Applied Minerals, Inc.
Form 10-K
March 18, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIESEXCHANGE ACT OF 1934

For the year ended December 31, 2012

Commission file number: 000-31380

APPLIED MINERALS, INC.
(Exact name of registrant as specified in its charter)

Delaware	82-0096527
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
110 Greene Street – Suite 1101, New York, NY	10012
(Address of principal executive offices)	(Zip Code)

(800) 356-6463
Issuer's telephone number, including area code

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YESo NOx

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act:
YESo NOx

Indicate by check mark 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 required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YESx NOo

Indicate by check mark whether the registrant submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
YESx NOo

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, 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-K or any amendment to this Form 10-K.
o

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 o Accelerated Filer x Non-accelerated Filer o Smaller Reporting Company o

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

YES o NOx

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2012, based on the last sales price on the OTC Bulletin Board on that date, was approximately $73,334,851.

The number of outstanding shares of the registrant's common stock as of March 13, 2013 was 94,400,247 shares.

APPLIED MINERALS, INC.

YEAR 2012 ANNUAL REPORT ON FORM 10-K
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NOTE REGARDING FORWARD LOOKING STATEMENTS

Forward-looking statements in this report, including without limitation, statements relating to our plans, strategies, objectives, expectations, intentions, and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words "may," "expect," "believe," "anticipate," "estimate," "plan" and similar expressions are intended to identify forward-looking statements. These statements are no guarantee of future performance and involve certain risks, assumptions, and uncertainties that are difficult to predict. Therefore, actual outcome and results may differ materially from what is expressed or forecasted in such forward-looking statements.

We make forward-looking statements of our expectations which include but are not limited to the following examples:

- statements regarding the plans and possibilities for testing and commercialization of our products ;
- statements regarding sales and marketing and market penetration of our products;
- statements regarding the changes in demand for products and regulation of products;

There may be other factors not mentioned above or included in our SEC filings that may cause our actual results to differ materially from those in any forward-looking statement. You should not place undue reliance on these forward-looking statements. We assume no obligation to update any forward-looking statements as a result of new information, future events or developments, except as required by federal securities laws.

PART I

ITEM 1. BUSINESS

Applied Minerals, Inc. (the “Company”) is a leading global producer of halloysite clay. We are focused primarily on developing technologies based on our halloysite clay that significantly enhance the performance of products across a number of industries. The Company is the owner of the Dragon Mine, the only known measured resource of halloysite clay in the western hemisphere large scale enough for commercial scale production. The property’s halloysite resource is located both underground and in above-ground tailing piles. The Dragon Mine also contains an iron ore resource, which, in addition to our halloysite clay resource, is in the process of being commercializing. The Company’s products are marketed under the Dragonite™ name.

Halloysite is a non-toxic aluminosilicate clay exhibiting a rare, naturally occurring hollow tubular structure with a length in the range of 0.5 - 3.0 microns, an exterior diameter in the range of 50 - 70 nanometers and an internal diameter (lumen) in the range of 15 - 30 nanometers. We believe halloysite’s unique chemical and morphological properties significantly improve the performance of a wide array of commercial applications, such as polymer composites flame retardant fillers, controlled-release carriers, paints and coatings, agriculture formulations, and cosmetics, and also reduce the cost of manufacturing certain polymer composites.

We have sampled our Dragonite products to over 300 companies, operating in a range of industries. A number of these companies have commercialized products utilizing our Dragonite additive and intend to expand their use of it. A large number of companies are performing early stage product development work, some are conducting a range

of pilot trials, and a number of others are in the latter stages of the product commercialization process utilizing Dragonite.

The Dragon Mine is located on approximately 230 acres in the Tintic District of Utah. Applied Minerals retained the world's leading geological experts in halloysite clay to assist us in the characterization and the quantification of the resource, and commercialization of this unique mineral. As a result of these efforts, the Company is able to deliver commercially consistent product grades of some of the highest quality halloysite in the world.

Applied Minerals is a publicly traded company incorporated in the state of Delaware. The common stock trades on the OTC Bulletin Board under the symbol AMNL.

We were originally formed in 1924 for the purpose of exploring and developing the Atlas Mine, a silver property located in the Coeur d'Alene Mining District near Mullan, Idaho. The resource was mined periodically until 1980 when the Company suspended operations as a result of a decline in silver prices. In September 1997, the Company entered the contract mining business, which was its sole source of revenue until the contract mining business was discontinued in December 2008 due to adverse economic changes in the mining industry. Operations at the Atlas Mine have not been resumed and the Company is currently exploring ways to monetize the property.

Since January 1, 2009 our operations have been focused solely on the exploration and commercialization of the Dragon Mine property. In 2001 we entered a lease/purchase agreement for the mine and in 2005 acquired a 100% ownership interest in the property for $500,000 in cash. The Company has never had any underlying royalty agreements with any third-party with respect to the Dragon Mine. Mining and product development activity at the property was minimal through January 2009 as the Company dealt with a lack of operating capital, management turnover, an inadequate resource survey, the need to restate certain of its financial statements, and the resolution of an SEC investigation and a securities law class action.

Between January 2008 and December 2008 the Company appointed a new board and hired its current management team to both resolve a number of the above-mentioned legacy issues and develop and implement an effective strategy to commercialize the Dragon Mine property. The strategies implemented by Company's former management team were deemed ineffective.

DRAGONITE PRODUCTS

There are three types of clay that can be extracted from the Dragon Mine, halloysite, kaolinite, and illite-smectite. Halloysite is a high performance clay while kaolinite and illite-smectite are lower performance clays, which the Company will use in products not requiring high concentrations of halloysite. The concentrations of the minerals vary at the Dragon Mine, with some areas containing relatively high concentrations of halloysite. The Dragon Mine also contains an iron our resource from which the Company has developed a product.

Halloysite-based products include:

- Dragonite–XR: An advanced reinforcing filler formulated for polymers used at loadings of 20%-50% by weight and offering improved modulus, yield strength and HDT. This product grade offers advantages compared to other reinforcing fillers for polymers such as glass fiber, mica, wollastonite or talc. These include rentention of impact resistance, elongation to break, control over CTE and warpage, and lack of abrasiveness. Flame retardance up to V0 level is also possible when Dragonite-XR is used alone or as a synergist.

- Dragonite–HP: A high performance additive for engineered thermoplastics, used at loadings of just 1-3 weight %, offering improvements in mechanical performance and cycle time reduction. This product grade offers a drop-in solution for polymer applications needing mechanical improvements without the density penalty associated with traditional fillers. By using Dragonite-HP, customers can reduce their overall manufacturing and materials costs through cycle time improvements and thinwalling.

- Dragonite–Pure White: Highest purity Dragonite product - meeting the strict specifications of the cosmetics industry.

Iron-based product:

Dragonite–IO: High-grade iron oxide product line from the Dragon Mine. Products include Goethite and Hematite grades for use in pigments and technical applications such as smoke suppression and remediation of arsenic and metal contamination.

STRATEGY

Our primary mission is to develop the highest value uses for our unique halloysite resource by delivering eco-friendly solutions to industries looking to enhance the functionality of their products and/or reduce their manufacturing costs. We are focusing our development activities on applications where we believe our Dragonite product is, or has the potential to be, the best available solution based on performance and pricing.. We are exploring, among other things, the formation of joint ventures with companies that would benefit strategically from an exclusive license to our product offering for a specific application and be able to contribute resources to ongoing new product development. A joint venture, if we choose to enter into one, could be structured in a number of ways.

APPLICATION MARKETS

The following is a description of the application markets on which we’re focusing our product development and marketing efforts:

Flame Retardant Additives for Plastics

Flame retardant (“FR”) additives are found in products such as furniture, home appliances, office building materials, automotive components, electronic parts, and textiles. The use of fire retardants has been shown to saves lives and, in

many instances, is mandated by government regulation. The current flame retardant additives market is approximately $5.4 billion (1.96 million mt). According to World Flame Retardants, a publication of Fredonia Group, global demand for flame retardant additives is expected to grow 5.4% annually, reaching 2.6 million mt by 2016.

The growth in flame retardant demand is being driven by a trend toward more stringent safety and flammability standards. In spite of this increasing demand, widely used brominated flame retardants have come under increasing regulatory scrutiny due to the presence of the chemical decabromodiphenyl ether (deca-BDE) and its associated health risks. In response to these health concerns and the desire to maintain an eco-friendly image, product manufacturers have been phasing out the use of brominated flame retardants and replacing them with mineral-based alternatives, which are expected to realize above-average demand as they replace brominated products.

Mineral-based flame retardants, such as Alumina Trihydrate (ATH), phosphorus-based additives and Magnesium Hydroxide (MDH), represent approximately 65% of the total volume of flame retardant additives consumed. The required loading level of these additives needed to achieve acceptable flame retardancy in a polymer is very high (as high as 70% for ATH and MDH in some instances), which can meaningfully impair the mechanical performance of the polymer. As a result, the use of these additives is limited to certain polymers and applications.

