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ATLAS MINING CO  
Form 10QSB  
August 14, 2006

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2006

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-31380

ATLAS MINING COMPANY.

-----  
(Exact name of registrant as specified in its charter)

Idaho

82-0096527

-----

-----

(State or other jurisdiction of  
incorporation or organization)

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

630 East Mullan Avenue, Osburn, Idaho

83849

-----

-----

(Address of principal executive offices)

(Zip Code)

(208) 556-1181

-----  
Issuer's telephone number, including area code

Former name, former address and formal fiscal year, if changed since  
last report: N/A

Indicate by check whether the registrant: (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange  
Act of 1934 during the preceding 12 months (or for such shorter period  
that the registrant was required to file such reports), and (2) has  
been subject to such filing requirements for the past 90 days.

YES /X/ NO /\_/

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

YES /\_/ NO /X/

The number of shares outstanding of each of the issuer's classes of  
common equity as of August 3, 2006, was as follows: 49,438,367 shares of  
Common Stock.

Transitional Small Business Disclosure Format: YES /\_/ NO /X/

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### Atlas Mining Company and Subsidiary Consolidated Balance Sheets

	ASSETS -----	
	June, 30 2006	December 31, 2005
	----- (unaudited)	-----
Current Assets		
Cash	\$1,043,810	\$2,215,930

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Accounts receivable (net of allowance of \$0)	258,141	40,174
Investments - available for sale	22,379	19,538
Advances	148	750
Deposits and prepaids	55,614	100,454
	-----	-----
Total Current Assets	1,380,091	2,376,846
Property and Equipment		
Land and tunnels	1,110,356	1,005,159
Buildings and equipment	188,192	188,192
Mining equipment	690,184	244,499
Milling equipment	431,617	247,714
Drilling equipment	18,212	-
Office equipment	42,104	26,689
Vehicles	116,577	111,259
Less: Accumulated depreciation	(330,327)	(229,311)
	-----	-----
Total Property and Equipment	2,266,914	1,594,200
Other Assets		
Long-term Note Receivable	50,000	50,000
Mining supplies	9,000	9,000
	-----	-----
Total Other Assets	59,000	59,000
	-----	-----
Total Assets	\$ 3,706,005	\$ 4,030,045
	=====	=====

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

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Atlas Mining Company and Subsidiary  
Consolidated Balance Sheets

LIABILITIES AND STOCKHOLDERS' EQUITY

	June, 30 2006	December 31, 2005
	-----	-----
	(unaudited)	
Current Liabilities		
Accounts payable and accrued liabilities	\$ 180,314	\$ 101,532
Current portion of long-term debt	22,925	25,973
Current portion of capital lease liabilities	29,901	-
	-----	-----
Total Current Liabilities	233,140	127,505
Long-Term Liabilities		
Notes payable, net	103,707	23,688
Capital lease liabilities	68,925	-
	-----	-----
Total Long-Term Liabilities	172,632	23,688
Minority Interest	52,797	52,797
	-----	-----
Commitments & Contingencies	-	-

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Stockholders' Equity (Deficit)		
Preferred stock, \$1.00 par value, 10,000,000 shares authorized, non-cumulative, nonvoting, nonconvertible, none issued or outstanding	-	-
Common stock, no par value, 60,000,000 shares authorized, 49,438,367 and 48,852,892 shares issued and outstanding, respectively	14,429,225	13,598,660
Additional Paid in Capital	33,700	-
Cost of treasury stock, 1,313,022 in 2006 and 2005	(131,221)	(131,221)
Accumulated Deficit	(11,084,442)	(9,641,558)
Accumulated other comprehensive income (loss)	174	174
	-----	-----
Total Stockholders' Equity (Deficit)	3,247,435	3,826,055
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 3,706,005	\$ 4,030,045

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

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Atlas Mining Company  
Consolidated Statements of Operations  
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2006	2005	2006	2005
	-----	-----	-----	-----
Revenues - Contract Mining	\$ 767,097	\$ 15,105	\$ 1,101,829	\$ 158,478
Revenues - Mining Production	-	-	-	-
Revenues - Timber	-	-	-	-
	-----	-----	-----	-----
Total Revenues	767,097	15,105	1,101,829	158,478
Cost of Sales - Contract Mining	526,126	27,738	700,430	179,263
Cost of Sales - Mining Production	-	-	-	-
Cost of Sales - Timber	-	534	-	534
	-----	-----	-----	-----
Total Cost of Sales	526,126	28,272	700,430	179,797
	-----	-----	-----	-----
Gross Profit (Loss)	240,971	(13,167)	401,399	(21,319)
Operating Expenses				
Exploration & development costs	512,443	133,924	1,123,211	296,503
Mining production costs	74,632	11,959	180,860	11,959
General & administrative	194,520	997,880	544,648	1,551,815
	-----	-----	-----	-----
Total Operating Expenses	781,595	1,143,763	1,848,718	1,860,277
	-----	-----	-----	-----
Net Operating Income (Loss)	(540,624)	(1,156,930)	(1,447,319)	(1,881,596)
Other Income (Expense)				

