

## 10-K 1 app034\_10k.htm FORM 10-K

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

**FORM 10-K**

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

For the year ended December 31, 2020

Commission file number: 000-31380

**APPLIED MINERALS, INC.**

(Exact name of registrant as specified in its charter)

Delaware	82-0096527
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1200 Silver City Road, PO Box 432, Eureka, UT	84628
(Address of principal executive offices)	(Zip Code)
(435) 433-2059	
Issuer's telephone number, including area code	

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

YES  NO

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

YES  NO

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

YES  NO

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

YES  NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large Accelerated Filer <input type="checkbox"/>	Accelerated Filer <input type="checkbox"/>	Non-accelerated Filer <input type="checkbox"/>	Smaller Reporting Company <input checked="" type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  NO

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on June 30, 2020, based on the last sales price on the OTC Bulletin Board on that date, was approximately \$1,736,316.

The number of shares of the registrant's common stock, \$0.001 par value per share, outstanding as of April 15, 2021 was 195,105,089.



**APPLIED MINERALS, INC.**  
**YEAR 2020 ANNUAL REPORT ON FORM 10-K**  
**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>PART I</b>	
<a href="#"><u>Item 1. Business</u></a>	<u>3</u>
<a href="#"><u>Item 1A. Risk Factors</u></a>	<u>14</u>
<a href="#"><u>Item 1B. Unresolved Staff Comments</u></a>	<u>20</u>
<a href="#"><u>Item 2. Properties</u></a>	<u>20</u>
<a href="#"><u>Item 3. Legal Proceedings</u></a>	<u>24</u>
<a href="#"><u>Item 4. Mine Safety Disclosures</u></a>	<u>24</u>
<b>PART II</b>	
<a href="#"><u>Item 5. Market Price for the Registrant's Common Equity, Related Stockholders Matters and Issuer Purchases of Equity Securities</u></a>	<u>24</u>
<a href="#"><u>Item 6. Selected Financial Data</u></a>	<u>27</u>
<a href="#"><u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation</u></a>	<u>27</u>
<a href="#"><u>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</u></a>	<u>32</u>
<a href="#"><u>Item 8. Consolidated Financial Statements and Supplementary Data</u></a>	<u>33</u>
<a href="#"><u>Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u></a>	<u>65</u>
<a href="#"><u>Item 9A. Controls and Procedures</u></a>	<u>65</u>
<a href="#"><u>Item 9B. Other Information</u></a>	<u>66</u>
<b>PART III</b>	
<a href="#"><u>Item 10. Directors and Executive Officers and Corporate Governance</u></a>	<u>67</u>
<a href="#"><u>Item 11. Executive Compensation</u></a>	<u>74</u>
<a href="#"><u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u></a>	<u>81</u>
<a href="#"><u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u></a>	<u>85</u>
<a href="#"><u>Item 14. Principal Accounting Fees and Services</u></a>	<u>86</u>
<b>PART IV</b>	
<a href="#"><u>Item 15. Exhibits, Financial Statement Schedules</u></a>	<u>87</u>
<a href="#"><u>Item 16. Index to Exhibits</u></a>	<u>88</u>

### **NOTE REGARDING FORWARD LOOKING STATEMENTS**

This Annual Report on Form 10-K 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 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 "Item 1 – Business" and "Item 9 - Management's Discussion and Analysis of Financial Condition and Results of Operations," we discuss a wide range of forward-looking information, including our 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 our 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 Annual Report entitled "1A. RISK FACTORS."

## **PART I**

### **ITEM 1. BUSINESS**

#### **SUMMARY**

Applied Minerals, Inc. (the "Company" or "Applied Minerals" or "we" or "us") (OTC PINK: AMNL) owns the Dragon Mine in central Utah. From the mine we extract, process, or have processed by a third party, halloysite clay and iron oxide for sale to a range of end markets. We market the minerals directly and through distributors.

We also engage in research and development and frequently work collaboratively with potential customers, consultants, distributors, and a third-party processors to process and enhance our halloysite clay products to improve the performance of our customers' existing and new products.

#### **Halloysite**

Our halloysite clay, which we market under the DRAGONITE™ trade name, is an aluminosilicate mineral with a hollow tubular shape. DRAGONITE can utilize halloysite's shape, high surface area, and reactivity to add significant functionality to a number of applications.

#### **Iron Oxide**

Our iron oxide, which we market under the AMIRON™ trade name, is a high purity product. We have sold it for use in cement as well as an absorbent for hydrogen sulfide gas contained in natural gas.

#### **Sales**

In 2020, we recorded revenues of \$879,169, of which \$274,323 was related to sales of DRAGONITE to 17 customers and \$604,501 was related to sales of AMIRON to three customers.

#### **Characterization of the Mineralization**

Over the last 11 years, the Company has expended significant resources, including commissioning a resource study, to determine the amount, character and mineability of the mineralization of the deposits at the Dragon Mine.

**Classification for SEC Purposes**

The Company is classified as an “exploration stage” company for purposes of Industry Guide 7 of the U.S. Securities and Exchange Commission (“SEC”). 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 that do not have established reserves in accordance with Industry Guide 7. Such companies are deemed to be “in the search for mineral deposits.” 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 in accordance with Industry Guide 7. The mineralization indicated by the resource study (described below) we have commissioned cannot be classified as a reserve for purpose of Industry Guide 7.

In 2018, SEC adopted rules to modernize property disclosures for mining companies. Such rules go into effect in 2021. The mineralization indicated by the resource study would not qualify as a reserve under the new rules.

## Processing Capability

In October 2017 we entered into a Purchase and Supply Agreement with BASF under which BASF, among other things, agreed to provide the Company with up to 15,000 tons of water-based processing capacity. During the fourth calendar quarter of 2019, BASF informed us of its intention to terminate its obligations under the Purchase and Supply Agreement. Per the terms of the termination of the agreement, BASF is obligated to provide the Company with water-based processing capacity into the first calendar quarter of 2021. The Company is currently seeking to obtain water-based processing capacity on a tolling basis to replace the capacity currently provided by BASF.

We have a primary processing plant with capacity to mill up to 45,000 tons of mineralization per annum for certain clay applications. This facility can also be used to mill iron oxide. The Company has a second processing facility with a capacity of up to 10,000 tons per annum that is dedicated to processing its halloysite resource. Both facilities utilize dry-based milling equipment that do not eliminate impurities such as iron oxide as effectively as wet processing but are useful in situations where wet processing is not necessary.

## Distribution Channels

The Company markets and sells its products directly and through distributors. The Company also uses several leading distribution organizations, E.T. Horn, Brandt Technologies, LLC, and Azelis to market its products. The Company has a an exclusive agreement with a distributor for Japan.

In October, 2017, we entered into a Purchase and Supply Agreement with the Kaolin business unit of BASF ("Supply Agreement"). The Supply Agreement provided BASF an exclusive license (a) to sell halloysite on a worldwide basis for use within the following third party markets: (i) paints and coatings; (ii) inks; (iii) rubbers (excludes flame retardant and wire and cable applications); (iv) adhesives; (v) paper, and (vi) ceramic honeycomb catalytic substrates and (b) to sell halloysite to other business units of BASF. During the fourth calendar quarter of 2019, BASF informed us of its intention to terminate its obligations under the Purchase and Supply Agreement. BASF is obligated to provide the Company with water-based processing capacity into the first calendar quarter of 2021.

## INFORMATION ABOUT THE COMPANY

Applied Minerals, Inc. (OTC PINK: AMNL) owns the Dragon Mine from which we can extract halloysite clay and iron oxide, which we then process or have processed and sell. We also engage in research and development and frequently work collaboratively with potential customers, consultants, distributors, and BASF to engineer and enhance our halloysite clay and iron oxide products to improve the performance of our customers' existing and new products.

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

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

Halloysite is mined and marketed by other companies, primarily by a French company, Imerys, which owns the other major halloysite mine, which is located in New Zealand. The halloysite from that mine is sold primarily for use in ceramics and tableware. When new management came into the Company in 2009, new management decided to focus on new, premium-priced uses of halloysite. Those premium-priced uses had been, and continue to be, identified typically in published research. Because the Company is primarily dedicated to new, advanced uses of halloysite that would permit the Company to charge premium prices, the sales and marketing process is one that often takes an extended period of time. The Company's pricing strategy is opportunistic and if significant competition develops, that strategy could be adversely affected.