The limitations of ATH, phosphorus-based additives and MDH present a significant opportunity for our Dragonit-XR additive for the following reasons:

- Dragonite can be used as a complete replacement for MDH, ATH or phosphorous-based additives in specific applications requiring a combination of flame retardancy and mechanical strength.
    - Dragonite is also an effective synergist, meaning it can be used in conjunction with traditional flame retardants as a partial replacement to enhance the overall flame retardancy and mechanical performance of a final product.

- Dragonite reduces the overall amount of additive needed to achieve flame retardancy with no effect on the cost to the manufacturer.
    - Dragonite is one of the only mineral-based flame retardant materials that can be used in transparent and engineering polymers, an area where the need is great.

- Dragonite has superior reinforcement to any other FR additive on the market, which makes it ideal for high performance plastics requiring high strength.

Our R&D activity in the FR space has also resulted in the realization that halloysite acts as an effective synergist for halogenated flame retardant systems. While certain halogenated additives are being phased out, they are still being used in large volumes. Antimony trioxide (“ATO”) is a widely used synergist. The price of ATO has risen approximately five-fold during the last decade and, given this significant increase in cost, users of halogenated flame retardants are looking for an effective replacement for ATO.

- ATO is a necessary synergist for halogenated flame retardants.
    - China controls approximately 90% of the 140,000 tpa global production of ATO used for flame retardant plastics.

- Pricing of ATO has risen approximately 100% over the last 3 years to $11,000.00/mt today.

We have determined that Dragonite can replace 50% - 75% of ATO in a plastic while retaining the required Flame Retardancy Rating. We believe the cost differential between Dragonite and ATO would induce a manufacture to replace a portion of its ATO with Dragonite. The global market for ATO is approximately 140,000 mt. We were invited to present our findings at two major FR industry conferences this year. This exposure resulted in significant interest from both end users as well as potential strategic partners. Many samples were sent for immediate evaluation by interested parties. Our findings have been validated by two major users of ATO, have led to expanded commercial development activity, and, we believe, will result in the commercialization of a product utilizing Dragonite sometime in 2013. We have been approved as a supplier by the two companies that have validated our product as an ATO replacement.

A modest 2% penetration of the global FR additives market, which, if successful, would correlate to approximately 40,000 mt of annual demand for Dragonite products. The Company's product grades for this application range from $3000 to $5500 per ton, which competes very favorably from a cost performance standpoint.

Cycle Time Reduction of Molded Plastic Parts

Injection molding is the process used to make most of the plastic parts we use every day. It is a huge industry where the drivers are reduced cost, improved quality, and a reduction in weight. Dragonite is able to address all three of these market needs. As an example, Dragonite can nucleate crystallization of polyethylene, the world’s largest volume plastic. By nucleating crystallization, a plastic part solidifies faster when cooled in the mold, resulting in an increase in the number of parts that can be produced per hour. This decrease in the manufacturing cycle time translates into a significant cost reduction for a manufacturer.

In addition to a decrease in manufacturing costs, loading a composite part with Dragonite-HP at 1% wt increases the parts strength and modulus by 20% while also improving surface appearance. This means higher quality parts can be produced at a reduced price. This improvement in strength and modulus offers the potential for additional cost savings as it enables a manufacturer to take the process one step further and “thin wall” its parts, resulting in the use of less resin, which, in turn, results in even further reductions in cost.

One of our current injection molding customers is one of the largest manufacturers of lawn and garden tools in the US. There have been several additional customer validations of this technology during 2012 with a number of injection molding companies, which have conducted, or are planning to conduct, manufacturing scale-up trials. Lastly, our product has recently been validated by a major polyethylene resin producer who is in the planning process of a commercial scale trial with our product.

The polyethylene market is 50 million tons per year. A 5% market penetration, which, at a 1% usage rate, would result in 25,000 tons per year of demand for our product.

Nucleation of Foamed Plastics

The foaming of plastics is conducted to produce lighter parts, resulting in the use of less plastic, which saves money for the manufacturer. The automobile industry foams many of its plastic parts to reduce the weight of its vehicles to meet certain fuel efficiency standards. The consequence of foaming a plastic is often a loss in strength and stiffness. This is the trade-off manufacturers must manage. At some point a plastic part cannot be further lightened without impairing its mechanical integrity.

Dragonite-HP eliminates this trade-off. Adding just 1% Dragonite to a foamed plastic raises its strength and modulus by 20%, allowing the part to be lightened considerably. This translates into a cost reduction through both lower resin use (resulting from the lightweighting) and a decrease in manufacturing cycle time resulting from the Dragonite

additive.

We are collaborating with Kibbechem, a leader in the plastics foaming field, to commercialize a product combing our Dragonite additive with its foaming agent. The resulting product significantly outperforms competitive products. During 2012 the company recorded its first commercial sale of Dragonite to Kibbechem to manufacture its enhanced foaming agent. The Dragonite-enhanced foaming agent product has been sampled by Kibbechem to a number of customers who are at different stages of testing. The testing results, to-date, have been favorable. We were invited to present our findings at the PolymerFoam 2012 conference, which, we believe, has also led to great exposure of the benefits of our product to our target market. We expect KibbeChem to begin commercially marketing the product sometime in 2013. While we are in the process of quantifying the potential market opportunity for this products but we expect the opportunity to be meaningful as the light weighting of plastic parts gains more traction.

Functional Filler and Additives

High-performance functional fillers and additives for polymers are generally defined as particulates, which are introduced into a polymer matrix to enhance or create specific properties in an end product. Traditionally, fillers, such as talc, kaolin, silica and glass fibers have been loaded into polymer matrices to reduce costs by partially replacing more expensive resin. Functional fillers and additives are now used to improve mechanical properties such as impact resistance, tensile strength, modulus, elongation at break and toughness, improve electrical properties, improve rheology, melt flow and viscosity, reduce weight and decrease permeability within plastics.

The factors driving the increased utilization of functional fillers and additives in plastics include, but are not limited to, the need for greater mechanical properties in high performance applications, the adoption of increasingly stringent environmental and safety legislation, the demand for lighter engineered plastic components, and the development of surface modifiers, allowing for the utilization of a wider array of materials as fillers and additives. The global market for functional fillers is expected to grow to close to $20 billion by 2015.

The four primary mechanical properties polymer manufacturers frequently look to enhance are strength, modulus, impact resistance and elongation to break. Traditional reinforcing fillers are unable to improve all four mechanical properties simultaneously. Historically, a manufacturer looking to realize an increase in strength and modulus would have to sacrifice impact resistance and elongation to break and vice versa. Our Dragonite-XR and Dragonite-HP, for certain polymer types, can actually reinforce strength and modulus without impairing (and sometimes improving) impact resistance and elongation to break. It is the unique morphology, high surface area, and easy dispersibility of our halloysite clay that allows Dragonite to eliminate the trade-off problem associated with the improvement of mechanical properties in polymer composites. Application areas where we have experienced accelerated product development utilizing our Dragonite products as a functional filler include acrylic and epoxy adhesives.

Cosmetics

Dragonite’s tubular morphology is uniquely suited for an array of cosmetic applications. Dragonite has been shown to be capable of functioning as a non-irritating carrier and release mechanism of cosmetic ingredients for a long lasting application. Additionally, the adsorptive nature of the Dragonite clay serves as an effective hypoallergenic skin cleanser capable of removing unwanted toxins and oils from the skin without the need for harsh chemicals. Dragonite is also capable of exfoliating the skin. We are exploring the development of a brand of cosmetics in partnership with an established cosmetics products company. Negotiations with respect to this brand development partnership are in the early stages and may not result in the execution of a commercial agreement.

Hydraulic Fracturing Proppants

A proppant is a material that keeps an induced hydraulic fracture open, during or following a fracturing treatment, while the fracking fluid itself varies in composition depending on the type of fracturing used, and can be gel, foam or slickwater-based. Drillers seeking to pull more oil and gas from hard rock deposits have been fracking since the 1950s, but in the last decade advancements in horizontal drilling techniques have resulted in a significant increase in fracking activity worldwide. The unique chemical and morphological characteristics of our underground and tailing pile clay resources have led us to explore the development of a ceramic-based hydraulic fracturing proppant utilizing this material. The size of the ceramic proppant market in 2011 was approximately $1.4 billion and is expected to grow aggressively as fracking, particularly for shale oil & gas, increases. Utah, alone, hosts four of the U.S.'s 100 largest oil fields and two of the nations 100 largest gas fields. In May of 2012 the U.S. approved the drilling of more than 3,600 natural gas wells in Southeast Utah. The U.S. represents approximately 80% of the ceramic proppant market. To enter the ceramic proppant market we would either have to develop our own manufacturing facility or supply our material to an existing proppant manufacturer. We are assessing each strategy.