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Interest income	9,568	349	21,069	515
Interest expense	(16,158)	(6,299)	(16,715)	(39,483)
Miscellaneous Income	65	5	80	6
Minority Interest	-	3	-	3
Gain (Loss) on Settlement of Debt	-	33,424	-	33,424
	-----	-----	-----	-----
Total Other Income (Expense)	(6,524)	27,482	4,435	(5,535)
	-----	-----	-----	-----
Income (Loss) Before Income Taxes	(547,148)	(1,129,448)	(1,442,884)	(1,887,131)
Provision (Benefit) for Income Taxes	-	-	-	-
	-----	-----	-----	-----
Net Income (Loss)	\$ (547,148)	\$ (1,129,448)	\$ (1,442,884)	\$ (1,887,131)
	=====	=====	=====	=====
Net Income (Loss) Per Share	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.05)
	=====	=====	=====	=====
Weighted Average Shares Outstanding	48,824,432	42,960,089	49,136,018	41,906,265
	=====	=====	=====	=====

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

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Atlas Mining Company and Subsidiary  
Consolidated Statements of Cash Flows  
(Unaudited)

	For the Six Months Ended June 30,	
	2006	2005
	-----	-----
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ (1,442,884)	\$ (1,887,131)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operations:		
Depreciation	101,016	54,011
Stock issued for services	45,000	862,966
Compensation for Options	33,700	-
Gain on Settlement of Debt	-	(33,424)
Change in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(217,969)	273,014
Deposits and prepaids	44,840	40,812
Accounts payable and accrued expenses	59,234	(207,172)
	-----	-----
Net Cash Provided(Used) by Operating Activities	(1,377,062)	(896,924)
Cash Flows from Investing Activities:		
Purchases of equipment	(515,210)	(83,897)
Purchases of investments	(2,841)	-
Payments for advances	602	-
	-----	-----
Net Cash Provided (Used) by Investing Activities	(517,448)	(83,897)
Cash Flows from Financing Activities:		

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Payments for notes payable	(6,981)	(580,550)
Payments on capital leases	(56,193)	-
Proceeds from issuance of common stock	785,565	4,631,544
	-----	-----
Net Cash Provided (Used) by Financing Activities	722,391	4,050,994
	-----	-----
Increase (Decrease) in Cash	(1,172,120)	3,070,173
Cash and Cash Equivalents at Beginning of Period	2,215,930	206,635
	-----	-----
Cash and Cash Equivalents at End of Period	\$ 1,043,810	\$ 3,276,808
	=====	=====

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

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Atlas Mining Company and Subsidiary  
Consolidated Statements of Cash Flows  
(Unaudited)

	For the Six Months Ended	
	June 30,	
	2006	2005
	-----	-----
Cash Paid For:		
Interest	\$ 16,715	\$ 39,483
Income Taxes	\$ -	\$ -
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Stock issued for services	\$ 45,000	\$ 862,966

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

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

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

In September 1997, the Company became active and purchased substantially all of the operating equipment and mining supplies from

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

In 1997 and 1998, the Company was to exchange 844,560 shares of its common stock for all of the outstanding shares of Sierra Silver Lead Mines, Inc. (Sierra), an Idaho corporation. As of June 30, 2006, 384,465 shares of the Company's common stock had not been exchanged. The Company was unable to locate some of the shareholders of Sierra. Therefore, the Company agreed to transfer the stock to an Atlas Mining Company Trust account in trust for the unlocated shareholders of Sierra Silver. The acquisition of Sierra has been recorded as a purchase. The purchase price totaled \$276,157. All of the assets and liabilities of Sierra were transferred to the Company and Sierra ceased to exist.

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

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In July 2001, Atlas Mining Company began leasing the Dragon Mine from Conjecture Silver Mines, Inc. in Spokane, Washington. Conjecture Mines has since been merged into Chester Mines, Inc. at the same location. We initially paid 400,000 shares of our common stock, valued at \$100,000, for a one-year lease. Under the terms of the lease agreement, we had the right to renew the lease annually in exchange for 100,000 additional shares of our common stock, or the option to

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purchase the property for \$500,000 if we had \$1,000,000 in sales from the mine in a 12-month period. We exercised the option to purchase the Dragon Mine on August 18, 2005 for \$500,000. The property consists of 38 patented mining claims on approximately 230 acres.