The Company acquired the Dragon Mine primarily to exploit the mine's halloysite resources. At the time that the Dragon Mine was acquired, it was assumed that the iron oxide mineralization would be useful only for steelmaking. Given historical price conditions and our method of mining (underground), sales of iron oxide for steelmaking would often not be economic and at best would yield marginal or low profits. The iron oxide resource at the Dragon Mine has a high content of Fe<sub>2</sub>O<sub>3</sub>. The iron oxide is of high chemical purity, a low level of heavy metals content, high surface area (25 m<sup>2</sup>/g – 125 m<sup>2</sup>/g) and reactivity.

## **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 and has since been mined by various owners and operators. 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. A fire closed the mine in 1976. 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.

Prior to a change in management in 2009, the Company did relatively little to categorize the mineralization at the Dragon Mine or to identify and exploit markets for the minerals. Since new management was installed in 2009, the Company has used and proposes to continue to use a consulting geologist to categorize the mineralization at the Dragon Mine and management has identified, developed and exploited premium-priced markets for halloysite and, with respect to the single \$5 million sale noted above, iron oxide.

### ***Resource Development/Exploration Drilling Expenses***

In 2020 and 2019 the Company spent \$201,234 and \$196,351, respectively, on exploration and resource development.

### ***More Detailed Description of the Mineralization at the Dragon Mine***

Clays. Kaolinite and halloysite are clays and members of the kaolin group of clays. Both are aluminosilicate clays. Kaolinite and halloysite are essentially chemically identical but have different morphologies (shapes). Kaolinite typically appears in plates or sheets. Halloysite, in contrast, typically appears in the shape of hollow tubes. On average, the halloysite tubes have a length in the range of 0.5 - 3.0 microns, an exterior diameter in the range of 50 - 70 nanometers and an internal diameter (lumen) in the range of 15 - 30 nanometers. Formation of halloysite occurs when kaolinite sheets roll into tubes due to the strain caused by a lattice mismatch between the adjacent silicon dioxide and aluminum oxide layers. Halloysite is non-toxic and natural, demonstrating high biocompatibility without posing any risk to the environment.

Kaolinite is one of the world's most common minerals. U.S. production in 2016 was approximately 7.3 million tons.

Halloysite is, by comparison, a rarer mineral and we believe worldwide production is less than 25,000 tons, the majority of which is used in ceramic applications.

Iron Oxide. Hematite is the mineral form of iron oxide, which exists in a range of colors, including black to steel or silver-gray and brown to reddish brown, or red.

Goethite is an iron hydroxide oxide mineral, which exists in a range of colors, including yellowish to reddish to dark brown. If goethite is sufficiently heated to eliminate its contained water, it is transformed into hematite.

Mixtures of goethite and hematite are the color brown.

### **STATUS OF THE COMPANY FOR SEC REPORTING PURPOSES**

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 (that is, reserves), 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.

Under Industry Guide 7, a “reserve” is “that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.” Generally speaking, a company may not declare reserves, unless, among other requirements, a competent professional engineer conducts a detailed engineering and economic study and prepares a “bankable” or “final” feasibility study that “demonstrates that a mineral deposit can be mined profitably at a commercial rate.”

The Company has commissioned an ongoing study described above that was conducted using the standards of the JORC Code of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. The mineralization described in the study does not qualify as reserves for purposes of Industry Guide 7

In 2018, SEC adopted rules to modernize property disclosures for mining companies. Such rules go into effect in 2021. The mineralization indicated by the resource study would not qualify as a reserve under the new rules.

Despite the fact that the Company has not established reserves for purposes of Industry Guide 7, the Company has mined, processed and sold, and intends to continue to mine, process, and sell halloysite clay and iron oxide from the Dragon Mine.

A consequence of the absence of reserves under Industry Guide 7 is that the mining company, such as the Company, is deemed to lack an objective basis to assert that it has a deposit with mineralization that can be economically and legally extracted or produced and sold to produce revenue.

## PROCESSING CAPABILITIES

In October 2017 we entered into a Purchase and Supply Agreement with BASF under which BASF, among other things, agreed to provide the Company with up to 15,000 tons of water-based processing capacity. During the fourth calendar quarter of 2019, BASF informed us of its intention to terminate its obligations under the Purchase and Supply Agreement. Per the terms of the termination of the agreement, BASF is obligated to provide the Company with water-based processing capacity into the first calendar quarter of 2021. The Company is currently seeking to obtain water-based processing capacity on a tolling basis to replace the capacity currently provided by BASF.

We have a primary processing plant with capacity to mill up to 45,000 tons of mineralization per annum for certain clay applications. This facility can also be used to mill iron oxide. Additionally, the Company has a second processing facility with a capacity of up to 10,000 tons per annum that is dedicated to processing its halloysite resource. Both facilities utilize dry-based milling equipment that do not eliminate impurities such as iron oxide as effectively as wet processing but are useful in situations where wet processing is not necessary.

## MINING AND PRODUCTION ACTIVITY IN 2020 AND 2019

The following table discloses for the twelve (12) months ended December 31, 2020 and 2019, respectively (i) the number of tons of halloysite clay and iron oxide extracted by the Company from the Dragon Mine and (ii) the number of tons of finished product produced by the Company:

	<b>2020</b>	<b>2019</b>
<b>Tons extracted</b>		
Halloysite clay	150	135
Iron oxide	14,900	1,894
<b>Products produced (tons)</b>		
Halloysite clay	150	135
Iron oxide	14,900	1,894

## CUSTOMERS

### **DRAGONITE**

During 2020 the Company sold its DRAGONITE halloysite clay product to approximately 17 customers. The Company is currently working with a number of prospective customers for its DRAGONITE halloysite clay product and hopes to convert one or more of these prospective customers during 2021. However, the Company cannot provide any assurances that it will be successful in doing so.

### **AMIRON**

During October 2019 the Company announced it had signed an agreement to supply a manufacture of cement up to 30,000 tons of AMIRON per year over a two-year period. The Company expects to sell the majority of its iron production to this customer during 2021.

### **Sales by Customer Use**

The table below discloses the percentage of total revenue by product category for the twelve months ended December 31, 2020 and 2019. “Testing” represents revenue generated from the sale of products used for laboratory testing by customers or potential customers. “Scale-Ups” represents revenue generated from the sale of products to customers or potential customers to determine whether our products perform successfully within a production-scale environment. “Commercial Production” represents revenue generated from the sale of products to customers that are either consumed by the costumer or incorporated into a product that is sold by a customer to a third-party. “Other” represents revenue generated from the sale of products for which the Company is not aware of the use by a potential customer.

**Percentages of Sales Classified  
by  
Customer Use**

	<b>2020</b>	<b>2019</b>
<b>Sales for:</b>		
Commercial Production	45	89
Scale-Ups	20	4
Testing	35	7
Other	*	*
<b>Total</b>	<b>100</b>	<b>100</b>

\* < 1%

## SALES AND MARKETING

The Company markets and sells its products directly and/or through distributors.

E.T. Horn acts as exclusive distributor for AMIRON in the following states: Washington, Oregon, Idaho, Montana, Wyoming, California, Nevada, Utah, Arizona, New Mexico. It acts as exclusive distributor of DRAGONITE in those states plus Texas, Oklahoma, Arkansas, and Louisiana.

Brandt Technologies, LLC acts as exclusive distributor for DRAGONITE and AMIRON in North Dakota, South Dakota, Nebraska, Kansas, Missouri, Iowa, Minnesota, Wisconsin, Illinois, Indiana, Kentucky, Ohio, and Michigan.

Azelis acts as exclusive distributor for DRAGONITE in Mississippi, Alabama, Tennessee, Georgia, Florida, South Carolina, North Carolina, Virginia, West Virginia, Maryland, Delaware, Pennsylvania, New Jersey, Connecticut, New York, Vermont, Massachusetts, New Hampshire, and Maine. The Company intends to engage a distributor for AMIRON in these states.

The Company has an exclusive agreement with a distributor for Japan.