Controlled Release Carriers

Dragonite clay can act as an effective carrier of active ingredients, enabling an agent to be released from the carrier over an extended time frame. This controlled release capability can be utilized in a wide array of applications including, but not limited to, anti-corrosive and anti-mold paint applications, agricultural applications, cosmetics, and certain pharmaceutical products, which would require the prevention of overdosing.

Environmental Remediation

Dragonite, due to its high selectivity of toxic compounds, high porosity, high surface area, fine particle size, fast adsorption rate and high absorption capacity, acts as an effective sorbent in environmental remediation and emissions capture. Dragonite can be utilized to facilitate the remediation of environments polluted with oil, PCB's, toluene, phenols, methylene blue, chromium-6, ammonium, heavy and alkali metals, and uranium. In a deepwater environment, Dragonite performs as an effective sieve to sequester pollutants released from a variety of sources such as oil spills, power plant and mine site run-off. Dragonite also works as a hydrocarbon remediation material through its ability to adsorb, de-emulsify and disperse micro-droplets of oil.

Agriculture

Dragonite provides a natural, environmentally friendly solution for a more direct and efficient delivery method of often-toxic agricultural agents. Utilizing the inner lumen of the clay as a natural reservoir, Dragonite is able to load, store, and control the release of a range of agents in a uniform manner, which, in turn, allows a lower loading of a substance, such as pesticide or herbicide, to be as effective as a higher loading delivered in a more traditional manner. Dragonite release rates can be controlled to match the duration of a growth or reproductive cycle, resulting in a reduction of the frequency of applications of an agent. Potential uses include the following: pesticides, fertilizers, insecticides, fungicides, herbicides, nutrients, and growth stimulants.

Catalysts and Molecular Sieves

Dragonite works as an excellent binder to zeolite crystals to enhance a molecular sieve's productivity in critical functions such as drying of natural gas and air, separation of liquid from product streams, and separation of impurities from a gas stream. Dragonite possesses a superb dispersion ability that allows it to combine with the zeolite crystals without attracting to them or reducing the rate of diffusion of liquids and gases. Dragonite's fine particle size, porosity, and thermal stability also ensure that adsorbates diffuse rapidly through the sieve without affecting the adsorbent blend's physical properties.

Dragonite is proven to be an effective catalyst and catalyst support for the hydrotreatment and hydrodemetalation of hydrocarbonaceous feedstocks. The clay's unique tubular morphology, pore size, thermal stability, and high surface area have been shown to be effective for removing impurities such as metals, sulfur, nitrogen, and asphaltenes. Halloysite from the Dragon Mine was previously dedicated strictly to this application, successfully supplying the market over 1.1 million tons of material. Certain results of our drilling program demonstrate that we can produce commercial-scale quantities of clay from the Dragon Mine that meet the purity requirements of catalyst applications.

Natural Iron Oxide Pigments

Natural iron oxide pigments are formed from one or more ferrous oxides (magnetite, hematite, goethite, and lepidocrocite) and certain impurities such as clay, manganese or other organics. Natural iron oxides have unique properties that are used for the pigmentation of paints, wood and paper stains, linoleum, oilcloth, mortar, plaster, rubber, and brick. In 2011 about 57% of natural and synthetic iron oxide pigments were used in concrete and other construction materials, 29% in coatings and paints, 6% in foundry uses, and about 2% each in industrial chemicals, animal food, magnetic tape and ink, and other uses. The majority of the mining and processing of natural iron oxide pigments is done in the United States. Iron oxide pigments can be synthesized through a series of chemical reactions.

According to a 2012 from United States Geological Surveys Group (USGS), the United States consumed 200,000 metric tons of Iron Oxide Pigments in 2011. Of the 200,000 metric tons consumed, the US was a net importer of 160,000 metric tons with an average price of $1,470.00 per metric ton. Applied Minerals believes the characteristics of its iron oxide resource positions the Company as a low-cost producer of high quality natural pigments capable of competing effectively in the domestic market. We are currently having our iron oxide evaluated as a pigment by a couple of large building product manufacturers. Additionally, we are marketing our iron oxide to the PVC industry as a smoke suppressant additive and to the environmental remediation industry as a water purification treatment.

PRODUCTION FACILITIES

Currently, the Company has a dry-process facility at its Dragon Mine property with which it is able to process the material from the underground areas of the Dragon Mine. Additionally, the Company has a tolling agreement with KaMin Performance Minerals, LLC, utilizing a wet process technology, to process both underground material and the material from the waste piles. The dry-process facility at the Dragon Mine includes, but is not limited to, a KDS Micronex, an air-powered jet mill, a dust capture system and a bagging system.

In December, 2011 we announced that we would be investing in a plant expansion to both increase our production capacity and enhance our ability to optimize our products for a wider range of end markets. In 2012 we commissioned Hosokawa Alpine ("Hosokawa"), a leading developer and manufacturer of turnkey industrial minerals processing systems, to assist with the engineering and development of our new plant. The complete cost of the plant expansion will cost approximately $3.0 million and will provide us approximately 45,000 tons of annual production capacity. The new plant will significantly assist us in meeting our commercialization objectives. Ground was broken for the facility in June, 2012 and the facility is expected to be completed by April, 2013. Once construction of the new facility is complete, the facility originally used to process our halloysite clay will be used to process our iron ore resource. We expect our iron ore processing capacity to approximately 10,000 annually.

COMPETITION

Currently there are no entities competing with us with respect to the sale of halloysite-based products to our target markets. To penetrate some of our target markets we face significant competition as we compete against non-halloysite solutions sold by larger, more established companies. If we are successful in penetrating our target markets, we may face competition from operators of halloysite clay deposits in other locations around the world. We believe that our Dragon Mine property is one of only two commercial-sized halloysite deposits in the world. The other deposit is owned by Imerys, a global provider of mineral-based solutions. The Imerys property is located in Matauri Bay, New Zealand and supplies its halloysite production to the tableware and technical ceramic markets. It is our understanding that, at the current time, Imerys is not intending to compete with us in our target markets. Given the level of purity of the Imerys of halloysite property, we believe the costs needed to beneficiate its halloysite resource may limit the economic viability of pursuing the markets we are. There are other smaller deposits of halloysite in the U.S and other parts of the world, including one adjacent to the Dragon Mine property. Whether halloysite from any of these deposits will compete with our halloysite-based products, or the extent to which they can compete, is not known to us.

There is significant competition within the iron oxide pigment market. We expect to compete with companies that are much larger and better capitalized than we are. There is very little product differentiation within the iron oxide pigment market with competition focused primarily on price. We do believe, given the relatively high purity and low cost of production of our resource, we will be able to compete within this market.

THE DRAGON MINE

Background

The Dragon Mine, to our knowledge, is the only source of halloysite clay in the Western Hemisphere large enough, and of high enough purity, to supply commercial-sized application demand.

The property is located in the Tintic District of Utah, covering approximately 230 acres with a large mining permit covering 40 acres allowing for the extraction of minerals. The property consists of 38 patented and six unpatented mining claims located in the following sections: T10S, R2W, sections 29, 30, 31, and T10S, R3W, Section 36, all relative to the Salt Lake Base Meridian. The Company pays approximately $800 in annual maintenance fees to the U.S. Department of Interior Bureau of Land Management to maintain rights to its unpatented claims. The BLM Claim Numbers are: UMC385543, UMC 385544, UMC394659, UMC394660, UMC408539, and UMC408540. The Company has no underlying royalty agreements with any third-party with respect to the Dragon Mine.

Formation of the Dragon Mine property is attributed to the alteration of fine clay sediments that accumulated on what was then a shallow sea floor over 600 million years ago. From 1949 through 1976, Filtrol Corporation operated the Dragon Mine on a contracted basis for the property's owner, a subsidiary of Anaconda Mining Company. The clay mined and processed from the property during that time was used primarily as a carrier for catalysts used in the petroleum cracking process.

According to certain mining-related records, Filtrol mined approximately 1.35 million tons of clay from the Dragon Mine. The mine was idle from 1977 until it was leased by the Company beginning in 2001. The Company eventually purchased a 100% interest in the property in 2005 for $500,000 in cash. Currently, the Company has no underlying royalty agreements with any third-party with respect to the Dragon Mine. The current management of the Company engaged consulting geologist, Ian Wilson, Ph.D., to supervise an extensive drilling program at the property. Dr. Wilson has explored underground areas of the Dragon Mine including, but not limited to, workings developed by prior operators along with an area of the property that had previously remained unexplored. Dr. Wilson continues to supervise our drilling program and classify the mineralization of the Dragon Mine property, which is essential to the

successful commercialization of the mine's deposit. Dr. Wilson is a member of iom3 (Institute of Materials, Minerals and Mining of the UK).

As of the date of this report, an above-ground area covering approximately 11.5 of the Dragon Mine's approximate 230 acres have been explored and is being mined. The extraction of material from certain targeted areas of this resource is in progress. Additional areas may be explored in the future.

