Certification pursuant to Rule 13a-14 of the Securities Exchange Act, as adopted pursuant to the Section 302 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer
31.2	Certification pursuant to Rule 13a-14 of the Securities Exchange Act, as adopted pursuant to the Section 302 of the Sarbanes-Oxley Act of 2002, of the Chief Financial Officer
31.3	Certification pursuant to Rule 13a-14 of the Securities Exchange Act, as adopted pursuant to the Section 302 of the Sarbanes-Oxley Act of 2002, of the Chairman of the Board
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Financial Officer
32.3	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chairman of the Board

**SIGNATURES**

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

ATLAS MINING COMPANY

Dated: August 14, 2007

/s/ Robert L. Dumont  
By: Robert L. Dumont  
Chief Executive Officer and President

Dated: August 14, 2007

/s/ Barbara S. Suveg  
Barbara S. Suveg  
Chief Financial Officer

Dated: August 14, 2007

/s/ William T. Jacobson  
By: William T. Jacobson  
Chairman of the Board