



NY 10012 (212) 226-4251

(Name, address and telephone number of agent for service)

Approximate date of proposed sale to the public:

From time to time after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act Registration Statement number of the earlier effective Registration Statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

The Registrant hereby amends this Post-Effective Amendment to the Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically

states that this Post-Effective Amendment to the Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Post-Effective Amendment to the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

**The prospectus contained in this registration statement is a combined prospectus relating to this registration statement and also to Registration Statement No. 333-202139 which is a registration statement on Form S-1, and Registration Statement No. 333-179139, which is a registration statement filed on Form S-3 and amended on Form S-1, in each case relating to the resale of shares of common stock of Applied Minerals, Inc.**

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**PROSPECTUS**

**APPLIED MINERALS, INC.**

38,203,573 Shares of Common Stock

This prospectus relates to the offer and sale by the Selling Stockholders, from time to time, of the following

Up to 27,537,181 shares of Common Stock, issuable on conversion of 10% PIK-Election Convertible Notes due 2018 (the "Series A Notes" or the "Notes"). At the Company's election, interest may be paid in cash or in Series A Notes. As of the date of this prospectus, 14,163,370 shares are issuable on conversion of the Series A Notes that were issued on November 3, 2014 (the date of the initial issuance of Series A Notes) and 2,118,136 shares are issuable on conversion of Series A Notes that have been issued as interest. If the Company issues additional Series A Notes in payment of interest, the number of shares that may be sold pursuant to this Prospectus relates will increase, and if the Company makes all the interest payments by issuing additional Series A Notes and all the Series A Notes (including all the Series A Notes issued as interest) remain outstanding until maturity, the additional shares issuable on conversion of the Series A Notes issued in payment of interest could increase the number of shares issuable on conversion of the Notes to 27,537,181 shares. This number assumes that immediately prior to the 2018 maturity date, the maturity date to be extended from 2018 to 2023, the interest rate is lowered to 1% and the conversion price is reduced by \$0.10, all in accordance with the terms of the Notes. Given the Company's current financial position, it is anticipated that for the foreseeable future, the Company will pay interest using Series A Notes issued as payment-in-kind interest. The shares of Common Stock that may be issued on conversion of the Series A Notes are referred to as the "Shares."

10,000,000 already outstanding shares of Common Stock.

666,392 shares of Common Stock issued as Liquidated Damages pursuant to Section 2c of the Registration Statement Agreement for the Series A Notes.

The sellers referred to above as collectively referred to as the "Selling Stockholders" and the shares referred to above as collectively referred to as the "Shares."

The term "Selling Stockholders" includes the persons listed in the table under "Selling Stockholders" and also donees, pledgees, transferees or other successors-in-interest selling Common Stock or interests in Common Stock received after the date of this prospectus from a Selling Stockholder as a gift, pledge, partnership distribution or similar

transfer. The Selling Stockholders may sell all or any portion of their Common Stock in one or more transactions on any stock exchange, market or trading facility on which the shares are traded or in private, negotiated transactions. Each Selling Stockholder will determine the prices at which the Selling Stockholder's securities will be sold. Although we will incur expenses in connection with the registration of the shares of Common Stock offered under this prospectus, we will not receive any proceeds from the sale of the shares of Common Stock by the Selling Stockholders.

Our Common Stock is quoted on the OTCQB under the symbol "AMNL." On April 14, 2016, the closing bid quotation of our Common Stock was \$0.17. Our principal executive offices are located 110 Greene Street, Suite 1101, New York, N.Y. 10012. Our telephone number is (212) 226-4265.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should carefully read this entire prospectus and any amendments or supplements to this prospectus as well as material incorporated by reference into this prospectus before you make your investment decision.