In October, 2017, we entered into an supply agreement with the Kaolin business unit of BASF Corp. ("Supply Agreement"). The Supply Agreement provided that the Company will sell halloysite to BASF and BASF may process and/or treat and will have an exclusive license to sell halloysite on a worldwide basis for use within the following third party markets: (i) paints and coatings; (ii) inks; (iii) rubbers (excludes flame retardant and wire and cable applications); (iv) adhesives; (v) paper, and (vi) ceramic honeycomb catalytic substrates and (b) use by other business units of BASF provided that such BASF business unit only uses or sells the halloysite as part of a product another product. Under the terms of the Supply Agreement, each party is reimbursed from the proceeds of sale for its direct costs and the Company and the BASF Kaolin business unit equally share the profits of any sales of halloysite by the Kaolin business unit. The Supply Agreement has an initial term of three years and automatically renews unless one party terminates.

During the fourth calendar quarter of 2019, BASF terminated its right to market DRAGONITE under the Agreement. At the date of termination of the Agreement, no sales of halloysite had been made by the Kaolin business unit.

## APPLICATION MARKETS

### DRAGONITE

The following is a description of the application markets in which the Company has commercial customers for halloysite-based DRAGONITE products:

#### *Molecular Sieves and Catalysts.*

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

*Catalysts.* DRAGONITE can be used as a catalyst and catalyst support for the hydrotreatment and hydrodemetalation of hydrocarbonaceous feedstocks. DRAGONITE can be used to remove impurities such as metals, sulfur, nitrogen, and asphaltenes. Crude oil petroleum must be processed in order to make it into gasoline and other fuels.. Catalytic cracking involves the addition of a catalyst to speed up the cracking. The reactive nature of halloysite lends itself to being a catalyst especially for high sulfur oil. Halloysite can also be used as a support for catalysts, which are applied to the halloysite as a coating.

Halloysite from the Dragon Mine was mined and processed as a catalyst for petroleum cracking from 1949 to 1976.

#### *Flame Retardant Additives*

Flame retardant additives are widely used in flammable and flame resistant plastics and are found in electronics, building insulation, polyurethane foam, and wire and cable.

Plastic manufacturers typically mix or load a small amount of flame retardant into plastic to lower the risk of flammability of their products. We believe that DRAGONITE can be used as a partial replacement for Alumina Trihydrate (ATH) and Magnesium Hydroxide (MDH) in certain applications and as a synergist to ATH and MDH in other applications.

At typical loadings, ATH and MDH can adversely affect certain mechanical properties of plastics. We believe that DRAGONITE, in conjunction with ATH and MDH, exhibits a synergistic performance. Our research and development indicates that DRAGONITE can be used to replace 50% - 75% of antimony trioxide (ATO) in plastic without affecting flame retardancy, retaining the same rating under UL 94, the Standard for Safety of Flammability of Plastic Materials for Parts in Devices and Appliances testing.

We believe that in certain applications the use of DRAGONITE instead of other fire retardant products may allow a manufacturer to use less fire retardant and may, in addition, may enable the manufacturer to reduce the weight of the manufactured part. DRAGONITE-XR does not release its naturally bound water until 400°C, making it suitable for polymers processed under extreme conditions.

Other clays compete in the markets for partially replacing ATH, MDH, and ATO.

#### ***Binders for Ceramics***

DRAGONITE is an effective binder for traditional ceramic products (any of various hard, brittle, heat-resistant and corrosion-resistant materials made by shaping and then firing a nonmetallic mineral, such as clay, at a high temperature). Binders are substances that improve the mechanical strength of green ceramic bodies so they can pass through production steps before firing without breakage. We believe that DRAGONITE, when used as a binder, also effectuates an improvement in the casting rate of the ceramic manufacturing process. This would equate to an increase in manufacturing efficiency.

#### ***Nucleation of Polymers; Reinforcement of Polymers.***

*Nucleation.* Plastics and polymers are composed of long molecular chains that form irregular, entangled coils in a melted resin, the phase in which a resin is liquid and its molecules can move about freely. In semi-crystalline polymers, the chains rearrange upon freezing and form partly ordered regions. Examples of semi-crystalline polymers are polyethylene (PE), polypropylene (PP), Nylon 6 and Nylon 6-6. Crystallization of a polymer occurs as a result of nucleation, a process that starts with small, nanometer-sized domains upon which the polymer chains arrange in an orderly manner to develop larger crystals. The overall rate of crystallization of a polymer can be increased by a nucleating agent. In plastic molding processes, especially in injection molding, the plastic part must remain in the mold until crystallization is complete (freezing). To the extent that crystallization is accelerated, the time in the mold can be reduced, thereby resulting in productivity enhancement. We believe that DRAGONITE added to a resin at a loading of just 1% can significantly speed up the process of crystallization.

We believe DRAGONITE can be effective as a nucleating agent for both polyethylene and polypropylene.

*Reinforcement Fillers.* Many plastics are reinforced with a filler to enhance the mechanical properties of a polymer. Reinforced plastics, in certain instances, can compete with stiffer materials like metal while also offering an opportunity to reduce the weight of a manufactured part (“light-weighting”).

We believe that the utilization of DRAGONITE as a reinforcing filler can result in the improvement of one or more mechanical properties of a polymer such as modulus (the measure of how well a polymer resists breaking when pulled apart), strength (the measure of the stress needed to break a polymer), and impact resistance (the measure of a polymer’s resistance when impacted by a sharp and sudden stress).

#### ***Paints and Coatings***

Halloysite has been shown to improve the adhesion and impact resistance properties of polymer-based paints and coatings. Additionally, halloysite has been shown to significantly improve the corrosion resistance of paints and coatings over synthetic anti-corrosion agents. Paints and coatings are one of the application markets on which BASF is focused as part of its Supply Agreement with the Company.

#### ***Other Opportunities.***

Other potential markets that present opportunities for halloysite but as to which the Company does not have commercial customers include cement (halloysite may increase tensile strength more than twice the increase in compressive strength while reducing permeability), batteries (the silicon material in halloysite, which is an aluminasilicate, may be extracted from halloysite and used in anode in lithium ion batteries and halloysite may be used in electrolyte in batteries), and controlled release carrier in cosmetics and in other applications.

#### **AMIRON**

The AMIRON line of natural iron oxide-based products can be used in technical and pigmentary application markets. In October 2019 the Company signed an agreement to supply a manufacture of cement up to 30,000 tons of AMIRON per year over a two-year period. The Company expects to sell the majority of its iron production to this customer during 2021.

## THE SALES PROCESS

The Company sells its products using employees, agents, and distributors, selling on a global basis.

### DRAGONITE

The Company markets its DRAGONITE into two general types of application markets.

The first type is a market in which halloysite has not been previously used, or is to be used as an additive in substitution for another additive, to enhance a functionality of an application. This type of market requires a number of steps to be completed before a sale can be consummated. Like any new material that will be incorporated into a commercial manufacturing process, a significant amount of testing must be performed by a customer before DRAGONITE can be incorporated into a manufacturing process and a product. Sales of this type often require working with the potential customers' existing formulations, which can vary from potential customer to potential customer.

Working with a potential customer could include identifying a solution, such as (i) surface coating or (ii) when to introduce DRAGONITE into the formulation or (iii) the conditions under which it should be introduced or (iv) changes, deletions, additions, or substitutions involving other elements of the customer's formulation. Without the customer's collaboration in identifying a solution, DRAGONITE could be unsuccessful in achieving the customer's goals. This process can take an extended period of time (years in the case of discoloration of polymers as a result of the introduction of DRAGONITE) and, in some cases, there is no solution. In this type of market, price can be an important consideration and in some cases, we are not able to compete.

The second type of market is one in which halloysite clay is currently being used in traditional application markets. Within these established markets, we believe our DRAGONITE products often offers an enhanced value proposition with respect to purity and other properties sought by customers, although in some cases DRAGONITE's purity and/or other properties may not be required or useful. The pricing of our products relative to those of our competitors, however, will always be a significant factor in determining our ability to penetrate these markets.

### AMIRON

The Company encounters the same types of challenges marketing AMIRON, as it faces in marketing DRAGONITE. In particular, the Company must compete on price and quality in relation to competitive materials.

The Company is not currently devoting significant efforts or resources to marketing AMIRON. It cannot be assured that we will be successful in penetrating markets for AMIRON.

## RESEARCH, DEVELOPMENT AND TESTING

The Company's research and development and testing efforts are focused on the continued creation of commercial applications for our halloysite-based products and our iron oxides. The Company conducts research and development efforts internally and occasionally through consultants. The Company is using BASF to conduct research. The Company also conducts product research and development collaboratively with distributors, customers and potential customers.