The Company applied for and was granted a large mining permit in early 2011 for which it posted a required surety bond in May 2011. The Company explores underground and mines its clay mineral utilizing traditional methods and equipment and expends the necessary resources to maintain Mining Heath and Safety Act (MSHA) compliance. From our drilling activity we have sampled certain cores by engaging a leading UK-based geological consulting organization to identify the chemical composition of our mineral and classify its purity levels, the results of which are used, in part, to map our property. All quality control and quality assurance protocols utilized as part of our exploration program have been developed by this third-party organization. Analytical equipment used to classify the mineral mined at the mine includes, but is not limited to, a Scanning Electron Microscope (SEM), and XRD and XRF machines.

The Dragon Mine property also contains five tailing piles comprised of material, which, in our opinion, can be processed to create a saleable product. The piles are the result of prior mining operations that took place between 1949 and 1976. The clay mined during that period was used in a petroleum-cracking catalyst application. For that application the clay mined had to contain no more than 2% of an iron oxide impurity. Any clay, which exceeded such limit, and some non-clay material was discarded into the piles. To date, Applied Minerals has preliminarily characterized the chemistry and mineralogy of the surface piles and has developed a processing system to separate the clay from the non-clay material. The Company has identified a number of application areas including, but not limited to, ceramic proppants on which it is focusing the development of its waste pile material.

The Company has spent significant resources on the exploration of its Dragon Mine property. The results of an extensive drilling program supervised by the Company's consulting geologist has identified what is believed to be a sufficient amount of clay material, both underground and on the surface of the property, to support a commercial operation. The clay mineral identified at the Dragon Mine has been classified by level of purity. The Company will not be able to refer to the mineral found in its Dragon Mine property as a "reserve" until it can demonstrate the deposit is economically viable. As the Company continues to sell its halloysite clay products into existing and developing markets, it will revisit the possibility of classifying its clay deposit as a reserve.

Currently, the property is without known reserves and our drilling program has been exploratory in nature. The halloysite clay held in inventory has been used to supply certain customers and provide samples to potential customers at different stages of product development utilizing our material. We are in the process of mining and storing iron ore present on our property while we determine the best way to monetize the mineral.

Initial Drilling Program

We completed our initial exploration program in 2010. A description of the program is as follows:

- Cores from 80 boreholes drilled in 2003, 2005, 2006, 2009 and 2010, totaling 15,362 ft, were tested. The average depth of the 80 boreholes drilled was 192 ft with a range of depths drilled from 50ft to 360 ft;

- The Western area of the property, drilled from 2003 to 2006, includes 44 boreholes totaling 9,448 ft covering an area of 6.33 acres. These boreholes were drilled in mainly altered quartz monzonite, which is an intrusive igneous rock with approximately equal parts of orthoclase and plagioclase feldspar. Quartz monzonite porphyry is often associated with copper mineralization in porphyry copper deposits;

- The Dragon Pit area of the property, drilled in 2009 and 2010, includes 36 boreholes totaling 5,914 ft and covering an area of 4.95 acres. The area is mainly iron ore and some altered monzanite on the periphery. Occurrences of halloysite are adjacent to the iron ore;

- Over 500 samples of borehole material were tested to determine mineralogy, particularly for halloysite, kaolinite, illite smectite levels and other properties;
    - Five tailing piles, the product of previous clay mining activity, were drilled. The waste piles cover 34.2 acres. Following a detailed trenching campaign on the waste piles, fifty-two boreholes were drilled totaling 1,986 ft. The whole rock evaluation included chemical testing by XRF of 216 samples with 69 of these samples tested for their mineralogy by XRD. To determine clay content, samples were processed to <45 μm and <5μm fractions and 185 samples were tested for their mineralogy by XRD and 133 samples for their chemistry by XRF;

- An analysis of 34 borehole samples in the Western Mine contained, on average, 94.8% iron oxide with the balance being predominantly halloysite. This iron oxide from this part of the mine is predominantly hematite, which is typically used to produce red- and black-colored pigments, and goethite, which is typically used to produce brown-, yellow-, orange- and ocher- colored pigments.

- An analysis of 23 bore hole samples in the Dragon Mine contained on average 94.4% iron oxide. This ore is predominantly goethite and amorphous oxide (and a lower amount of hematite with the balance in predominantly halloysite). We have determined that the quality of our in-situ iron oxide resource, as well as finished products, meets ASTM D3722. This globally accepted specification covers dry and wet ground naturally occurring iron oxide; dry and wet ground calcined naturally occurring iron oxide: and mixtures of these with synthetic iron oxides. These pigments are suitable for use in paints, coatings, and many other applications.

- A detailed evaluation of surface samples, from which some halloysite is now being mined from the open pit, was carried out.

From the above program, we believe we have identified the presence of enough halloysite and iron ore at the Dragon Mine to move forward with a commercialization of each mineral.

Porphyry Mineralization

Whether such a porphyry exists, the location of such a porphyry, whether any deposits related to any such porphyry are located on our property and whether any such deposits would be of commercial grade or could be economically extracted is not known. If there is a porphyry, it is likely to be located at least 2,000 – 3,000 feet under the surface and could be accessed only through a large open pit mine (so that we could not access it on our property by means of an open pit mine confined to our property). It is estimated that if there is a commercial grade mineralization that could

be economically extracted, a large mining company would have to acquire sufficient land for a large open pit mine, expend billions in preparation for mining and it is estimated that it would be at least 15 or 20 years before mining could begin. Currently, the Company is conducting a drilling program to determine the existence of a porphyry style mineralization.

Testing of surface rock samples in the vicinity of the Dragon Mine carried out in the past show anomalous copper values with gold values exceeding one ounce per ton and silver values of approximately five ounces per ton. Records indicate that, during the 1870's, mining activity at the Dragon Mine had been focused on the iron ore presence at the mine. According to certain records kept by the former U.S. Bureau of Mines, the 305,000 tons of iron ore mined during the 1870's produced 18,000 ounces of gold and 928,000 ounces of silver. In connection with our mining of iron ore at the Dragon Mine and in connection with drilling in connection with a resource statement concerning the iron ore, we have tested for the presence of commercial amounts of copper, gold and silver and we have not found any. We will continue testing and if commercial amounts are located, we will consider the appropriate alternatives.

Our exploration expenses for the twelve months ending December 31, 2012, 2011 and 2010 were $3,542,977, $2,675,017, and $2,149,299, respectively, on the halloysite clay project. Since January 1, 2009, the date on which the Company's current exploration program of the Dragon Mine began, approximately $9.6 million has been expended on exploration-related activities. We expect our exploration costs for both the fiscal years ended December 31, 2013 and 2014 to approximate the exploration costs incurred during the fiscal year ended December 31, 2012. At this moment we are unable to identify the total costs that will be incurred to complete the exploration of the 230-acre Dragon Mine property.

Further Exploratory Drilling

During 2012 we purchased a deep drill rig in preparation for the commencement of an exploratory drilling program in early 2013. The purpose of the program is to (i) explore the possibility of expanding the Company's clay and iron resources and (ii) determine whether a porphyry mineralization exists at the property. Drilling commenced in January 2013.

ATLAS MINE

The Company owns a 100% interest in the Atlas Mine, which consists of 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. The property is divided in to the following five tracts: Atlas Mine, Sierra Trapper Creek, Aulbach – Section 6 & 7, Sierra Silver, Woodland Park and 9 Mi., Sierra Hardscrabble, and L&M Claims. We pay approximately $1,300 to keep certain claims related to these properties active. The Company was originally incorporated to pursue silver mining activities on the Atlas mine property. The property has been idle since the early 1980's. At the present moment, we do not consider this property material and have classified it as an asset held-for-sale. We are exploring ways in which to monetize this property. Currently, the property is without known reserves.

We believe the physical plant and equipment utilized at the Dragon Mine are in satisfactory condition to continue our current mining activity. The Company continually reviews the adequacy of its physical plant and equipment inventory and expects to invest accordingly to ensure that the size and quality of its physical plant and equipment can meet its needs. Currently, our physical plant includes, but is not limited to, a processing mill, a dry house, a site office, a general storage facility, an equipment repair facility, and a structure housing three IR compressors, which are used to power the mill and certain drilling equipment used underground. Our mining equipment includes, but is not limited to, a road header, an underground drill, a deep drill, a Scooptrams, a skid steer, a front-end loader and a number of other pieces traditionally used to mine underground. There are some pieces of equipment we choose to rent on a daily basis rather than own or lease to own. The Company uses diesel fuel as it primary source of power and has water transported to the property from an external source. The property has sufficient access roads to enable the

transportation of materials and products

RESEARCH & DEVELOPMENT

The Company's research and developments efforts are focused on the continued creation of commercial applications based on the unique morphological and chemical characteristics of the Dragon Mine's halloysite resource. We utilize a number of employees and consultants who have expertise in controlled release technologies, advanced material development, and polymer engineering.