*The shares of Common Stock offered under this prospectus involve a high degree of risk. See "Risk Factors" beginning at page 20 and the risk factors that are incorporated by reference in this prospectus from our filings made with the Securities and Exchange Commission.*

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The date of this prospectus is \_\_\_\_\_, 2016

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We have not authorized any person to give you any supplemental information or to make any representations for us. You should not rely upon any information about our Company that is not contained in, or incorporated by reference into, this prospectus or a supplement thereto. Information contained in this prospectus may become stale. You should not assume that the information contained in this prospectus or any prospectus supplement is accurate as of any date other than their respective dates, regardless of the time of delivery of this prospectus or of any sale of the shares. Our business, financial condition, results of operations and prospects may have changed since those dates.

The Selling Stockholders are offering to sell, and seeking offers to buy, Shares only in jurisdictions where offers and sales are permitted.

Unless otherwise specified or the context otherwise requires, references in this prospectus to the "Company," "we," "us," and "our" refer to Applied Minerals, Inc., a Delaware corporation, and its consolidated subsidiary.

**NOTE REGARDING FORWARD LOOKING STATEMENTS**

This prospectus contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are based on our current expectations, assumptions, estimates and/or projections about our business and our industry. Words such as "believe," "anticipate," "expect," "intend," "plan," "will," "may," and other similar expressions identify forward-looking statements. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements.

In the discussion under "Business," the Company discusses a wide range of forward-looking information, including the Company's beliefs and expectations concerning business opportunities, potential customer interest, customer activities (including but not limited to testing, scale-ups, production trials, field trials, product development), and the Company's expectations as to sales, the amount of sales, and the timing of sales. Whether any of the foregoing will actually come to fruition, occur, be successful, or result in sales, and the timing and amount of such sales, is uncertain.

More generally, all forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in the section of this prospectus entitled "RISK FACTORS."





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**PROSPECTUS SUMMARY**

*You should read this summary in conjunction with the more detailed information and financial statements in this prospectus and any supplement thereto. This summary does not contain all of the information you should consider before investing in our securities. You should read all of the information in this prospectus and any supplement thereto carefully, especially the risks of investing in our securities (see “Risk Factors”) before making an investment decision.*

*In this prospectus and any amendment or supplement hereto, unless otherwise indicated, the terms the “Company”, “we”, “us”, and “our” refer and relate to Applied Minerals, Inc.*

**Securities  
Being  
Offered**

This prospectus relates to the offer and sale by the Selling Stockholders, from time to time, of the following:

Up to 27,537,181 shares of Common Stock, issuable on conversion of 10% PIK-Election Convertible Notes due 2018 (the “Series A Notes” or the “Notes”). At the Company’s election, interest may be paid in cash or in Series A Notes. As of the date of this prospectus, 14,163,370 shares are issuable on conversion of the Series A Notes that were issued on November 3, 2014 (the date of the initial issuance of Series A Notes) and 2,118,136 shares are issuable on conversion of Series A Notes that have been issued as interest and liquidated damages. If the Company issues additional Series A Notes in payment of interest, the number of shares that may be sold pursuant to this Prospectus relates will increase, and if the Company makes all the interest payments by issuing additional Series A Notes and all the Series A Notes (including all the Series A Notes issued as interest) remain outstanding until maturity, the additional shares issuable on conversion of the Series A Notes issued in payment of interest could increase the number of shares issuable on conversion of the Notes to 27,537,181 shares. This number assumes that immediately prior to the 2018 maturity date, the maturity date to be extended from 2018 to 2023, the interest rate is lowered to 1% and the conversion price is reduced by \$.10, all in accordance with the terms of the Notes. Given the Company’s current financial position, it is anticipated that for the foreseeable future, the Company will pay interest using Series A Notes issued as payment-in-kind interest. The shares of Common Stock that may be issued on conversion of the Series A Notes are referred to as the “Shares.”

10,000,000 already outstanding shares of Common Stock issued on December 22, 2011.