In 2020 and 2019, the Company spent approximately \$6,587 and \$18,800 on testing and research, respectively.

## TRADEMARKS AND PATENTS

We have trademarked the name DRAGONITE and AMIRON. We believe these trademarks are important to the successful marketing of our product offering.

## **REGULATION**

The Utah Department of Natural Resources sets the guidelines for exploration and other mineral related activities based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules and Rules of Practice and Procedures, R647-1 through R647-5. We have received a large mine permit from the Department. The Company does not believe that such regulations, including environmental regulations, have or will adversely affect the Company's business or have a material impact on capital expenditures, earnings and competitive position of the Company.

We carry a Mine Safety and Health Administration (MSHA) license (#4202383) for the Dragon Mine and report as required to MSHA. The Company is subject to extensive regulation and periodic inspections by the Mine Safety and Health Administration, which was created by the Mine Safety and Health Act of 1977. The regulations generally are designed to assure the health and safety of miners and our mine is periodically inspected by MSHA. The Company does not believe that such regulations have or will materially adversely affect the Company's business or have a material impact on capital expenditures, earnings and competitive position of the Company.

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

## EMPLOYEES

As of April 15, 2020, the Company had 10 employees. None of our employees are covered by a collective bargaining agreement, we have never experienced a work stoppage, and we consider our labor relations to be excellent.

### **ITEM 1A. RISK FACTORS**

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

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

### **SPECIFIC RISKS APPLICABLE TO APPLIED MINERALS**

#### ***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, 2020 and 2019, the Company sustained losses from continuing operations of \$3,287,711 and \$5,973,132, respectively. At December 31, 2020 and 2019, the Company had accumulated deficits of \$122,022,140 and \$118,734,429, respectively. We have very limited cash as of the date of this report, negative cash flow, and continuing unprofitable operations. Accordingly, our independent registered public accounting firm, MaloneBailey, LLP, has included a going concern paragraph in its opinion on our financial statements.

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 of the restrictions imposed on the incurrence of additional debt by the Series A Notes and the Series 2023 Notes.

#### **Material Weakness in our Internal Control over Financial Reporting**

We have identified material weaknesses in our internal control over financial reporting. If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential stockholders could lose confidence in our financial reporting, which could harm our business and the trading price of our stock.

During the preparation of our consolidated financial statements for the year ended December 31, 2020, we and our independent registered public accounting firm, identified deficiencies in our internal control over financial reporting, as defined in the standards established by the Public Company Accounting Oversight Board. Management determined the control deficiencies constitute material weaknesses in our internal control over financial reporting.

The existence of a material weakness could result in errors in our financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, leading to a decline in the trading price of our stock.

#### ***MATURITY OF OUTSTANDING PIK-ELECTION CONVERTIBLE NOTES.***

Unless the Company becomes quite successful its outstanding PIK-Election Convertible Notes may not elect to voluntarily convert into common stock. 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. Unless the stock price increases very significantly, the Company may not be able to force conversion of the notes before maturity.

The Company has two series of convertible, PIK notes outstanding, 3% PIK-Election Convertible Notes due May 1, 2023 ("Series A Notes") and 3% PIK-Election Notes due August 1, 2023 ("Series 2023 Notes"). As of April 15, 2021, the outstanding balance of the Series A Notes was approximately \$29.2 million and the outstanding balance of the Series 2023 Notes was approximately \$17.5 million. If the Company continues to pay interest in additional PIK Notes, the outstanding balances will increase to approximately \$50.4 million in 2023.

The description of the risks associated with maturity and mandatory conversion set forth below is limited to the Series A Notes, but the risks related to the Series 2013 Notes are similar.

The Series A Notes mature on May 1, 2023. The Series 2023 Notes mature on August 1, 2023.

The holders of the Series A Notes may convert their principal and accrued but unpaid interest into shares of common stock of the Company at any time. As of April 15, 2021, the conversion price of the Series A Notes was \$0.36 per share and would have converted into approximately 81.9 million shares of common stock of the Company. As of April 15, 2021, the conversion price of the Series 2023 Notes was \$0.57 per share and would have converted into approximately 30.8 million shares of common stock of the Company.

The Series A Notes are mandatorily convertible by the Company at any time when (i) the volume weighted average price of the shares of the common stock of the Company is equal to or greater than \$1.00 for thirty (30) consecutive trading days and (ii) the closing market price of the shares of the common stock of the Company is equal to or greater than \$1.00.

As of April 15, 2021, the Series 2023 are mandatorily convertible by the Company at any time when the weighted average trading price of a share of the Company's common stock is in excess of \$0.57 for ten (10) consecutive trading days.

The Series A Notes and Series 2023 Notes contain significant negative covenants that limit or eliminate, without the consent of a majority by principal of the each series of Notes, among other things, mergers, sales of assets, dividends, borrowings, secured transactions, liens and transactions with affiliates.

## **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. As outlined below, and in light of the disclosures above, there is significant uncertainty that we will be able to do so.

Many of the applications for which we are selling for our halloysite-based material are applications for which halloysite has not been used previously. As a result, there are a number of obstacles that we need to overcome to achieve sales in these markets. It may be necessary to convince manufacturers to change their manufacturing processes and substitute our halloysite-based material for the product they are currently using, and in some cases, to use our halloysite-based material where no product was used before.

The process beginning with introducing our halloysite-based material to manufacturers and ending with the manufacturers using our products in their production (i) can encounter inertia, skepticism, and different corporate priorities, (ii) requires educating potential customers (some of whom can be resistant) on whether our product actually works for the manufacturer's particular need, the benefits of our material, and how to test and use our material (how much to add, when to add, and so forth), and (iii) often requires working with potential customers to assure that the potential customers test the materials under proper conditions to assure that our products provide the desired results, do not adversely affect the customer's product and do not interfere with the other constituents of, or processes to make, the customer's product. In summary, while we believe that our halloysite-based material often adds significant value, we can say two things about the process that ends with manufacturers using our halloysite-based material: it can take a long time and there is no certainty that we will be able to convince enough manufacturers to use our halloysite-base material.

Similarly, we have attempted to sell our iron oxides, which are natural, into markets where synthetic iron oxides have been used in the past. In trying to make such sales, we encounter the same or similar types of problems described in the preceding paragraph

Other applications for our halloysite-based material and our iron oxides are applications for which halloysite or natural iron oxides have been used previously. To penetrate these markets, we face the difficulties encountered by any company trying to enter an established market competing against established players that may be in better financial condition than we are and are already familiar to, and in many cases have relationships with, the potential customers, which may make purchasing from such competitors more attractive than purchasing from us. While we believe that in many cases, our products are superior to those already in the market; there is uncertainty that we will be able to penetrate those markets to a sufficient degree. Because individual halloysite and iron oxide deposits can differ in significant respects, we may have to demonstrate that our halloysite or iron oxide will actually work for the manufacturer's particular need and thus we can encounter the problems discussed in the third paragraph of this section.

## **COMPETITION**

### ***Competition from Other Miners of Halloysite***

Currently there is limited competition involving the sale of our halloysite-based DRAGONITE products in our advanced-applications target markets. If our DRAGONITE products penetrate our advanced-application target markets, we may face significant competition from competitors as well as from non-halloysite solutions often sold by larger, more established companies. The basis for competition is performance, price and reliability. The Company's pricing strategy is opportunistic and if significant competition develops, that strategy could be adversely affected.

Despite the widespread occurrences of halloysite, large deposits from which high purity halloysite can be economically extracted are comparatively rare. These include deposits with high-grade zones that are dominantly halloysite and lower grade deposits where halloysite can be readily separated to give a high purity product. Relatively pure halloysite typically occurs as narrow lenses or pockets in altered rock and often requires selective mining and sorting to produce a high-grade product. Halloysite is often associated with fine-grained kaolinite, silica or other fine-grained mineral contaminants and as such, for many applications, requiring beneficiation methods that rely primarily on wet processing.

To our knowledge, significant production of high-grade halloysite from large deposits for specialist industrial use at present is limited to the Dragon Mine and open pit mines owned by Imerys, a large French minerals company, in Northland, New Zealand, and in mines in Turkey and in China.