Our expert employees include:

- Chris DeArmitt, Ph.D., Chief Technology Officer. Dr. DeArmitt is expert in plastics, functional fillers and additives. His experience spans all facets of the value chain, having served in senior-level positions in areas including R&D, product development, and marketing during his tenures at Electrolux (OEM), BASF (plastics & additives manufacturer) and Hybrid Plastics (specialty additives producer).

- Elshad Abdullayev, Ph.D, Senior R&D Manager, is expert in the synthesis and characterization of polymers and composites. He is senior R&D manager in charge of quality control of commercially produced halloysite as well as new product development. Mr. Abdullayev will have a new, sophisticated laboratory located at the Dragon Mine in which to perform quality control measures and research and development work.

Our expert consultants include:

- Ian Wilson, Ph.D., Consulting Geologist. Dr. Wilson has supervised our drilling program and wrote the JORC-compliant resource study referred to above. Dr. Wilson is a member of iom3 (Institute of Materials, Minerals and Mining of the UK). From 1974 to 2001 he worked with English China Clays/Imerys mainly as a geologist and with management roles in Brazil, Spain, Sweden and China. Since his retirement in 2001, he has worked as an independent consultant dealing with many industrial minerals including halloysite.

- Steve Hillier, Ph.D., James Hutton Institute (Scotland, UK). He analyzes the mineralogical characteristics of the Dragon Mine deposit. Dr. Hillier works closely with Dr. Wilson to characterize our property. Dr. Hillier's research interests revolve around a mixture of clay, soil and environmental mineralogy.

- Amit Dharia, Ph.D., Transmit Technology Group, LLC ("TTG"). Dr. Dharia provides the Company contract research and development, testing, technical marketing and consulting services. Dr. Dharia also advises us with regard to our pursuit of opportunities within the polymer composite market and acts as an agent with respect to the sale of Dragonite into customer applications, which he plays a role in developing.

- Yash Khanna, Ph.D, Innoplast Solutions. Dr. Khanna has over 34 years of highly diversified experience within the plastics industry focused primarily on new product development and marketing. Dr. Khanna is consulting us on the development, commercialization and marketing of polymer-based applications that utilize our halloysite clay to enhance performance. Dr. Khanna is also acting as an agent with respect to the sale of Dragonite into customer applications, which he plays a role in developing.

TRADEMARKS & PATENTS

We have trademarked the name Dragonite. We believe this trademark is important to the successful marketing of our product offering. Additionally we filed a Provisional Application for Patent in October, 2010 related to the use of nucleating agents in polyethylenes. If the application is granted we believe it could be important, but not necessary, to the commercial progress of the Company.

GOVERNMENTAL REGULATION

Dragon Mine

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 received a large mine permit from the department.

We carry a Mine Safety and Health Administration (MSHA) license (#4202383) for this property and report as required to this agency.

The Company is subject to extensive regulation by the Mine Safety and Health Administration, which was created by the Mine Safety and Health Act of 1977. The regulations generally are designed to assure the health and safety of miners and our mine is periodically inspected by MSHA inspectors.

The clays that the Company mines, including halloysite, contains crystalline silica when mined. Crystalline silica is considered a hazardous substance under regulations promulgated by the U.S. Occupational Health and Safety Administration (OSHA) and U.S. Mine Health and Safety Administration (MSHA) and as a result is subject to permissible exposure limits (PELs), both in the mine and at the workplaces of our customers. The Company is required to provide Material Saftey Data Sheets (MSDS) at the mine and accompanying sales of products to customers. The Company must also apply hazard warning to labels of containers of the product sold to customers. Kaolin and halloysite are also subject to PELs.

The EPA has stated that it is developing a test rule under the Toxic Substances Control Act (TSCA) to require manufacturers (which would include the Company) of certain nanoscale materials including kaolin, halloysite, and alumina (which is present in the clays mined by the company) to conduct testing for health effects, ecological effects, and environmental fate, as well as provide material characterization data. The impact of such a rule on the Company cannot be determined at this time. It seems clear, however, that if the results of the testing of particular nanomaterials indicate adverse health, ecological, or environmental effects, the EPA may seek to regulate those nanomaterials more extensively. Such regulation could include, among other things, limiting the uses of the nanoscale materials; requiring the use of personal protective equipment, such as impervious gloves and NIOSH approved respirators, and limiting environmental releases. The EPA is developing a SNUR for nanoscale materials under TSCA.

EMPLOYEES

As of December 31, 2012, Applied Minerals, Inc. and its subsidiary had 27 employees. None of our employees were covered by a collective bargaining agreement, we have never experienced a work stoppage, and we considered our labor relations to be excellent.

ITEM 1A. RISK FACTORS

RISK FACTORS

AN INVESTMENT IN OUR SECURITIES IS VERY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS, ALONG WITH THE OTHER MATTERS REFERRED TO IN THIS ANNUAL REPORT, BEFORE YOU DECIDE TO BUY OUR SECURITIES. IF YOU DECIDE TO BUY OUR SECURITIES, YOU SHOULD BE ABLE TO AFFORD A COMPLETE LOSS OF YOUR INVESTMENT.

Our business activities are subject to significant risks, including those described below. Every investor or potential investor in our securities should carefully consider these risks. If any of the described risks actually occurs, our business, financial position and results of operations could be materially adversely affected. Such risks are not the only ones we face and additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business.

For the year ended December 31, 2012 and 2011, the Company sustained losses from continuing operations of $9,732,399 and $7,424,544, respectively, and at December 31, 2012 and 2011, the Company had accumulated deficits of $48,758,446 and $39,026,047, respectively, in addition to limited cash and unprofitable operations.

NO SIGNIFICANT REVENUE HAS BEEN GENERATED FROM THE SALE OF HALLOYSITE CLAY
Since January 1, 2009, the Company has sold only $258,694 of clay and no iron oxides or mineralization from the waste piles and there is no assurance that it will sell significant amounts of any of these resources or sell sufficient amounts with sufficient profit margins to be profitable.

WE HAVE EXPERIENCED CONTINUED, ANNUAL OPERATING LOSSES SINCE SEPTEMBER 1997.
We have experienced annual operating losses since our reactivation in September 1997. We cannot assure that products can be successfully marketed to an extent that we will ever achieve significant revenues or profit margins or ever be profitable.

ADEQUATE FUNDING OF OPERATIONS
The Company has had to rely mainly on cash flow generated from the sale of stock and convertible debt to fund its operations. If the Company is unable to fund its operations through the commercialization of its minerals at the Dragon Mine, it may have to file bankruptcy, as there is no assurance of the foregoing.

INCREASED OPERATING COSTS COULD AFFECT OUR PROFITABILITY
Costs at our mining location are subject to variation due to a number of factors, such as changing ore grade, changing metallurgy and revisions to mine plans in response to the physical shape and location of the ore body. In addition, costs are affected by the price of input commodities, such as fuel, electricity, labor, chemical reagents, explosives, steel and concrete. Commodity costs are, at times, subject to volatile price movements, including increases that could make production less profitable. Further, changes in laws and regulations can affect commodity prices, uses and transport. Reported costs may also be affected by changes in accounting standards. A material increase in costs at any significant location could have a significant effect on our profitability and operating cash flow.

We could have significant increases in capital and operating costs over the next several years in connection with the development of new projects in sustaining existing operations. Costs associated with capital expenditures have escalated on an industry-wide basis over the last several years, as a result of factors beyond our control, including the prices of commodities and labor. Increased costs for capital expenditures may have an adverse effect on the profitability of existing operations and economic returns anticipated from new projects.

THE COMPANY'S SUCCESS IS DEPENDENT ON THE MARKETING OF NEW APPLICATIONS

The applications for which we are marketing the halloysite-based products are essentially new and would require manufacturers to change their formulas and/or manufacturing processes. Moreover, the process of getting manufacturers to use our halloysite-based products can take a considerable amount of time. There is no assurance that a sufficient number of manufacturers will be willing to use our halloysite-based products in sufficient quantities so that we can be profitable or that they will do so in a reasonable amount of time.

THERE ARE NO ASSURANCES THAT OUR HALLOYSITE PRODUCTS WILL GAIN ADEQUATE COMMERCIAL ACCEPTANCE

We have spent, and will continue to spend, considerable resources on the development of halloysite-based products for a number of applications, which, we believe, would benefit from the utilization of our halloysite clay. Despite the advantages we believe our products provide, there are no assurances that the manufacturers of the applications, to which we are marketing our products, will move to incorporate our halloysite clay into their respective applications. If this does not happen, our ability to achieve significant revenue and profit margins may be impaired.

THERE IS NO ASSURANCE THAT WE WILL BE ABLE TO COMMERCIALIZE OUR IRON OXIDE RESOURCES OR WASTE PILES

The Company intends to commercialize its iron oxides resources for use as pigments and/or water purifers. It also intends to commercialize its waste piles, although the uses to which they would be put have not been determined at this time. There is no assurance that the iron oxide or waste piles will be successfully commercialized or when.