666,392 shares of Common Stock issued as Liquidated Damages pursuant to Section 2c of the Registration Rights Agreement for the Series A Notes. These shares were issued to satisfy liquidated damages provision related to a delay in the effectiveness of a registration statement for the resale of Common Stock issuable on the conversion of the Series A Notes. The Company was required to pay the noteholders 1% of the principal amount of the Series A Notes if a Registration statement is not filed and effective within 90 days of the issuance of the Series A Notes (and further damages for every 30 days thereafter). The registration statement became effective on July 2015.

The sellers referred to above as collectively referred to as the “Selling Stockholders” and the shares referred to above as collectively referred to as the “Shares.

The term “Selling Stockholders” includes the persons listed in the table under “Selling Stockholders ” and also donees, pledgees, transferees or other successors-in- interest selling Common Stock or interests in Common Stock received after the date of this prospectus from a Selling Stockholder as a gift, pledge, partnership distribution or similar transfer. The Selling Stockholders may sell all or any portion of their Common Stock in one or more transactions on any stock exchange, market or trading facility on which the shares are traded or in private, negotiated transactions. Each Selling Stockholder will determine the prices at which the Selling Stockholder’s securities will be sold. Although we will incur expenses in connection with the registration of the shares of Common Stock offered under this prospectus, we will not receive any proceeds from the sale of the shares of Common Stock by the Selling Stockholders.

See “The Offering,” “Selling Stockholders,” and “Antidilution Provisions.”

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**Antidilution Provisions** The Series A Notes contain standard antidilution provisions whereby the conversion price of the Notes into Common Stock would be reduced upon the occurrence of certain events. The reduction of the conversion price would mean that more shares of Common Stock would be issuable on conversion. See “Antidilution Provisions” for a detailed description of the antidilution provisions.

**Use of Proceeds** The Company will receive none of the proceeds from the sale of the Common Stock by the Selling Stockholders. The proceeds will go to the Selling Stockholders. See “Use of Proceeds.”

**Plan of Distribution** The term “Selling Stockholders ” includes the persons listed in the Selling Stockholders table and also donees, pledgees, transferees or other successors-in-interest selling Common Stock or interests in Common Stock received after the date of this prospectus from a Selling Stockholder as a gift, pledge, partnership distribution or similar transaction. The Selling Stockholders may, from time to time, sell any or all of their Common Stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The Selling Stockholders may also engage in puts and calls and other transactions in our Common Stock or derivatives of our Common Stock and may sell or deliver the Common Stock in connection with these trades.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated.

See “Plan of Distribution.”

**Business** Applied Minerals, Inc. (the “Company” or “Applied Minerals”) (OTCQB: AMNL) (OTCBB: AMNL) owns the Dragon Mine from which we extract, process and market halloysite clay and iron oxide for sale to a range of end markets. We also engage in research and development and frequently work collaboratively with potential customers to engineer our halloysite clay and iron oxide products to enhance the performance of our customers’ existing and new products.

The Company is classified as an “exploration stage” company for purposes of Industry Guide 7 of the U.S. Securities and Exchange Commission. Under Industry Guide 7, companies engaged in significant mining operations are classified into three categories, referred to as “stages” - exploration, development, and production. Exploration stage includes all companies engaged in the search for mineral deposits, which are not in either the development or production stage. In order to be classified as a development or production stage company, the company must have already established reserves. Notwithstanding the nature and extent of development-type or production-type activities that have been undertaken or completed, a company cannot be classified as a development or production stage company unless it has established reserves. The mineralization indicated by the resource study is not a reserve for purpose of Industry Guide 7.

Halloysite, marketed by Applied Minerals under the DRAGONITE™ trade name, is aluminosilicate clay with a hollow tubular morphology. DRAGONITE utilizes halloysite's unique shape, high surface area, and reactivity to add significant functionality to applications such as plastic composites, flame retardant additives, paints and coatings, catalysts, and environmental remediation media. The high purity of the Dragon Mine's iron oxide resource positions it to be able to compete cost effectively with higher cost synthetic iron oxides, which currently dominate the high-value transparent coatings and technical markets. Applied Minerals' AMIRON™ brand of advanced natural iron oxides provides customers with synthetic-like performance at significantly lower cost and has the potential expand the market for iron oxides by making them accessible to more product applications, particularly within the transparent coatings segment.