### b. Revenue Recognition

Revenue is recognized when earned. The Company's revenue recognition policies are in compliance the Securities and Exchange Commission Staff Accounting Bulletin No. 101 and 104. The Company sells contract mining services, mined halloysite clay and raw timber.

Revenue for contract mining services is recognized once a contract with a fixed and determinable fee has been established the services have been rendered and collection is reasonably assured.

Revenue for mined halloysite clay is recognized upon shipment and customer acceptance once a contract with a fixed and determinable fee has been established and collection is received or the resulting receivable is deemed probable. Certain of the Company's sales contracts call for a fixed price per ton plus a percentage of future sales revenue on the resale of product. Revenues are recorded at the time of sale based upon the fixed price per ton upon shipment. Revenues from the future resale of the product are recognized upon receipt as amounts are not determinable.

Revenue for harvested raw timber is recognized once it has been shipped to the mill, a contract with a fixed and determinable fee has been established and collection is received or the resulting receivable is deemed probable.

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

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

#### c. Bad Debts

Bad debts on receivables are charged to expense in the year the receivable is determined uncollectible, therefore, no allowance for doubtful accounts is included in the financial statements. Amounts determined as uncollectible are not significant to the overall presentation of the financial statements.

#### d. Basis of Consolidation

The Company's investments representing a 50% or greater interest are consolidated. The consolidated financial statements presented reflect the accounts of Atlas Mining Company and Park Copper & Gold. At both June 30, 2006 and December 31, 2005 the Company held a 53% ownership interest in Park Copper & Gold. The Company recorded no liability for the 47% non-controlling interest as Park Copper & Gold had a stockholders deficit at the time of merger. Further, the net loss for



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Park Copper & Gold for the periods ended June 30, 2006 and December 31, 2005 applicable to the 47% non-controlling interest were not allocated to the non-controlling interest as there is no obligation of the non-controlling interest to share in such losses. All significant inter-company transactions between the parent and subsidiary have been eliminated in consolidation.

### e. Earnings (Loss) Per Share

The computation of earnings per share of common stock is based on the weighted average number of shares outstanding at the date of the financial statements.

	Net Loss (Numerator)	Shares (Denominator)	Per-Share Amount
	-----	-----	-----
For the period ended June 30, 2006:			
Basic EPS			
Net loss to common shareholders	\$(1,442,884)	49,136,018	\$ (0.03)
	=====	=====	=====
For the period ended June 30, 2005:			
Basic EPS			
Net loss to common shareholders	\$(1,887,131)	41,906,265	\$ (0.05)
	=====	=====	=====

### f. Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

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

#### g. Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss, tax credit carry-forwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or

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all of the deferred tax will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

### h. Available for Sale Investments

Management determines the appropriate classification of marketable equity security investments at the time of purchase and reevaluates such designation as of each balance sheet date. Unrestricted marketable equity securities have been classified as available for sale. Available for sale securities are carried at fair value, with the unrealized gains and losses, net of tax, reported as a net amount in accumulated other comprehensive income. Realized gains and losses and declines in value judged to be other-than-temporary on available for sale securities are included in investment income or loss. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available for sale are included in investment income.

The following is a summary of available for sale equity securities which are concentrated in companies in the mining industry:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	-----	-----	-----	-----
June 30, 2006	\$ 22,205	\$ 174	\$ -	\$ 22,379
December 31, 2005	\$ 19,364	\$ 174	\$ -	\$ 19,538

### i. Mining Supplies

Mining supplies, consisting primarily of bits, steel, and other mining related equipment, are stated at the lower of cost (first-in, first-out) or market. In addition, equipment repair parts and maintenance items are also included at cost.

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### j. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and revenues and expenses during the reporting period. In these financial statements assets and liabilities involve extensive reliance on management's estimates. Actual results could differ from those estimates.

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### k. Property and Equipment

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

	Estimated Useful Life -----
Building	39 years
Mining equipment	2-8 years
Office and shop furniture and equipment	5-8 years
Vehicles	5 years

In accordance with Financial Accounting Standards Board Statement No. 144, the Company records impairment of long-lived assets to be held and used or to be disposed of when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount. At June 30, 2006 and December 31, 2005, no impairments were recognized. Depreciation expense for the quarters ended June 30, 2006 and 2005 totaled \$101,016 and \$54,011, respectively.