THE COMPANY'S SUCCESS DEPENDS ON THE COMMITTED SERVICE AND AVAILABILITY OF KEY PERSONNEL

Andre Zeitoun is the President and CEO of Applied Minerals, Inc. Mr. Zeitoun has played a critical role in leading the effort to commercialize our halloysite-based products, iron oxides and waste piles. If the Company loses the service of Mr. Zeitoun, there is no assurance that the Company would be able to attract and retain a qualified replacement.

THE COMPANY'S SUCCESS DEPENDS, IN PART, ON ITS ABILITY TO MAINTAIN RELATIONSHIPS WITH CONSULTANTS WHO ASSIST US WITH THE RESEARCH AND DEVELOPMENT OF OUR PRODUCTS.

We currently engage a number of consultants who have assisted us with the research and development of our products. If we are unable to continue to identify and maintain relationships with consultants who are familiar with the mineralization at the Dragon Mine property and have expertise in the application areas for which we plan to develop products, our ability to successfully commercialize the Dragon Mine property will be impaired.

WE RELY ON CONTRACTORS TO CONDUCT A PORTION OF OUR OPERATIONS AND CONSTRUCTION PROJECTS

A portion of our operations and construction projects are currently conducted in whole or in part by contractors. As a result, our operations are subject to a number of risks, some of which are outside our control, including:

- negotiating agreements with contractors on acceptable terms;
- the inability to replace a contractor and its operating equipment in the event that either party terminates the agreement;
- reduced control over those aspects of operations which are the responsibility of the contractor;
- failure of a contractor to perform under its agreement;
- interruption of operations or increased costs in the event that a contractor ceases its business due to insolvency or other unforeseen events;
- failure of a contractor to comply with applicable legal and regulatory requirements, to the extent it is responsible for such compliance; and
- problems of a contractor with managing its workforce, labor unrest or other employment issues.

In addition, we may incur liability to third parties as a result of the actions of our contractors. The occurrence of one or more of these risks could adversely affect our results of operations and financial position.

ESTIMATES RELATING TO NEW DEVELOPMENT PROJECTS ARE UNCERTAIN AND WE MAY INCUR HIGHER COSTS AND LOWER ECONOMIC RETURNS THAN ESTIMATED

Mine development projects typically require a number of years and significant expenditures during the development phase before production is possible. Such projects could experience unexpected problems and delays during development, construction and mine start-up.

Our decision to develop a project is typically based on the results of internal studies and expertise. The actual project profitability or economic feasibility may differ from such estimates as a result of any of the following factors, among others:

- Changes in tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- Higher input commodity and labor costs;
- The quality of the data on which engineering assumptions were made;
- Adverse geotechnical conditions;
- Availability of adequate and skilled labor force and supply and cost of water and power;
- Fluctuations in inflation and currency exchange rates;
- Availability and terms of financing;

- Delays in obtaining environmental or other government permits or approvals or changes in the laws and regulations related to our operations or project development;

- Changes in tax laws;

- Weather or severe climate impacts; and

- Potential delays relating to social and community issues, including, without limitation, issues resulting in protests, road blockages or work stoppages.

WE MAY EXPERIENCE INCREASED COSTS OR LOSSES RESULTING FROM THE HAZARDS AND UNCERTAINTIES ASSOCIATED WITH MINING

The exploration for natural resources and the development and production of mining operations are activities that involve a high level of uncertainty. These can be difficult to predict and are often affected by risks and hazards outside of our control. These factors include, but are not limited to:

- Industrial accidents, including in connection with the operation of mining transportation equipment and accidents associated with the preparation and ignition of large-scale blasting operations, milling equipment and conveyor systems;

- Underground fires or floods;

- Unexpected geological formations or conditions (whether in mineral or gaseous form);

- Ground and water conditions;

- Fall-of-ground accidents in underground operations;
- Failure of mining pit slopes and tailings dam walls;
- Seismic activity; and
- Other natural phenomena, such as lightning, cyclonic or tropical storms, floods or other inclement weather conditions.

The occurrence of one or more of these events in connection with our exploration activities and development and production of mining operations may result in the death of, or personal injury to, our employees, other personnel or third parties, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, deferral or unanticipated fluctuations in production, environmental damage and potential legal liabilities, all of which may adversely affect our reputation, business, prospects, results of operations and financial position.

THE OCCURRENCE OF EVENTS FOR WHICH WE ARE NOT INSURED MAY AFFECT OUR CASH FLOW AND OVERALL PROFITABILITY

We maintain insurance policies that mitigate against certain risks related to our operations. This insurance is maintained in amounts that we believe are reasonable depending upon the circumstances surrounding each identified risk. However, we may elect not to have insurance for certain risks because of the high premiums associated with insuring those risks or for various other reasons; in other cases, insurance may not be available for certain risks. Occurrence of events for which we are not insured may affect our results of operations and financial position.

COMPETITION

If we are successful, we may face competition from halloysite-mined from other deposits. The deposits were formed under a variety of geological conditions of hydrothermal alteration and weathering. As a result, the nature and extent of impurities, the length of the tube, thickness of the walls, the size of the pore or lumen can all vary. There are many other deposits of halloysite around the world and in the U.S, including one adjacent to the Dragon Mine property. Whether halloysite from any of these deposits will compete with our halloysite-based products, or the extent to which they can compete, is not known to us. Competition could adversely affect our margins.

THERE IS COMPREHENSIVE FEDERAL, STATE AND LOCAL REGULATION OF THE EXPLORATION INDUSTRY THAT COULD HAVE A NEGATIVE IMPACT OUR MINING OPERATIONS.

Exploration and mining operations are subject to federal, state and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Exploration and mining operations and some of the products we sell are also subject to federal, state and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of exploration methods and equipment. We cannot assure you that such permits will be received. No assurance can be given that environmental standards imposed by federal, state or local authorities will not be changed or that any such changes would not have material adverse effects on our activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on our financial position. Additionally, we may be subject to liability for pollution or other environmental damages that we may elect not to insure against due to prohibitive premium costs and other reasons. Management is aware of the

necessity of obtaining proper permits prior to conducting any exploration activity.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

PRINCIPAL OFFICE

The corporate office is located at 110 Greene Street, Suite 1101, New York, N.Y., 10012. We also rent office space at 630 East Mullan Avenue #H, Osburn, Idaho 83849, which we intend to close down in 2013.

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.

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. It is located approximately 2 miles southwest of Eureka, Utah and can be accessed via state highway and county road. The Union Pacific Railroad has a spur approximately 2 miles from the property. Electrical power is located approximately 1.5 miles from the site and there was no evidence of a water source on the property except in the mine shaft.

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. We leased the property in 2001 and on August 18, 2005, we purchased the property for approximately $500,000 in cash.

The Dragon Mine is a halloysite clay and iron oxide replacement body developed along the Sunbeam-Dragon Fissure Zone, a 150m wide, N-NE trending structure, which lies on the contact between the Silver City Monzonite and the Ajax Dolomite. Alteration minerals include halloysite , kaolinite , alunite, illite , montmorillonite , nontronite; calcite and dolomite, with minor jarosite, pyrite, gypsum, and gibbsite.

The Dragon Mine has deposits of three types of clay -- halloysite, kaolinite, and illite/ smectite. Halloysite and kaolinite are members of the same clay group and are chemically identical, but different in shape (kaolinite is shaped like a plate while halloysite is tubular). Smectite and illite are different groups of clay. The smectite group includes dioctahedral smectites such as montmorillonite and trioctahedral smectites. The illite group includes clay-micas. The smectites and illites appear in a mixed layer because over time scmectite can be transformed into illite.

The Dragon Mine also has deposits of iron oxide consisting of goethite, hematite, and amorphous iron oxide.

In connection with the mining operations from the 1940s to the 1970s, Filtrol segregated mined material with insufficient amounts of halloysite or too much iron oxide for use a petroleum cracking catalyst and deposited such material on the premises of the Dragon Mine site creating five large waste piles. The piles have varying amounts of different clays and iron oxides. Some of these materials may be able to be extracted, processed and used, but the Company has no current plans to do so in the foreseeable future.

In 2011, the Company obtained a resource study prepared in accordance with the JORC Code used by the Australian Stock Exchange. The report deals with deposits of clay, including halloysite, and iron oxide as well as the waste piles. The resource study does not comply with the requirements of the Industry Guide 7 of the Securities and Exchange Commission. Industry Guide 7 and staff interpretations thereof require reporting of minerals reserves and the minimum conditions that must be satisfied before a mineral deposit can be considered a reserve. Resources determined under the JORC Code do not satisfy the minimum conditions of Industry Guide 7 for classification as reserves. There can be significant differences between mineral tonnages reported under the JORC Code and Industry Guide 7.

The Dragon Mine is located in the area of what is known as the Southwest Tintic porphyry copper system, which has been characterized as large and subeconomic. Major companies are in the process of exploring for economic deposits. The Company is drilling one hole about 2,500 feet deep in search of an economic copper porphyry deposit and will have the core samples analyzed.