Over the last six years, the Company has expended significant resources on R&D focused on exploiting the unique morphology and high purity of the Dragon Mine's mineral resource to develop high-value, eco-friendly solutions that either enhance product performance at minimal additional cost or reduce manufacturing costs without sacrificing product performance. We believe that DRAGONITE and AMIRON offer solutions that accomplish both of these objectives.

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The Company is marketing its halloysite-based DRAGONITE products for the following uses: flame retardant additives for plastics; nucleation of polymers; reinforcement fillers for polymers; molecular sieves and catalysts; ceramics; binders; cosmetics; cementing; controlled release carriers; and environmental remediation. The Company markets its AMIRON™ line of natural iron oxide-based products for the following uses: pigments and technical applications; adsorbents (iron oxide can be used to remove arsenic, copper, lead, chromium, cadmium from drinking water); and weighting agents for drilling muds used in oil and gas drilling. Other applications include iron oxide for agricultural use, as an additive in pet food, and for steel casing in foundries.

We have a mineral processing plant with a capacity of up to 45,000 tons per annum for certain applications. Currently, this facility is dedicated to processing our iron oxide resource. Additionally, the Company has a second processing facility with a capacity of up to 10,000 tons per annum that is dedicated to its halloysite resource. We use a dry beneficiation method to process our halloysite products through a micronizing system. Wet processing is available through toll processors.

At the current time, we are selling AMIRON iron oxide, for use in a technical application, to one company on an ongoing basis. The agreement with that company calls for the sale of \$5 million of AMIRON over a period of approximately 18 months. The Company is currently selling halloysite on an ongoing basis to seven customers. One customer uses the halloysite for a specialty zeolite adsorption application. The initial purchase order of \$228,000 was placed in 2015. The Company also sells to three ceramic companies that use the halloysite as a binder; to a large manufacturing company that uses the halloysite in structural acrylic adhesives; to a customer that uses the halloysite to strengthen epoxy resins; and to a large manufacturer that uses the halloysite for nucleation in extruded polymers.

The Company markets and sells its products directly and through distributors. The Company's CEO spends a significant amount of his time on sales, marketing and product development. The Director of Sales focuses on the marketing of the Company's DRAGONITE products. The Head of Iron Oxide Operations focuses on the marketing of the Company's AMIRON products. The Company also uses several leading distribution organizations, E.T. Horn, Brandt Technologies, LLC, Koda Distribution Group, to market its products. The Company has a non-exclusive distribution agreement with a distributor for Taiwan and an exclusive agreement with a distributor for Japan.

See "Business," "Properties," and "Financial Statements."

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**Risk Factors**

An investment in our Common Stock is very speculative and involves a high degree of risk. If you decide to buy our Common Stock, you should be able to afford a complete loss of your investment. Among the risks are the following. You should read the full risk factor section within.

*Losses, deficits, going concern.*

We have experienced annual operating losses for as long as we have financial records (since 1998). For the years ended December 31, 2015 and 2014, the Company sustained losses from operations of \$9,805,137 and \$10,316,317, respectively. At December 31, 2015 and 2014, the Company had accumulated deficits of \$81,943,426 and \$72,138,289, respectively. We have limited cash, negative cash flow, and unprofitable operations. Accordingly, there is substantial doubt about our ability to continue as a going concern. We may need to seek additional financing to support our continued operations; however, there are no assurances that any such financing can be obtained on favorable terms, if at all, especially in light to the restrictions imposed on senior or pari passu financing by 10% PIK-Election Convertible Notes due 2018 and 10% PIK-Election Notes due in 2023 ("Series 2023 Notes"). In view of these conditions, our ability to continue as a going concern may be dependent upon our ability to obtain such financing and is ultimately dependent on achieving profitable operations. The outcome of these matters cannot be predicted at this time.