### l. Financial Instruments

The recorded amounts of financial instruments, including cash equivalents, receivables, investments, accounts payable and accrued expenses, and long-term debt approximate their market values as of June 30, 2006 and 2005. The Company has no investments in derivative financial instruments.

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

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

### m. Mining Exploration and Development Costs

Land and mining property acquisitions 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 as capitalized development costs. Capitalized development costs will include acquisition costs and property development costs. When these properties are developed and operations commence, capitalized 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.

At June 30, 2006, all mine costs have been expensed. During the

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quarter ended June 30, 2006, the Company recognized no revenue from the sale of halloysite clay.

### n. Stock Options

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

During the periods presented in the accompanying financial statements, the Company has adopted the provisions of SFAS No. 123R using the modified-prospective transition method and the disclosures that follow are based on applying SFAS No. 123R. Under this transition method, compensation expense recognized during the six months ended June 30, 2006 included: (a) compensation expense for all share-based awards granted prior to, but not yet vested as of January 1, 2006, and (b) compensation expense for all share-based awards granted on or after January 1, 2006. Accordingly, no compensation expense has been recognized for grants of options to employees and directors in the accompanying statements of operations for the period ended June 30, 2006. In accordance with the modified-prospective transition method, the Company's financial statements for the prior year have not been restated to reflect, and do not include, the impact of SFAS 123R. Had compensation cost for the Company's stock option plans and agreements been determined based on the fair value at the grant date for awards in 2005 consistent with the provisions of SFAS No. 123R, the Company's net loss and basic net loss per common share would have been increased to the pro forma amounts indicated below:

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### n. Stock Options Continued

		2005
		-----
Net Loss	As reported	\$(1,887,131)
Deduct: Total stock-based employee compensation expense determined under fair value based method		(101,100)
		-----
	Proforma	\$(1,988,231)
		=====
Basic earnings per share	As reported	\$ (0.05)
	Proforma	\$ (0.05)

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### o. Recently Enacted Accounting Standards

In December 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment." This Statement is a revision to SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123(R) requires the measurement of the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost will be recognized over the period during which an employee is required to provide service in exchange for the award. No compensation cost is recognized for equity instruments for which employees do not render service. When adopted, the Company will be required to recognize compensation cost as expense for the portion of outstanding unvested awards, based on the grant-date fair value of those awards calculated using an option pricing model. Statement 123(R) is effective for small business issuers at the beginning of the first interim or annual period beginning after December 15, 2005. Management is currently evaluating the impact SFAS No. 123(R) will have on the Company's results of operations as a result of adopting this new Standard.

In March 2005, the FASB issued Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations" an interpretation of FASB Statement No. 143 ("FIN 47"). FIN 47 clarifies that the term conditional asset retirement obligation as used in FASB Statement No. 143, "Accounting for Asset Retirement Obligations," refers to a legal obligation to perform an asset retirement activity in which the timing and (or) method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and (or) method of settlement. Thus, the timing and (or) method of settlement may be conditional on a future event.

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

### o. Recently Enacted Accounting Standards Continued

Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. This Interpretation is effective no later than the end of fiscal years ending after December 15, 2005. The adoption of FIN 47 did not have a material impact on the Company's financial position or results of operations.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections" ("SFAS 154") which replaces Accounting Principles Board Opinions No. 20 "Accounting Changes" and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements An Amendment of

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APB Opinion No. 28." SFAS 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes retrospective application, or the latest practicable date, as the required method for reporting a change in accounting principle and the reporting of a correction of an error. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company is currently evaluating the effect that the adoption of SFAS 154 will have on its consolidated results of operations and financial condition but does not expect it to have a material impact.

In October 2005, the FASB issued FSP FAS 13-1, "Accounting for Rental Costs Incurred During a Construction Period" ("FSP FAS 13-1") which requires companies to expense rental costs associated with ground or building operating leases that are incurred during the construction period. FSP FAS 13-1 is effective in first reporting period beginning after December 15, 2005. The Company does not expect that this pronouncement will have a material effect on its financial statements.

### NOTE 2 -GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company is dependent upon raising capital to continue operations. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Management has sold shares of its restricted stock in the past year to help support its financing activities and reduced the Company's debt. The Company has continued to obtain additional work in the contracting entity and intends to bring the Dragon Mine into production. The Company believes these actions will help to solidify its continued operations. Management feels the elimination of its debts, the revenue stream from contracting and halloysite clay sales, and the sale of stock will provide sufficient cash flows to continue as a going concern.