The New Zealand mines produce about 15,000 tons of halloysite per year. The raw clay from New Zealand contains around 50% halloysite, 50% silica minerals (quartz, cristobalite, tridymite, amorphous silica), and minor feldspar. It must be processed to eliminate the crystalline silica materials. A 2014 Safety Data Sheet for Imerys' product states "This product contains between 1% and 10% of quartz (fine fraction), and quartz (fine fraction) is classified as STOT RE1, which means definitely toxic to humans or toxic effect was determined in animal experiments after repeated exposure."

Our Safety Data Sheet indicates that our processed halloysite "may contain naturally occurring Respirable Crystalline Silica (CAS #'s 14808-60-7 and 14464-46-1) at trace concentration levels below HazCom 2012 and GHS Revision 3 hazard classification limits. Per XRC analysis, which combines the analytical capabilities of X-Ray Diffraction, Computer Controlled Scanning Electron Microscopy/Energy Dispersive Spectroscopy and Raman Spectroscopy to conduct particle-by-particle inter-instrumental relocation and physicochemical/mineralogical analysis - naturally occurring trace level substances in these products, including Respirable Crystalline Silica, are inextricably bound, environmentally unavailable and at de minimis concentrations. Thus, in the current and anticipated future physical state of these products, they are believed to be incapable of causing harm under normal conditions of use or as a result of extreme upset." Our halloysite does not contain cristobalite.

Imerys' halloysite has low amounts of Fe<sub>2</sub>O<sub>3</sub>. Some of our raw halloysite may contain more Fe<sub>2</sub>O<sub>3</sub> but it can be processed out through bleaching or can be reduced through blending with purer halloysite.

To our knowledge, Imerys has not made any significant efforts so that its halloysite can penetrate that advanced markets that the Company is attempting to penetrate.

Halloysite from Turkey is sold for use in catalysts for a very low price, but it may not have the same functionality as the Company's halloysite. For some uses such functionality may not be necessary.

Halloysite from China is being sold for use in molecular sieves.

A company owning a deposit in Idaho claims to have proven and probable reserves of halloysite of 382,000 tons and that it will produce halloysite products and market them for some of several uses. Some of those uses are the same as the uses for which the Company is marketing its Dragonite.

Smaller deposits occur in many countries including Japan, Korea, China, Thailand, Indonesia, Australia, South America, and Europe. It is reported that halloysite from China, Brazil, Poland, and Turkey is sold commercially, but halloysite from other locations may be sold commercially. Halloysite is typically used for ceramics and paper coating.

The degree or extent to which the halloysite from other deposits can or will compete with our halloysite-based products is subject to a variety of factors, including the following:

- Deposits of halloysite are formed under a variety of geological conditions of hydrothermal alteration and weathering. As a result, the nature and extent of impurities, the length of the tube, thickness of the walls, and the size of the pore or lumen can all vary. In many deposits, the halloysite is mixed with significant amounts of other clays, limiting its usefulness for certain applications. Other deposits can contain significant amounts of crystalline silica and/or cristobalite, which may limit the usefulness for certain applications and/or require additional processing, although given the fine grain of silica and cristobalite, there are limits to the ability to eliminate them. Other deposits contain more iron oxide than is acceptable, requiring additional processing. Other deposits may be of high quality.
- Some deposits are subject to difficulties relating to mining. Some deposits are located in geographically isolated areas.

The global resource base for economically mineable halloysite might be expanded to meet substantial growth in demand, especially if demand was for higher-value markets that would justify higher costs for mining and processing out containments. Such expansion might be anticipated both through the discovery of new deposits and through the adoption of more elaborate process methods to separate halloysite occurring within lower-grade sources. Competition from the other halloysite producers could arise and could adversely affect sales and margins and such competition would be based on performance and/or price. In particular, competition could affect the Company's sales strategy of opportunistic pricing.

#### ***Competition from Suppliers of Alternative Solutions to Halloysite***

When we market halloysite for use in situations where halloysite has not been previously used, or is to be used as an additive in substitution for another additive to enhance certain functionality of an application, we will face competition from suppliers of other solutions and the competition will be based on performance, price and reliability.

#### ***Competition for Iron Oxide***

We expect to compete with companies that, in some cases, may be larger and better capitalized than us. Because individual iron oxide deposits can differ in significant respects, our iron oxide may not be suitable for certain uses and we may have to demonstrate that our iron oxide will actually work for the manufacturer's particular need and we can encounter problems in getting manufacturers to test our product and even if such tests are successful, to use our iron oxide. We also compete with synthetic iron oxide.

***THE COMPANY'S SUCCESS DEPENDS ON OUR SENIOR MANAGEMENT***

Our senior management has played a critical role in leading the effort to commercialize our halloysite-based products and iron oxides. If the Company loses the services of members of senior management, there is no assurance that the Company would be able to attract and retain qualified replacements.

***OTHER MORE GENERALIZED RISKS AND UNCERTAINTIES***

The actual Dragon Mine profitability or economic feasibility may be adversely affected by any of the following factors, among others:

- Changes in tonnage, grades and characteristics of mineralization to be mined and processed;
- Higher input and labor costs;
- The quality of the data on which engineering assumptions were made;
- Adverse geotechnical conditions;
- Availability and cost of adequate and skilled labor force and supply and cost of water and power;
- Availability and terms of financing;
- Environmental or other government laws and regulations related to the Dragon Mine;
- Changes in tax laws, including percentage depletion and net operating loss carryforwards;
- Weather or severe climate impacts;
- Potential delays relating to social and community issues;
- Industrial accidents, including in connection with the operation of mining and transportation equipment and accidents associated with the preparation and ignition of blasting operations, milling equipment and conveyor systems;
- Underground fires or floods;
- Unexpected geological formations or conditions (whether in mineral or gaseous form);
- Ground and water conditions;
- Accidents in underground operations;
- Failure of mining pit slopes;
- Seismic activity; and
- Other natural phenomena, such as lightning, cyclonic or storms, floods or other inclement weather conditions.

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

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

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES****PRINCIPAL OFFICE**

The corporate office is located at 1200 Silver City Road, Eureka, UT 84628.

## **MINING PROPERTY**

The following section describes our right, title, or claim to the Dragon Mine property.

The Dragon Mine property, located in Juab County, Utah, within the Tintic Mining District, has been principally exploited for halloysite clay and iron oxide. It is located approximately 2 miles southwest of Eureka, Utah and can be accessed via state highway and county road. There is no evidence of a water source on the property.

The property covers approximately 267 acres with a large mining permit covering 40 acres allowing for the extraction of minerals. The property consists of 38 patented and six unpatented mining claims located in the following sections: T10S, R2W, sections 29, 30, 31, and T10S, R3W, Section 36, all relative to the Salt Lake Base Meridian. The Company pays approximately \$800 in annual maintenance fees to the U.S. Department of Interior Bureau of Land Management to maintain rights to its unpatented claims. The BLM Claim Numbers are: UMC385543, UMC 385544, UMC394659, UMC394660, UMC408539, and UMC408540.

The Company has no underlying royalty agreements with any third-party with respect to the Dragon Mine. We leased the property in 2001 and in 2005 we purchased the property for \$500,000 in cash. As more fully explained in the “Business” section, the property has two mining areas, the Dragon Pit, which contains high purity halloysite, mixed clays and iron oxide and the Western Area, which contains mixed clays and iron oxides.

### ***Processing Facilities at Dragon Mine; Plant and Equipment***

The Company has two dry-process facilities at its Dragon Mine property. One facility, is able process halloysite clay and iron oxide, has a capacity of up to 45,000 ton per year for certain types of clay processing and includes a Hosokawa Alpine mill. Before processing, the mineral is crushed. If only crushing is needed for a particular product, our production capacity will be significantly higher. The other facility is dedicated to dry processing of halloysite clay resource and has an annual capacity of up to 10,000 tons per year.

In October 2017 we entered into a Purchase and Supply Agreement with BASF under which BASF, among other things, agreed to provide the Company with up to 15,000 tons of water-based processing capacity. During the fourth calendar quarter of 2019, BASF informed us of its intention to terminate its obligations under the Purchase and Supply Agreement. Per the terms of the termination of the agreement, BASF is obligated to provide the Company with water-based processing capacity into the first calendar quarter of 2021. The Company is currently seeking to obtain water-based processing capacity on a tolling basis to replace the capacity currently provided by BASF.