We offer the following cautionary statements. Whether such a porphyry exists, the location of such a porphyry, whether any deposits related to any such porphyry are located on our property and whether any such deposits would be of commercial grade or could be economically extracted is not known. If there is a porphyry, it is likely to be located at least 2000 feet under the surface and could be accessed only through a large open pit mine that would require the land many times the size of our property (so that we could not access it on our property by means of an open pit mine confined to our property). It is estimated that if there is a commercial grade mineralization that could be economically extracted, a large mining company would have to acquire sufficient land for a large open pit mine, expend billions in preparation for mining and it is estimated that it would be at least 15 or 20 years before mining could begin. Any such open pit mine could face significant environmental huddles since it would require the destruction of a portion of the Tintic mountains.

Shoshone County, ID

We own approximately 900 acres of fee simple property and patented mining claims, and 260 acres of mineral rights and unpatented claims, including the Atlas Mine, located in the Coeur d'Alene mining district in Shoshone County, Idaho, commonly referred to as the Silver Valley of North Idaho. The Company permanently discontinued its contract mining operations at the Atlas Mine as of December 31, 2008. The Company identified assets attributed to the

discontinued operation that were being held for sale in the amount of $445,180 as of June 30, 2012 and December 31, 2011. During the third quarter of 2012, after unsuccessfully marketing the mine for sale, the Company reclassified this asset from held for sale to land and mining property as the Company is exploring various strategic options to further monetize the value of the land and any associated mineral resources.

ITEM 3. LEGAL PROCEEDINGS

In accordance with ASC Topic 450, when applicable, we record accruals for contingencies when it is probable that a liability will be incurred and the amount of loss can be reasonably estimated. In addition to the matters described herein, we are involved in or subject to, or may become involved in or subject to, routine litigation, claims, disputes, proceedings and investigations in the ordinary course of business, which in our opinion will not have a material adverse effect on our financial condition, cash flows or results of operations. Currently, we have no lawsuits, claims, proceedings and investigations pending involving us.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and this Item is included in Exhibit 95 to this 10-K.

PART II

ITEM 5. MARKET PRICE FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDERS MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Prices for Our Common Stock

Our common stock is quoted on the OTCBB under the symbol "AMNL." The following quotations reflect inter-dealer prices, without retail mark-up, mark-down, or commission, and may not represent actual transactions.

	Year 2012		Year 2011	
	High	Low	High	Low
First Quarter	$1.65	$1.19	$0.83	$0.71
Second Quarter	$1.89	$1.35	$1.78	$0.82
Third Quarter	$1.41	$1.21	$2.10	$1.30
Fourth Quarter	$1.73	$1.38	$1.70	$1.07

Record Holders

As of December 31, 2012, there were approximately 1,151 holders of record of our common stock. This number does not include an indeterminate number of shareholders whose shares are held by brokers in street name.

Dividends

Since we became a reporting company in 2002, we have never declared or paid any cash dividend on our common stock. We have no current plans to declare dividends and we are not subject to any restrictions or limitations relating to the declaration or payment of dividends other than those imposed by state corporate laws applicable to corporations generally.

Equity Compensation Plans

On November 20, 2012, the shareholders of the Company approved the adoption of the Applied Minerals, Inc. 2012 Long-Term Incentive Plan ("LTIP") and the Short-Term Incentive Plan ("STIP") and the performance criteria used in setting performance goals for awards intended to be performance-based under Code Section 162(m). 8,900,000 shares are authorized for issuance under the LTIP. The STIP does not refer to a particular number of shares, but would use the shares authorized in the LTIP for issuance under the STIP. The CEO, the CFO, named executive officers, and directors, among others, are eligible to participate in the LTIP and STIP. Prior to the adoption of the LTIP and STIP, stock options were granted under individual arrangements between the Company and the grantees.

Equity Compensation Information
As of December 31, 2012

	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans

	(a)		(b)	(excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	3,077,059	$	1.66 -	5,822,941
Equity compensation plans				
not approved by security holders	18,583,341	$	1.19	-0-
Total	21,660,400	$	1.26	

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN*
AMONG APPLIED MINERALS, INC.

	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12
Applied Minerals, Inc.	$100	$19	$73	$100	$159	$193
iShares Russell Microcap ® Index ETF	$100	$61	$74	$95	$85	$99
S&P Metals & Mining Index ETF	$100	$39	$72	$96	$69	$63

* Cumulative return assumes a $100 investment of each respective security at December 31, 2007.

ITEM 6. SELECTED FINANCIAL DATA

Year Ended December 31 (in 000's except per share data)	2012	2011	2010	2009	2008
Revenue	$165.7	$93.0	$0	$0	$0
Loss from continuing operations	$(9,732.4)	$(7,424.5)	$(4,891.5)	$(6,701.5)	$(6,215.7)
Net loss	$(9,732.4)	$(7,430.3)	$(4,767.7)	$(6,766.2)	$(5,420.4)
Loss from continuing operations - basic	$(0.11)	$(0.10)	$(0.07)	$(0.11)	$(0.11)
Net loss - basic	$(0.11)	$(0.10)	$(0.07)	$(0.11)	$(0.10)
Loss from continuing operations - diluted	$(0.11)	$(0.10)	$(0.07)	$(0.11)	$(0.11)
Net loss - diluted	$(0.11)	$(0.10)	$(0.07)	$(0.11)	$(0.10)
Cash and equivalents	$3,356.1	$10,170.5	$1,642.3	$1,584.9	$903.0
Total assets	$7,818.5	$12,874.8	$4,215.1	$4,005.3	$4,506.1
Long-term liabilities	$2,129.4	$3,452.8	$5,055.0	$2,257.3	$1,357.9
Shareholders' equity (deficit)	$3,966.2	$8,828.4	$(1,561.3)	$310.6	$2,197.0

ITEM 7.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Applied Minerals, Inc. (the "Company") is a leading global producer of Halloysite Clay. Vertically integrated from Mine to Market, our niche focus and in-depth application knowledge allow us to offer our customers commercially consistent product grades, specifically tailored to achieve enhanced performance objectives. Our key strategy is to further commercialize the halloysite, iron ore and other products on our minesite while investing in our mining facility resources, including personnel, plant and equipment. See Business section above for further details on strategy and recent developments.

CRITICAL ACCOUNTING POLICIES

The following accounting policies have been identified by management as policies critical to the Company's financial reporting:

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and in revenues and expenses during the reporting period. In these consolidated financial statements, the warrant derivative liability, stock compensation and impairment of long-lived assets involve extensive reliance on management's estimates. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all highly-liquid investments with a maturity of three months or less at the date of purchase. The Company minimizes its credit risk by investing its cash and cash equivalents, which sometimes exceeds FDIC limits, with major financial institutions located in the United States with a high credit rating. The Company's management believes that no concentration of credit risk exists with respect to the investment of its cash and cash equivalents.

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, or the life of the lease, whichever is shorter, as follows:

	Estimated Useful Life
Building and Building Improvements	20 – 40 years
Mining equipment	2 – 7 years
Office and shop furniture and equipment	3 – 7 years
Vehicles	5 years

Fair Value
Dsiclosures and measurements of fair value of the Company's financial instruments reflects the amounts that the Company estimates to receive in connection with the sale of an asset or paid in connection with the transfer of a liability, when applicable, in an orderly transaction between market participants at the measurement date (exit price). For financial assets and liabilities that are periodically re-measured to fair value, the Company discloses a fair value hierarchy that prioritizes the use of inputs used in the applicable valuation techniques into the following three levels:

Level 1 – quoted prices in active markets for identical assets and liabilities
Level 2 – observable inputs other than quoted prices in active markets for identical assets and liabilities
Level 3 –significant unobservable inputs

The recorded value of certain financial assets and liabilities, which consist primarily of cash and cash equivalents, accounts receivable, other current assets, and accounts payable and accrued expenses approximate the fair value of the respective assets and liabilities at December 31, 2012 and 2011 based upon the short-term nature of the assets and liabilities. Based on borrowing rates currently available to the Company for loans with similar terms, the carrying value of notes payable approximate fair value.

Revenue Recognition
Revenue includes sales for halloysite and is recognized when title passes to the buyer and when collectability is reasonably assured. Title passes to the buyer based on terms of the sales contract. Product pricing is determined based on related contractual arrangements with the Company's customers.

Mining Exploration and Development Costs
Land and mining property are carried at cost. The Company expenses prospecting and mining exploration costs. At the point when a property is determined to have proven and probable reserves, subsequent development costs are capitalized. When these properties are developed and operations commence, capitalized development costs will be charged to operations using the units-of-production method over proven and probable reserves. Upon abandonment or sale of a mineral property, all capitalized costs relating to the specific property are written off in the period abandoned or sold and a gain or loss is recognized.