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

### NOTE 3 - LONG-TERM LIABILITIES

Long-term liabilities are detailed in the following schedules as of June 30, 2006 and December 31, 2005:

	June 30, 2006	December 31, 2005
	-----	-----
Note payable to a leasing company, due in monthly installments of \$2,135, including interest at 18.62%. The note matures in March of 2008 and is collateralized equipment.	\$ 39,527	\$ -

Note payable to a leasing company, due in

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monthly installments of \$1,605, including interest at 17.03%. The note matures in May of 2009 and is collateralized equipment.	44,033	-
Note payable to a leasing company, due in monthly installments of \$676, including interest at 1.35%. The note matures in June of 2008 and is collateralized equipment.	16,000	-
Note payable to a lending company, due in Monthly installments of \$688, including interest at 7.59%. The note matures in March 2010 and is collateralized by a vehicle.	26,847	29,888
Note payable to an insurance company, due in monthly installments of \$2,825. The note matures in July 2006.	225	19,773
	-----	-----
Total Notes Payable	\$ 126,632	\$ 49,661
	-----	-----
Less Current Portion	(22,925)	(25,973)
	-----	-----
Total Long-Term Liabilities	\$ 103,707	\$ 23,688
	=====	=====

Future minimum principal payments on notes payable are as follows:

2006	\$	22,925
2007		50,356
2008		35,870
2009		15,476
2010		2,005
Thereafter		-
		-----
Total	\$	126,632
		=====

Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

NOTE 4 -RELATED PARTY TRANSACTIONS

During 2006 and 2005, an officer loaned the Company \$0 and \$1,670, respectively. The loan was repaid to the officer during the 3rd quarter of 2005. The balance of the note payable at June 30, 2006 and December 31, 2005 is \$0 and \$0, respectively.

NOTE 5 -STOCK OPTIONS

In 1998, the Company adopted a non-qualified stock option plan authorizing the granting to officers, directors, or employees options to purchase common stock. Options are granted by the Administrative Committee, which is

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elected by the Board of Directors. The number of options granted under this plan and any other plans active may not exceed 10% of the currently issued and outstanding shares of the Company's common stock. The term of each option granted is determined by the Committee, but cannot be for more than five years from the date the option is granted. The option price per share with each option granted will be fixed by the Administrative Committee on the date of grant.

The Company adopted an incentive stock option plan in 1998. The stock option plan permits the Company to grant to key employees options to purchase shares of stock in the Company at the direction of the Committee. The price of shares purchased must be equal to or greater than fair market value of the common stock at the date. At June 30, 2006, no options have been granted under this plan.

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

The significant weighted average assumptions relating to the valuation of the Company's Stock Options for the six months ended June 30, 2006 and 2005, were as follows:

	2006	2005
	-----	-----
Dividend Yield	0%	0%
Expected Life	4 years	5 years
Expected Volatility	130%	130%
Risk-Free Interest Rate	3.44%	3.44%

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

NOTE 5 - STOCK OPTIONS (Continued)

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



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

	June 30, 2006			
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at beginning of period	3,500,000	\$0.18	3 years	\$2,765,000
Granted	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	-	-	-	-
Outstanding at end of Period	3,500,000	\$0.18	2.50 years	\$5,495,000
Vested and expected to vest in the future	3,500,000	\$0.18	2.50 years	
Exercisable at end of period	1,995,000	\$0.18	2.50 years	\$3,132,150
Weighted average fair value of options granted	-	-	-	-

The Company had 1,995,000 non vested options at the beginning of the period with a weighted average grant date fair value of \$0.269. At June 30, 2006 the Company had 1,505,000 non vested options with a weighted average grant date fair value of \$0.269.

The total intrinsic value of options exercised during the six months ended June 30, 2006 and 2005 was \$0 and \$0 respectively. Intrinsic value is measured using the fair market value at the date of exercise (for shares exercised) or at June 30, 2006 and 2005 (for outstanding options), less the applicable exercise price.

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

NOTE 5 - STOCK OPTIONS (Continued)

Common Stock

-----  
During the quarter ended June 30, 2006 the Company sold a total of

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180,000 shares of restricted common stock at a price of \$0.50 per share for a total of \$90,000 cash. The Company also sold a total of 4,180 shares of restricted common stock at a price of \$0.25 per share for a total of \$1,045 cash. The sales resulted from the exercise of an outstanding warrant.

The Company issued 8,000 shares of stock at a price of \$1.69 in payment of \$13,520 for payment on the purchase of a mining property. The Company issued 340,500 shares of stock at a price of \$2.00 for \$681,000 in cash.

During the quarter ended June 30, 2006 the Company issued 50,000 shares of stock at a price of \$0.90 in payment of \$45,000 worth of services provided to the company.