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

### ***SEC Industry Guide 7 and Resource Study***

As of the filing of this report, the Company was 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 (reserves). In order to be classified as a development or production stage company, a company must have already established reserves. Unless a company has established reserves, it cannot be classified as a development or production stage company, notwithstanding the nature and extent of development-type or production- type activities that have been undertaken or completed.

The Company has commissioned a study 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. The mineralization described in the study does not qualify as reserves under Industry Guide 7.

In 2018, SEC adopted rules to modernize property disclosures for mining companies. Such rules go into effect in 2021. The mineralization indicated by the resource study would not qualify as a reserve under the new rules.

For purposes of Industry Guide 7, a consequence of the absence of reserves is that the mining company, such as the Company, is deemed to lack an objective basis to assert that it has a deposit with mineralization that can be economically and legally extracted or produced and sold to produce revenue.

Despite the fact that the Company has not established reserves, the Company has mined, processed and sold, and intends to continue to mine, process, and sell, halloysite clay and iron oxide from the Dragon Mine.

***Exploration Agreement***

On December 22, 2017, the Company and Continental Mineral Claims, Inc. (“CMC”) entered into an Exploration Agreement with Option to Purchase (“Agreement”). The Company granted to CMC the exclusive right and option to enter upon and conduct mineral exploration activities (the “Exploration License”) for Metallic Minerals on the Company’s Dragon Mine minesite in Utah (the “Mining Claims”). Metallic Minerals are defined to include minerals with a high specific gravity and metallic luster, such as gold, silver, lead, copper, zinc, molybdenum, titanium, tungsten, uranium, tin, iron, etc., but shall exclude any such Metallic Minerals that are intermingled within any economically-recoverable, non-metallic mineral deposits located at or above an elevation of 5,590 feet above sea level. Non-metallic minerals include clay and iron oxide, the minerals mined by the Company. The Company believes that all economic recoverable non-metallic mineral deposits are well above 5,590 feet above sea level. The Exploration License is for a period of ten years.

In consideration of the Exploration License CMC paid the Company \$350,000 upon the execution of the agreement and paid it \$150,000 on the first anniversary of the Exploration License in December 2018. CMC will pay the Company \$250,000 on or before each subsequent anniversary during the Exploration License term following the first anniversary of the Effective Date of this Agreement unless the Exploration License is terminated earlier by CMC by exercising the option or failing to make the required payment for the Exploration License.

In March 2020 CMC exercised its option to acquire 100% of the Metallic Rights within the Mining Claims from the Company, subject to the terms and conditions of the Agreement. The proceeds paid to the Company upon the exercise of the option totalled \$1,050,000.

Upon the exercise of the option, the Company retained the all rights and title to (1) the surface interest (with exception of those rights associated with the Metallic Rights), and (2) all non-metallic minerals (expressly including all industrial minerals including clays and iron oxides).

Upon the exercise of the option the Company retained protections against unreasonable interference of its current and future mining operations by CMC. CMC may not do anything that may, at the Company's determination, adversely impact the Company's Mining Operations. "Mining Operations" shall mean the activities incident to mineral extraction, permitting, and any operations by CMC or the Company relating to the removal of minerals, respectively, that are or may reasonably be conducted on the Mining Claims, including the exploration for, and development, active mining, removing, producing and selling of any minerals, including the Metallic Minerals. The Agreement states that the parties understand that the Company is willing to enter into the Agreement only if it is assured that CMC will not have any right to unreasonably interfere with the Company's current mining operations and possible future Mining Operations on the Mining Claims.

### **ITEM 3.       LEGAL PROCEEDINGS**

As of the date of this report, there is no pending or threatened litigation. We may become involved in or subject to, routine litigation, claims, disputes, proceedings and investigations in the ordinary course of business, could have a material adverse effect on our financial condition, cash flows or results of operations.

### **ITEM 4.       MINE SAFETY DISCLOSURES**

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

## **PART II**

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

#### Market Prices for Our Common Stock

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

	<b>Year 2020</b>		<b>Year 2019</b>	
	High	Low	High	Low
First Quarter	\$ 0.02	\$ 0.01	\$ 0.06	\$ 0.03
Second Quarter	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.03
Third Quarter	\$ 0.01	\$ 0.01	\$ 0.04	\$ 0.02
Fourth Quarter	\$ 0.04	\$ 0.01	\$ 0.03	\$ 0.01

#### Record Holders

As of December 31, 2020, there were approximately 600 holders of record of our common stock. This number does not include an indeterminate number of shareholders whose shares are held by brokers in street name.

#### Dividends

Since we became a reporting company in 2002, we have never declared or paid any cash dividend on our common stock. We have no current plans to declare dividends. We are subject to restrictions or limitations relating to the declaration or payment of dividends under the Series A Notes and Series 2023 Notes.

#### Equity Compensation Plans

##### ***Plans Approved by Stockholders***

Shareholders approved the 2012 Long-Term Incentive Plan ("2012 LTIP") and the 2016 Incentive Plan. ("2016 IP").

The number of shares subject to the 2012 LTIP for issuance or reference was 8,900,000 of which 6,663,249 were outstanding at December 31, 2020. The number of shares subject to the 2016 IP was 15,000,000 of which 7,140,000 were outstanding at December 31, 2020.

**Plans Not Approved by Stockholders**

Prior to the adoption of the 2012 LTIP, the Company granted options to purchase 12,378,411 shares of common stock under individual arrangements. As of December 31, 2020, only 4,104,653 options under such individual arrangements are outstanding.

In May and August, 2016, the Company adopted the 2016 Long-Term Incentive Plan (“2016 LTIP”). The number of shares of common stock for issuance or for reference purposes subject to the 2016 LTIP was 2,000,000. The Company granted options to purchase 1,993,655 shares of common stock under the 2016 LTIP.

In 2017, prior to the adoption of the 2017 Incentive Plan (“2017 IP”) in August 2017, the Company granted options to purchase 870,000 shares of common stock under individual arrangements.

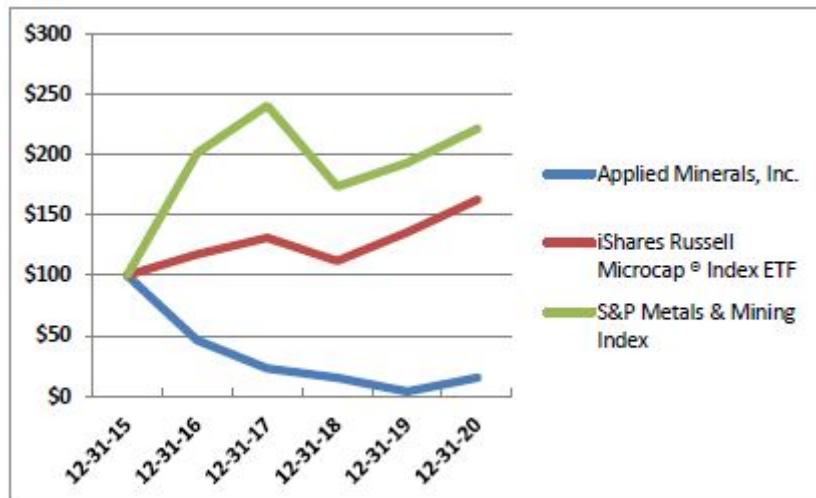
The number of shares of common stock for issuance or for reference purposes subject to the 2017 IP was 40 million. The Company granted options to purchase 38,889,958 shares of common stock under the 2017 IP of which 35,889,958 were outstanding at December 31, 2020.

**Equity Compensation Information**  
**As of December 31, 2020**

	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	13,803,249	\$ 0.59	10,096,751
Equity compensation plans not approved by security holders (2)	42,858,266	\$ 0.18	4,116,387
<b>Total</b>	<b>56,661,515</b>	<b>\$ 0.28</b>	<b>14,213,138</b>

(1) Includes 7,140,000 options granted under the 2016 IP and 6,663,249 options granted under the 2012 LTIP.

(2) Includes 1,993,655 options granted under the 2016 LTIP, 35,889,958 options granted under the 2017 IP and 4,974,653 options granted under individual arrangements.