*Maturity of outstanding pik-election convertible notes.*

Unless the Company is able to generate significant cash flow, the Company may not have sufficient funds to pay outstanding PIK-Election Convertible Notes when such notes mature and unless the stock price increases significantly, the Company may not be able to force conversion of the notes before maturity.

*Penetrating markets*

For the Company to survive, we must penetrate our target markets and achieve sales levels and generate sufficient cash flow to break-even. To be a success, we must do better than that. There is significant uncertainty that we will be able to do so.

See "Risk Factors"

**Common Stock**

**Rights**

Holders of Common Stock are entitled to one vote per share. Holders of Common Stock have no cumulative voting rights in the election of directors. Two shareholders have certain rights, which are described in the footnote 4 to the Selling Stockholders table to nominate directors.

Holders of Common Stock are entitled to receive ratably dividends if, as, and when dividends are declared from time to time by our Board of Directors out of funds legally available for that purpose, after payment of dividends required to be paid on outstanding preferred stock or series Common Stock. The Series 2023 Notes and Series A Notes prohibit dividends without the approval of the holders of a majority of the principal amount of the Series 2023 Notes and Series A Notes. The Company has never paid a dividend and does not anticipate paying one in the future.

See “Description of Capital Stock.”

**Market for Our Common Stock**

Our Common Stock is traded on the OTCBB. On April 14, 2016, the closing market price on the OTCQB was \$0.17.

See “Price Range of our Common Stock.”

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**INFORMATION ABOUT THE COMPANY**

Applied Minerals, Inc. (the “Company” or “Applied Minerals”) (OTCQB: AMNL) (OTCBB: AMNL) owns the Dragon Mine from which we extract halloysite clay and iron oxide, which we then process and sell. We also engage in research and development and frequently work collaboratively with potential customers to engineer our halloysite clay and iron oxide products to enhance the performance of our customers’ existing and new products.

The Dragon Mine is a 267-acre property located in central Utah, approximately 70 miles southwest of Salt Lake City, Utah.

We market our halloysite clay-based line of products under the tradename DRAGONITE. We market our iron oxide line of products under the tradename AMIRON.

**INFORMATION ABOUT THE DRAGON MINE**

***History of the Dragon Mine***

The Dragon Mine was first mined in the third quarter of the 19<sup>th</sup> century. It was mined for iron oxide from the late nineteenth century until approximately 1931 and it was mined for halloysite clay from approximately 1931 to 1976. From 1949 to 1976, the halloysite was sold for use as a petroleum cracking catalyst. No mining took place from 1976 until 2001 at which point the Company leased the property with an option to buy it. The Company purchased the property in 2005.

The Company acquired the Dragon Mine primarily to exploit the mine’s halloysite resources. Prior to a change in management in 2009, the Company did relatively little to explore the mineralization at the Dragon Mine or to identify and exploit markets for halloysite.

At the time that the Dragon Mine was acquired, it was assumed that the iron oxide mineralization would be useful only for steel making. Given historical market conditions, sales for such use would often not be economic and at best would yield marginal profits. It was not until 2009 that the Company explored the iron oxide mineralization and realized its high quality and the commercial possibilities it possessed for applications currently utilizing synthetic iron



oxides, which are higher in cost, as well as applications where synthetic iron oxides are not utilized due to it being cost prohibitive. We believe the iron oxide deposit at the Dragon Mine is a high-quality deposit due to its high Fe<sub>2</sub>O<sub>3</sub> content, relative chemical purity, good dispersibility, good tinting strength and color saturation, low color variation, low content of heavy metals, and high surface area (25 m<sup>2</sup>/g – 125 m<sup>2</sup>/g and reactivity).

### ***Resource Study of the Dragon Mine's Mineralization***

There are two areas of the Dragon Mine minesite at which mining is conducted and they are referred to the “Dragon Pit” and the “Western Area.” In addition, there are five surface piles on the site, mineralization that was left by prior operators.