Through December 31, 2012 all costs associated with prospecting and exploration of the Company's mines have been deemed to have indeterminable recoverability and therefore have been expensed.

Stock Options and Warrants
The Company follows ASC 718 (Stock Compensation) and 505-50 (Equity-Based Payments to Non-employees), which provide guidance in accounting for share-based awards exchanged for services rendered and requires companies to expense the estimated fair value of these awards over the requisite service period. The Company

instituted a formal long-term and short-term incentive plan on November 20, 2012, which was approved by its shareholders. Prior to that date, we did not have a formal equity plan, but all equity grants, including stock options and warrants, were approved by our Board of Directors. We determine the fair value of the stock-based compensation awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. If the fair value of the equity instruments issued is used, it is measured using the stock price and other measurement assumptions as of the earlier of either of (1) the date at which a commitment for performance by the counterparty to earn the equity instruments is reached, or (2) the date at which the counterparty's performance is complete.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2011, the FASB issued ASU 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income." Specifically, the new guidance allows an entity to present components of net income or other comprehensive income in one continuous statement, referred to as the statement of comprehensive income, or in two separate, but consecutive statements. The new guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. While the new guidance changes the presentation of comprehensive income, there are no changes to the components that are recognized in net income or other comprehensive income under current accounting guidance. The new guidance is effective for fiscal years and interim periods beginning after December 15, 2011 and is to be applied retrospectively. The adoption of ASU 2011-05 did not have any impact on the Company's consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards ("IFRS")." The amendments in this ASU generally represent clarification of Topic 820, but also include instances where a particular principle or requirement for measuring fair value or disclosing information about fair value measurements has changed. This update results in common principles and requirements for measuring fair value and for disclosing information about fair value measurements in accordance with GAAP and IFRS. The amendments are effective for interim and annual periods beginning after December 15, 2011 and are to be applied prospectively. Early application is not permitted. The adoption of ASU 2011-04 as of January 1, 2012 did not have a material impact on the Company's consolidated financial statements.

Results of Operations- 2012 COMPARED TO 2011

The following sets forth, for the periods indicated, certain components of our operating earnings, including such data stated as percentage of revenues:

	Twelve Months Ended December 31,						Variance		
	2012	% of Rev.		2011	% of Rev.		Amount	%	
REVENUES	$165,742	100	%	$92,952	100	%	72,790	78	%
OPERATING (INCOME) EXPENSES:									
Production costs	103,238	62	%	80,578	87	%	22,660	28	%
Exploration costs	3,542,977	2138	%	2,675,017	2878	%	867,960	32	%
General and administrative	6,541,043	3946	%	4,256,859	4580	%	2,284,184	54	%
Depreciation expense	280,991	170	%	248,605	267	%	32,386	13	%
Loss (gain) on impairment and disposition of land and equipment	9,913	6	%	(1,000)	(1	%)	10,913	1091	%
Total Operating Expenses	10,478,162	6322	%	7,260,059	7811	%	3,218,103	44	%
Operating Loss	(10,312,420)	(6222	%)	(7,167,107)	(7711	%)	(3,145,313)	44	%
OTHER INCOME (EXPENSE):									
Interest expense, net, including amortization of deferred financing cost and debt discount	(12,993)	(8	%)	(533,447)	(574	%)	520,454	98	%
Gain on revaluation of warrants derivative	630,000	380	%	225,000	242	%	405,000	180	%
Loss on revaluation of stock awards	(27,000)	(16	%)	(47,000)	(51	%)	20,000	43	%
Other income (expense)	(9,986)	(6	%)	98,010	105	%	(107,996)	(110	%)
Total Other Income (Expense)	580,021	350	%	(257,437)	(277	%)	837,458	325	%
Loss from continuing operations	(9,732,399)	(5872	%)	(7,424,544)	(7988	%)	(2,307,855)	(31	%)
Loss from discontinued operations	--	0	%	(5,772)	(6	%)	5,772	100	%
Net loss	(9,732,399)	(5872	%)	(7,430,316)	(7994	%)	(2,302,083)	(31	%)
Net loss attributable to the non-controlling interest	--	0	%	(52,320)	(56	%)	52,320	100	%
	$(9,732,399)	(5872	%)	$(7,482,636)	(8050	%)	(2,249,763)	(30	%)

Net Loss attributable to
Applied Minerals

Revenue for 2012 was $165,742, compared to $92,952 generated during the same period in 2011. The Company originated and increased sales of its Dragonite ™ product to select customers for use as a reinforcing additive for certain plastic applications in the past year. We are in various stages of product development, ongoing trials and building our stockpile levels. In 2012, we were approved as vendors for approximately 23 potential customers, which we believe can materialize into future business.

Total operating expenses for 2012 were $10,478,162 compared to $7,260,059 of expenses incurred during 2011, an increase of $3,218,103 or 44%. The increase was due primarily to a $867,960, or 32%, increase in exploration costs, and a $2,284,184, or 54%, increase in general and administrative expense.

Exploration costs incurred during 2012 were $3,542,977 compared to $2,675,017 of costs incurred during the same period in 2011, an increase of $867,960 or 32%. The majority of our exploration costs during the respective periods were related to the continued exploration activities at our Dragon Mine property and the mineralogical analysis of the material mined from the property. The increase in exploration costs was related, primarily, to management's decision to further expand its drilling and testing program, both for clay and iron ore, to additional areas of the Dragon Mine property, the testing of which has indicated the presence of clay mineral and an iron ore deposit. The additional mining activity was also performed to prepare for potential client visits and to break ground on a more innovative and efficient mining facility with more cutting-edge technology. The Company has invested in its minesite as it continues its commercialization and research efforts. See Property, Plant and Equipment schedule in the Liquidity and Capital Resources section below for further details. The primary drivers of the increase in exploration costs included a $332,712, or 46%, increase in employee wages primarily due to an increase in the number of miners from 15 to 20 and additional overtime required for the additional mining activity described above; the incurrence of $153,227 of employee health insurance expense not incurred during the same period in 2011 as the health insurance plan was not previously offered; a $146,097, or 41% increase in geologist consulting and sample testing activity; a $99,052, or 97%, increase in materials and supplies due to the increase in drilling and development activity at the mine; and a $159,660, or 270%, increase in equipment rentals utilized for the new facility.

General and administrative expenses incurred during 2012 totaled $6,541,043 compared to $4,256,859 of expense incurred during the same period in 2011, an increase of $2,284,184 or 54%. The increase was driven primarily by performance bonus payments to key management totaling $1,150,000; a $111,705, or 5% increase, in expense related to the issuance of options to certain employees; a $267,395, or 89%, increase in wage expense due to the addition of a Chief Technology Officer, General Counsel and Chief Financial Officer; a $112,853 increase in travel and related expense due primarily to a change in the terms of the Management Agreement with Material Advisors, LLC- prior to 2012, under the Management Agreement, Material Advisors was required to pay all travel, entertainment, office and marketing expenses and all other ordinary and necessary business expenses incurred by the Material Advisors and the Management Personnel in connection with the performance of the Management Agreement ("Expenses"); the incurrence of $132,533 of additional rent expense related to the lease of the corporate office; a $111,942 increase in legal, audit and accounting service fees; and a $322,828 increase in consulting partially relating to financial and investment banking services.

Other Income increased by 837,458, or 325%. About $500,000 of this variance was due to additional interest expense recorded in 2011 due to an increase in the average balance of our PIK Notes, which we converted into common stock in October 2011. In addition, the Company also recorded an additional $405,000 gain on the revaluation of our warrant derivative liability in 2012 when compared to 2011.

Loss from continuing operations for 2012 was $9,732,399 compared to a loss of $7,424,544 incurred during the same period in 2011, an increase of $2,307,855 or 31%. The increase in the Loss from Continuing Operations was due to a $3,218,103 increase in operating expenses, as described above, offset by a $837,458 increase in Other Income and a

$72,790 increase in revenue, as described above.

RESULTS OF OPERATIONS- 2011 COMPARED TO 2010

	Years ended December 31, 2011 and 2010						Variance		
	2011	% of Rev.		2010	% of Rev.		Amount	%	
REVENUES	$92,952	100	%	$-0-	0	%	$92,952	0	%
OPERATING (INCOME) EXPENSES:									
Production costs	80,578	87	%	-0-	0	%	80,578	0	%
Exploration costs	2,675,017	2878	%	2,149,299	0	%	525,718	24	%
General and administrative	4,256,859	4580	%	2,485,391	0	%	1,771,468	71	%
Depreciation expense	248,605	268	%	162,859	0	%	85,746	53	%
Loss (gain) on impairment and disposition of land and equipment	(1,000)	(1	%)	9,967	0	%	(10,967)	(110	%)
Total Operating Expenses	7,260,059	7811	%	4,807,516	0	%	2,452,543	51	%
Operating Loss	(7,167,107)	(7711	%)	(4,807,516)	0	%	(2,359,591)	49	%
OTHER INCOME (EXPENSE):									