**Comparison of 5-Year Cumulative Returns**

Applied Minerals, Inc.

iShares Russell Microcap ® Index ETF

S&amp;P Metals &amp; Mining Index

12-31-16      12-31-17      12-31-18      12-31-19      12-31-20

\$ 46      \$ 23      \$ 15      \$ 4      \$ 15

\$ 118      \$ 131      \$ 112      \$ 136      \$ 163

\$ 202      \$ 241      \$ 174      \$ 193      \$ 222

\* Cumulative return assumes a \$100 investment of each respective security at December 31, 2015.

## **ITEM 6. SELECTED FINANCIAL DATA**

Year Ended December 31 (in 000's)

except per

share data)

	2020	2019	2018	2017	2016
Revenue	\$ 879.2	\$ 486.0	\$ 4,873.2	\$ 2,444.7	\$ 4,013.1
Net loss	\$ (3,287.7)	\$ (5,973.1)	\$ (3,326.0)	\$ (14,910.7)	\$ (7,639.8)
Net loss - basic	\$ (0.02)	\$ (0.03)	\$ (0.02)	\$ (0.13)	\$ (0.07)
Net loss - diluted	\$ (0.02)	\$ (0.03)	\$ (0.02)	\$ (0.13)	\$ (0.07)
Cash and equivalents	\$ 669.6	\$ 52.8	\$ 2,892.3	\$ 47.7	\$ 1,049.9
Total assets	\$ 1,900.3	\$ 1,489.2	\$ 4,137.0	\$ 3,324.2	\$ 6,079.5
Long-term liabilities	\$ 46,265.1	\$ 43,842.6	\$ 36,825.3	\$ 35,291.9	\$ 25,229.7
Shareholders' (deficit)	\$ (47,829.4)	\$ (44,784.1)	\$ (34,118.7)	\$ (33,200.8)	\$ (20,968.1)

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

### **OVERVIEW**

Applied Minerals, Inc. is a global producer of DRAGONITE halloysite clay and AMIRON advanced natural iron oxides. We are a vertically integrated operation focused on developing grades of DRAGONITE and AMIRON that can be utilized for both traditional and advanced end-market applications. We have mineral production capacity of up to approximately 55,000 tons per year.

See "ITEM 1. BUSINESS" for further details regarding both our business strategy.

#### **Impact of COVID-19 Pandemic on Financial Statements**

In December 2019, a novel strain of COVID-19 was reported in China. Since then, COVID-19 has spread globally, to include Canada, the United States and several European countries. The spread of COVID-19 from China to other countries has resulted in the World Health Organization (WHO) declaring the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease, on March 11, 2020. Many countries around the world have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus and have closed non-essential businesses.

As local jurisdictions continue to put restrictions in place, our ability to continue to operate our business may also be limited. Such events may result in a period of business, supply and product manufacturing disruption, and in reduced operations, any of which could materially affect our business, financial condition and results of operations. In response to COVID-19, the Company implemented remote working and thus far, has not experienced a significant disruption or delay in our operations

To date, COVID-19 has not had a material financial impact on the Company. However, COVID-19 has caused severe disruptions in transportation and limited access to the Company's facility, resulting in limited support from its staff and professional advisors. The small size of the Company's accounting staff and the additional responsibilities emanating from COVID-19 may cause a delay in the Company's ability to complete subsequent reports in a timely manner.

### **RECENT ISSUED ACCOUNTING PRONOUNCEMENTS**

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, as part of its initiative to reduce complexity in accounting standards. The amendments in this update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The amendments within ASU No. 2019-12 are effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, and early adoption is permitted. The Company is currently assessing the impact of this update on its consolidated financial statements.

### Results of Operations - 2020 Compared to 2019

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

	Twelve Months Ended December 31				Variance	
	2020	% of Rev.	2019	% of Rev.	Amount	%
<b>REVENUES</b>	\$ 879,169	100%	\$ 486,046	100%	\$ 393,123	81%
<b>OPERATING EXPENSES:</b>						
Production costs	1,245,776	142%	934,865	192%	310,911	33%
Exploration costs	201,234	23%	196,351	40%	4,883	2%
General and administrative *	2,265,805	258%	3,398,267	699%	(1,132,462)	(33)%
<b>Total Operating Expenses</b>	<b>3,712,815</b>	<b>422%</b>	<b>4,529,483</b>	<b>931%</b>	<b>(816,668)</b>	<b>(18)%</b>
Operating Loss	(2,833,646)	(322)%	(4,043,437)	(832)%	1,209,791	(30)%
<b>OTHER INCOME (EXPENSE):</b>						
Interest expense, net, including amortization of deferred financing cost and debt discount	(1,809,397)	(206)%	(2,183,003)	(449)%	373,606	(17)%
Other income	1,355,332	154%	253,308	52%	1,102,023	435%
<b>Total Other (Expense)</b>	<b>(454,065)</b>	<b>(52)%</b>	<b>(1,929,695)</b>	<b>(397)%</b>	<b>1,475,630</b>	<b>(76)%</b>
<b>Net Loss</b>	<b>\$ (3,287,711)</b>	<b>(374)%</b>	<b>\$ (5,973,132)</b>	<b>(1,229)%</b>	<b>\$ 2,685,421</b>	<b>(45)%</b>

\* Includes \$75,669 and \$249,116 of non-cash stock compensation expense for 2020 and 2019, respectively, related to employee, director and consultant stock options.

Revenue generated during 2020 was \$879,169 compared to \$486,046 of revenue generated during the same period in 2019, an increase of \$393,123 or 81%. The increase was driven primarily by a \$537,042, or 796%, increase in sales of AMIRON iron oxide, partially offset by a \$142,233, or 34%, decrease in sales of DRAGONITE halloysite clay.

Sales of DRAGONITE during 2020 totaled \$274,323, a decrease of \$142,233, or approximately 34% when compared to 2019. The decline was driven primarily by the absence of a sale of \$288,000 to a large manufacturer of molecular sieves that occurred during 2019, partially offset by \$53,000 of sales to a manufacturer of high-performance polymer-based proppants, \$47,000 of sales to a manufacturer of acrylic adhesives and \$40,000 of sales of DRAGONITE-loaded polymer masterbatch to a large manufacturer of lawn and garden equipment.

Sales of AMIRON during 2020 totaled \$604,501, an increase of \$537,042, or approximately 796%, when compared to 2019. The increase was driven by a (i) \$473,146, or 711%, increase in sales to a cement manufacturer and (ii) \$64,800 sale to a manufacturer of hydrogen sulfide scavengers that did not occur in 2019.

Revenue for 2019 included \$5,000 of tolling milling, which was not realized during 2020.

Operating expenses incurred during 2020 totalled \$3,712,815, a decrease of \$816,668, or 18%, when compared to 2019. The decline in operating expenses was driven primarily by a \$1,132,462, or 33%, decline in general and administrative expense partially offset by a \$310,911, or 33%, increase in production costs when compared to 2019.

Production costs include those operating expenses which management believes are directly related to the mining and processing of the Company's iron oxide and halloysite minerals, which result in the production of its AMIRON and DRAGONITE products for commercial sale. Production costs include, but are not limited to, wages and benefits of employees who mine material and who work in the Company's milling operations, energy costs associated with the operation of the Company's two mills, the cost of mining and milling supplies and the cost of the maintenance and repair of the Company's mining and milling equipment. Wages and energy expenses are the two largest components of the Company's production costs.

Production costs during 2020 were \$1,245,776, an increase of \$310,911, or 33%, when compared to 2019. The increase was driven primarily by the incurrence of \$212,998 of contract labor costs, a \$55,761, or 1,009%, increase in explosive purchases and a \$216,812, or 131%, increase in employee wages. These increases were driven by a significant increase in the Company's rate of iron production during 2020.

Exploration costs include operating expenses incurred at the Dragon Mine that are not directly related to production activities. Exploration costs, excluding depreciation expense, incurred during 2020 totalled \$201,234 compared to \$196,351 incurred during 2019, an increase of \$4,883.

The Company's general and administrative expenses are associated with corporate overhead. General and administrative expenses for 2020 totalled \$2,265,805 compared to \$3,398,267 of expense incurred during the same period in 2019, a decline of \$1,132,460 or 33%. The decline was driven primarily by a (i) \$649,997, or 43%, reduction in management salary and benefit expense related to the elimination and consolidation of a number of management positions, (ii) \$173,447, or 70%, decline in equity-based compensation expense, (iii) \$91,689, or 14%, decrease in director expense due to the resignation of three directors during 2020, (iv) \$70,321 decline in travel expense, (v) a \$44,887 reduction in D&O insurance premiums and (vi) \$44,627 decrease in rent expense due to the moving of the Company's corporate offices to its Eureka, UT location.