### Stock Warrants

The Company has issued warrants to non-employees under various agreements expiring through January 2007. A summary of the status of warrants granted and outstanding at June 30, 2006, and changes during the period then ended is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at beginning of period	1,184,000	0.46
Granted	-	-
Exercised	184,180	0.44
Forfeited	-	-
Expired	-	-
Outstanding at end of period	999,820	0.54
Exercisable at end of period	999,820	0.54

A summary of the status of the warrants outstanding at June 30, 2006 is presented below:

Range of Exercise Prices	Number Outstanding	Weighted -Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted -Average Exercise Price
\$0.25	109,820	0.50 years	\$0.25	109,820	\$0.25
\$0.40	750,000	0.58 years	\$0.52	750,000	\$0.52
\$0.50	140,000	0.50 years	\$0.50	140,000	\$0.50
	999,820			999,820	

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

### NOTE 5 -STOCK OPTIONS (Continued)

During 2005, the Company granted warrants to purchase up to 750,000 of its common shares at \$0.40 per share expiring in January 2007 with a calculated weighted average fair value of \$0.52 each for services. The fair value of each option granted is estimated on the date granted using the Black-Scholes option pricing model. Assumptions used to compute the weighted-average grants during the quarter ended December 31, 2005 include risk-free interest rates of 3.25%, expected dividend yields of 0%, expected life of 2 years, and expected volatility 76.36%.

During June 2006, the Company had outstanding warrants as follows:

Number of shares underlying the warrants	Exercise price	Issued	Expire
-----	-----	-----	-----
140,000	0.50	With common shares	12/06
109,820	0.25	For services	12/06
750,000	0.40	For services	01/07

### NOTE 6 CAPITAL LEASES

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

	June 30, 2006	December 31, 2005
	-----	-----
Mining Equipment	\$ 155,019	\$ -
Total	\$ 155,019	\$ -
Less Accumulated Depreciation	(20,304)	-
Net Leased Equipment	\$ 134,715	\$ -

The Company amortizes its lease obligations over the term of each lease. Amortization expense was \$20,304 and \$0 for the six month periods ended June 30, 2006 and 2005, respectively.

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

NOTE 6 CAPITAL LEASES (Continued)

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

December 31, -----	Amount Due -----
2006	\$ 37,207
2007	53,914
2008	28,040
2009	-
2010	-
Thereafter	-
	-----
Total minimum obligations	\$ 119,161 =====
Executory costs and interest	(20,335) -----
PV of minimum obligations	98,826
Current portion	(29,901) -----
Long-term obligations	\$ 68,925 =====

NOTE 7 - COMMITMENTS AND CONTINGENCIES

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

NOTE 8 SEGMENT REPORTING

The Company's Chief Operating Decision-maker, as defined in SFAS No. 131, is considered to be Atlas's CEO. The Chief Operating Decision-maker reviews separate financial information for the contract mining business segment, the mining production business segment and the timber business segment. Each of the Company's business segments offer and distribute distinct services to different customer segments. The contract mining segment provides mining services and specialized civil construction services in various locations for mine operators, exploration companies and the construction and natural resources industries. Other activities include site evaluation, feasibility studies, trouble-shooting and consultation prior to the undertaking of exploration and mine development. The mining production segment is located at the Dragon Mine in Juab County, Utah which contains a deposit of high quality halloysite clay. The Company is in the process of extracting this clay to sell to outside parties. The Company holds property with harvestable timber in Northern Idaho. Timber harvesting is contracted out to a qualified logger, who is able to negotiate with local timber mills on the price for the timber. The Company primarily uses the timber to generate revenues and cash flows for other operations. The Company therefore considers that it has three reportable segments under SFAS 131 during 2005 to 2006 as

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follows: (i) contract mining, (ii) mining production, and (iii) timber.

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

NOTE 8 SEGMENT REPORTING

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

Segment Reporting	For the Period Ended June 30,	
	2006	2005
 Contract Mining:		
Net Revenue	\$ 1,101,829	\$ 158,478
Operating Expenses		
Cost of Sales	700,430	179,263
General & Administrative	245,092	698,317
	945,522	877,580
Total Operating Expenses		
Net Operating Profit (Loss)	156,307	(719,102)
Capital Expenditures:	5,318	2,517
Depreciation:	4,748	350
Total Assets:	100,786	221,817
 Mining Production:		
Net Revenue	-	-
Operating Expenses		
Mining Production Costs	180,860	11,959
Exploration & Development Costs	1,123,211	296,503
General & Administrative	245,092	698,317
	1,549,163	1,006,779
Total Operating Expenses		
Net Operating (Loss)	(1,549,163)	(1,006,779)
Capital Expenditures:	768,411	81,381