The Company commissioned a study (and later an update) of the mine’s “resources” that was conducted using the standards of the JORC Code of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. We will refer to the study and the update as the “study.” That study indicated the existence of JORC “resources” of halloysite clay and iron oxide. Under the JORC Code, resource tonnages are reported in situ and are not net of (i) diluting materials or (ii) losses due to the mining process.

A JORC resource is defined as a “mineral deposit in such form, grade...and quantity that there are reasonable prospects for eventual economic extraction.” There are three levels of resources, differentiated by the level of confidence and they are in ascending order of confidence: inferred, indicated, and measured.

A JORC indicated resource is an economic mineral occurrence that has been sampled (from locations such as outcrops, trenches, pits and boreholes) to a point where an estimate has been made, at a reasonable level of confidence, of its contained metal, grade, tonnage, shape, densities, and physical characteristics.

A JORC measured resource is an indicated resource that has undergone enough further sampling to be an acceptable estimate, at a high degree of confidence, of the grade, tonnage, shape, densities, physical characteristics and mineral content of the mineral occurrence.

The results of the study are summarized below. The tonnages in the Dragon Pit, the Western Area, and in Surface Pile #1 are considered “measured” resources. The tonnages in Waste Piles #2 - #5 are considered “indicated” resources.

The study was performed by Ian Wilson, Ph.D. as our consulting geologist. Dr. Wilson has supervised our drilling program. Dr. Wilson is a member of iom<sup>3</sup> (Institute of Materials, Minerals and Mining of the UK). From 1974 to 2001 Mr. Wilson 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.

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The Dragon Pit area covers 4.95 acres and is mined underground. There are three separate types of mineralized material in the Dragon Pit area.

The first type is comprised of clay with a relatively high concentration (approximately 94%) of halloysite. The Dragon Pit contains 625,650 tons of this type of mineralized material.

The second type is comprised of a mix of kaolinite, illite-smectite, and halloysite clays. Clays constitute approximately 73.4% of this mineralization, of which halloysite constitutes approximately 42.6%, kaolinite constitutes 19.2% and illite-smectite constitutes 11.6%. The Dragon Pit contains 565,575 tons of this type of mineralized material.

The third type of mineralized material found in the Dragon Pit is comprised of iron-bearing materials. This mineralization contains goethite and hematite. When dehydrated, goethite forms hematite. We will sometimes refer to either minerals or combinations of the minerals as “iron oxide.” The mineralization is approximately 94% iron oxide, of which goethite accounts for 69.7% and hematite 24.3%. There exist separate areas of goethite and hematite but the majority of the iron-bearing mineralization in the Dragon Pit exists as a goethite-hematite mix. The Dragon Pit contains 3,254,989 tons of this iron-bearing mineralization.

The table below describes the clay resource in the Dragon Pit:

Area	Acres	Resource Clay		Clay Type	Average Clay Content (%)		
		Status	(Tons)		Halloysite	Illite-Smectite	Total
Dragon Pit	4.95	Measured	629,650	Pure Halloysite	94.0	N/A	94.0
			565,575(1)	Mixed	42.6	11.6	73.4

The amount is the result of processing to <45 microns, which eliminated 27% of the starting unprocessed material. The material would have to be wet processed so that the >45 micron material can be removed. The Company (1) does not presently have wet processing capability and would either have to invest in additional processing equipment or contract a third party toll processor to perform this function. The pure halloysite is used in our DRAGONITE products and mixed clays are not used in our DRAGONITE products.

The table below describes the iron oxide resource in the Dragon Pit:

Area	Acres	Resource Status	Iron Oxide (Tons)	Average Content (%)		LOI (1)
				Hematite	Goethite Fe <sub>2</sub> O <sub>3</sub>	
Dragon Pit	4.95	Measured	3,254,989	29.16	63.54	