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Depreciation:	96,267	53,661
Total Assets:	3,199,809	3,585,177

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Atlas Mining Company and Subsidiary  
Notes to the Consolidated Financial Statements  
June 30, 2006

Segment Reporting	For the Period Ended June 30,	
	2006	2005
Timber:		
Net Revenue	\$ -	\$ -
Operating Expenses		
Cost of Sales	-	534
General & Administrative	54,465	155,182
	54,465	155,716
Net Operating (Loss)	(54,465)	(155,716)
Capital Expenditures:	-	-
Depreciation:	-	-
Total Assets:	405,410	405,410
Consolidated on Financial Statements:		
Total Revenues	1,101,829	158,478
Operating Expenses		
Total Cost of Sales	700,430	191,756
Exploration & development costs	1,123,211	296,503
Total General & Administrative	544,648	1,551,815
Total Operating Expenses	2,549,149	2,040,074
Net Operating (Loss)	(1,447,320)	(1,881,596)
Capital Expenditures:	773,729	83,898
Depreciation:	101,016	54,011
Total Assets	3,706,005	4,212,404

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### Forward Looking Statements

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

### Overview

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

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

### Contract Mining

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

### Property Exploration

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

In August 2001, we acquired the Dragon Mine in Juab, Utah and began our clay exploration. Our exploration and development expenses for the period ending June 30, 2006 and June 30, 2005 were \$512,443 and \$133,924 respectively on the halloysite clay project.

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The halloysite clay is considered a non-toxic material, and we feel we can produce a sellable product with minimal environmental consequences using proper containment and processing techniques. The intended processing will be the crushing, drying, and packaging of the product for shipment. In 2003 we completed diamond drilling programs to verify location of clay beds at the Dragon Mine. In 2006 we have continued our diamond drilling program. With that information we have been able to formulate development and mining plans. During 2005 and 2006 we have worked to develop and bring the Dragon Mine into a production stage.

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Our halloysite clay marketing efforts include contacting potential customers and distributors, which we have done. Each buyer may have different uses for the product and, therefore, the prices and quantities will vary as a result. The sale of product cannot be formalized until we have verified our ability to provide the quality and quantities as required by the potential buyers. From results of the product samples distributed we have numerous potential buyers. In March, 2006 we activated Nano Clay and Technologies, Inc., a wholly owned subsidiary, and hired Dr. Ron Price as its President and Chief Executive Officer, to pursue these activities.

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

We have a mining plan and reclamation bond approved by the proper state authorities, have filed and received Mine Safety and Health Administration (MSHA) registration, and County permitting where applicable. In the future, we may pursue additional acquisitions and exploration of other properties for metals and industrial minerals, development of which will require submission of new mining and reclamation plans to the proper state and federal authorities.

Timber

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

### RESULTS OF OPERATIONS

Revenues for the three month period ending June 30, 2006 were \$767,097 and \$15,105 for the same period ending June 30, 2005, or an increase of \$751,992. Revenues for the six month period ending June 30, 2006 were \$\$1,101,829 and \$158,478 for the same period ending June 30 2005, or an increase of \$943,351. The main difference was caused by the increase in contracting revenues for both periods in 2006 compared to the previous year.

Gross profit (loss) for the three month period ending June 30, 2006 was \$240,971 compared to (\$13,167) for the same period ending June 30, 2005, a difference of \$254,138. Gross profits (loss) for the six month period ending June 30, 2006 was \$401,399 compared to (\$21,319) for the same period ending June 30, 2005, or an increase of 1,306% This was due to the increased revenues for the periods ending June 30, 2006 over the same period ended June 30, 2005.

Total operating expenses for the three month period ending June 30,



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2006 was \$781,595 compared to \$1,131,804 for the same period ending June 30, 2005 or an decrease of 31%. Total Operating expenses for the six month period ending June 30, 2006 was \$1,848,718 compared to \$1,848,318 for the same period ending June 30, 2005. Although the Company recognized less administrative costs and professional fees in the period ended June 30, 2006 compared to the same period ended June 30, 2005, more exploration and development costs were incurred.

Our net profit (loss) for the three month period ending June 30, 2006 was (\$547,148) compared to (\$1,129,448) for the same period ending June 30, 2005, or a decrease of 51%. For the six month period ending June 30, 2006 net profit (loss) was (\$1,442,884) compared to (\$1,887,131) for the same period ending June 30, 2005, or a decreases of 23%. Although the Company experienced more exploration and development expenses for the periods ended June 30, 2006 compared to the same period ended June 30, 2005, the increased revenues helped offset them.

### LIQUIDITY AND CAPITAL RESOURCES

To date our activities have been financed primarily through the sale of equity securities, borrowings, and revenues from Atlas Fausett Contracting and logging operations. We intend to continue pursuing contract mining work and logging of our timber properties to help pay for our operations. For the three month periods and the six month periods ended June 30, 2006 and June 30, 2005 contract mining accounted for 100% of the revenue. Our current asset and debt structure is explained below.

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Our total assets as of June 30, 2006 were \$3,706,005 compared to \$4,030,045 as of December 31, 2005, or a decrease of \$324,040. For the six month period ended June 30, 2006 the Company has decreased its current assets by \$996,755, and increased its fixed assets by \$672,714 through acquisitions of additional equipment for mining.

Total liabilities were \$458,569 as of June 30, 2006, compared to \$203,990 as of December 31, 2005. The Company acquired mining equipment during the period ended June 30, 2006 to facilitate increased contract mining activities. The following debts are still outstanding.

We have a note payable to a lending company for a vehicle due in monthly installments of \$688, including interest of 7.59% with a balance of \$26,847. We have a note payable to an insurance company for insurance premiums with a balance of \$225. We have a note payable to a lending company for the purchase of underground equipment with a monthly installment of \$676 including 1.35% interest, with a balance of \$16,000. We have a lease payable for underground equipment with a monthly installment of \$2,135 with a capitalized balance of \$39,527. We have a lease payable for underground equipment with a monthly installment of \$1,605 with a capitalized balance of \$44,033. Current liabilities including accounts payable and accrued expenses due as of June 30, 2006 were \$233,140 and are the result of daily operations and accrued taxes. We also carry a liability of \$52,797 to the minority interest in a subsidiary.

If we do not reduce our debts, we would be obligated to pay an average of \$5,104 per month or \$61,248 for the next fiscal year.

We may need to obtain additional funding to pursue our business strategy during the next fiscal year. If so, we anticipate seeking additional funding through additional private placements, joint venture agreements, production financing, and/or pre-sale loans, although we do not have any specific plans or agreements for such funding. Our inability to raise additional capital to fund operations through the remainder of this

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year and through the next fiscal year could have a detrimental effect on our ability to pursue our business plan, and possibly our ability to continue as a going concern.

Our principal sources of cash flow during the first six months of 2006 was from contracting activities which provided an average of \$183,638 per month for the six month period ended June 30, 2006, and averaged \$26,413 per month for the same period in 2005. In addition, we rely on our credit facilities and public or private sales of equity for additional cash flow.

Cash flow from financing activities for the six month period ended June 30, 2006 was \$722,391 compared to \$4,050,994 for the same period in 2005, a difference of \$3,328,603. The major factor for the difference was receipt of proceeds from issuance of common stock in 2005.

The Company used \$517,448 from investing activities for the six month period ended June 30, 2006, compared to using \$83,897 in the same period in 2005, a difference of \$433,551. This was attributed to purchases of more equipment in the period ended June 30, 2006 compared to the same period in 2005.

Cash flow used by operating activities for the six month period ended June 30, 2006, was (\$1,377,062) compared to (\$896,924) for the same period in 2005, a difference of \$480,138. In the six month period in 2006 net losses were less, depreciation increased, and accounts payable decreased, compared to the same period in 2005.

### Off-Balance Sheet Arrangements

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

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### ITEM 3. CONTROLS AND PROCEDURES

#### (a) Evaluation of Disclosure Controls and Procedures.

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

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

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

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### PART II. OTHER INFORMATION

#### Item 1. Legal Proceedings

None

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

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

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

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

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

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

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

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

On June 30, 2006, the Company issued 60,000 shares of common stock to an accredited investor for \$30,000 for the exercise of an outstanding warrant.

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

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#### Item 3. Defaults Upon Senior Securities

None

#### Item 4. Submission of Matters to a Vote of Security Holders

None

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Item 5. Other Information

None

Item 6. Exhibits

(a) EXHIBITS

The following exhibits are included in this Report:

EXHIBIT NUMBER -----	DESCRIPTION OF EXHIBITS -----
31.1	Certification pursuant to Rule 13a-14 of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer and Principal Financial Officer
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer and Principal Financial Officer

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SIGNATURES

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

ATLAS MINING COMPANY

Dated: August 8, 2006

/s/ William Jacobson

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By: William Jacobson  
Chief Executive Officer,  
Chief Financial Officer