Operating loss incurred during the year was \$2,833,646, a decline of \$1,209,791, or 30%, when compared to 2019. The decline in operating loss was driven primarily by the \$1,132,460 decline in general and administrative expense and \$393,123 increase in revenue, partially offset by a \$310,911 increase in production costs.

Total other expense for 2020 was \$454,065 compared to \$1,929,695 during the same period in 2019, a reduction of \$1,475,630 or 76%. The decrease in total other expense was driven primarily by (i) the receipt of \$1,250,000 upon the exercise by CMC of an option to purchase the metallic mineral rights of the Dragon Mine and (ii) a \$373,606 decrease in interest expense on the Company's outstanding PIK Notes.

Net loss for 2020 was \$3,287,711, a decline of 2,685,421, or 45%, when compared to a net loss of \$5,973,132 for 2019. The decrease in net loss was driven primarily by the \$1,209,791, or 30%, decrease in operating loss and a \$1,475,630, or 76%, decrease in total other expense compared to 2019.

## LIQUIDITY AND CAPITAL RESOURCES

The Company has a history of recurring losses from operations and the use of cash in operating activities. For the twelve months ended December 31, 2020, the Company's net loss was \$3,287,711 and cash provided by operating activities was \$845,123. As of December 31, 2020, the Company had current assets of \$927,815 and current liabilities of \$3,464,669 of which \$365,121 was accrued PIK Note interest to be paid in additional PIK Notes. The Company's current liabilities also include (i) \$524,015 of accrued salaries and related taxes deferred by current and past members of management until the Company's liquidity improves, (ii) \$1,281,811 of accrued directors fee and other director compensation as determined by the Company's Board, (iii) \$119,269 of payables to a compounder for which it has agreed to satisfy in halloysite product, (iv) \$132,635 of disputed or erroneously accrued expenses and (v) \$223,075 of PPP Funding payable which the Company expects to be forgiven by the U.S. Treasury.

Cash provided by operating activities in 2020 was \$845,123 compared to \$2,380,328 of cash used during the same period in 2019. Cash used in operating activities during 2020, after adjusting for non-cash items but before adjusting for changes in operating assets and liabilities, was \$1,285,871 compared to \$3,595,185 of cash provided during the comparable period in 2019. The primary reason for the decrease in cash used was the \$1,209,791 decrease in operating loss and the \$1,102,024 increase in other income that occurred in 2020 when compared to 2019.

The Company has no cash activities in investing activities during 2020 and 2019.

Cash used in financing activities during 2020 was \$228,356 compared to \$459,220 in 2019.

Our total assets as of December 31, 2020 were \$1,900,307 compared to \$1,489,180 as of December 31, 2019, or an increase of \$411,127. The increase in total assets was due primarily to a \$616,767 increase in cash.

Management believes that in order for the Company to meet its obligations arising from normal business operations through March 31, 2022 that the Company may be required (i) to raise additional capital either in the form of a private placement of common stock or debt and/or (ii) generate additional sales of its products that will generate sufficient operating profit and cash flows to fund operations. Without additional capital or additional sales of its products, the Company's ability to continue to operate may be limited.

Based on the Company's current cash usage expectations, management believes it may not have sufficient liquidity to fund its operations through April 15, 2022. Further, management cannot provide any assurance that it is probable that the Company will be successful in accomplishing any of its plans to raise debt or equity financing or generate additional product sales. Collectively these factors raise substantial doubt regarding the Company's ability to continue as going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

## **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.

## **CONTRACTUAL OBLIGATIONS**

The following table summarizes our contractual obligations as of December 31, 2020 that require us to make future cash payments. For contractual obligations, we included payments that we have an unconditional obligation to make:

	Payment due by period			
	Total	< 1 year	1 – 3 years	3 – 5 Years
<b>Contractual Obligations:</b>				
Rent obligations	\$ 146,025	\$ 116,649	29,376	-0-

Rent expense for the years ended December 31, 2020 and 2019 was \$114,000 and \$114,000, respectively.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company has no virtually exposure to fluctuations in interest rates or foreign currencies.

**ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

	<u>Page</u>
<a href="#"><u>Report of Independent Registered Public Accounting Firm</u></a>	<a href="#"><u>34</u></a>
<b>Financial Statements:</b>	
<a href="#"><u>Consolidated Balance Sheets at December 31, 2020 and 2019</u></a>	<a href="#"><u>35</u></a>
<a href="#"><u>Consolidated Statements of Operations for the Years Ended December 31, 2020 and 2019</u></a>	<a href="#"><u>36</u></a>
<a href="#"><u>Consolidated Statements of Changes in Stockholders' Deficit for each of the Years Ended December 31, 2020 and 2019</u></a>	<a href="#"><u>37</u></a>
<a href="#"><u>Consolidated Statements of Cash Flows for Each of the Years Ended December 31, 2020 and 2019</u></a>	<a href="#"><u>38</u></a>
<a href="#"><u>Notes to Consolidated Financial Statements</u></a>	<a href="#"><u>40</u></a>

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of  
Applied Minerals, Inc.

### ***Opinion on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Applied Minerals, Inc. (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Going Concern Matter***

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### ***Basis for Opinion***

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### ***Critical Audit Matters***

The critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ MaloneBailey, LLP  
[www.malonebailey.com](http://www.malonebailey.com)

We have served as the Company's auditor since 2018.  
Houston, Texas  
April 15, 2021

**APPLIED MINERALS, INC.**  
**(An Exploration Stage Mining Company)**  
**CONSOLIDATED BALANCE SHEETS**

	As of December 31,	
	2020	2019
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash	\$ 669,560	\$ 52,793
Accounts receivable	67,557	78,308
Deposits and prepaid expenses	190,698	284,208
<b>Total Current Assets</b>	927,815	415,309
<b>Operating lease right-of-use assets</b>	136,308	238,151
<b>Land</b>	500,000	500,000
<b>Other Assets</b>		
Deposits	336,184	335,720
<b>Total Other Assets</b>	336,184	335,720
<b>TOTAL ASSETS</b>	<u>\$ 1,900,307</u>	<u>\$ 1,489,180</u>
<b><u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 2,632,156	\$ 1,693,589
Paycheck Protection Program Loan	223,075	-
PIK Note interest accrual	365,121	176,903
Current portion of notes payable (\$0 and \$250,000 to related party at December 31, 2020 and 2019, respectively)	133,081	458,728
Current portion of operating lease liabilities	111,236	101,487
<b>Total Current Liabilities</b>	3,464,669	2,430,707
<b>Long-Term Liabilities</b>		
PIK Notes payable, net of \$1,082,988 and \$1,464,311 debt discount, respectively	45,235,990	43,702,301
Deferred revenue	1,000,000	-
Operating lease liabilities	29,085	140,321
<b>Total Long-Term Liabilities</b>	46,265,075	43,842,622
<b>TOTAL LIABILITIES</b>	<u>49,729,744</u>	<u>46,273,329</u>
<b>Stockholders' Deficit</b>		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, and 128,000 and 0 shares issued and outstanding at December 31, 2020 and 2019, respectively	128	-
Common stock, \$0.001 par value, 700,000,000 shares authorized at December 31, 2020 and 2019, respectively and 183,938,549 and 175,513,549 shares issued and outstanding at December 31, 2020 and 2019 (290,390,539 reserved in Treasury)	183,939	175,514
Additional paid-in capital	74,008,636	73,774,766
Accumulated deficit prior to the exploration stage	(20,009,496)	(20,009,496)
Accumulated deficit during the exploration stage	(102,012,644)	(98,724,933)
<b>Total Stockholders' Deficit</b>	(47,829,437)	(44,784,149)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<u>\$ 1,900,307</u>	<u>\$ 1,489,180</u>

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

**APPLIED MINERALS, INC.**  
**(An Exploration Stage Mining Company)**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the years ended December 31,	
	2020	2019
<b>REVENUES</b>		
	\$ 879,169	\$ 486,046
<b>OPERATING EXPENSES:</b>		
Production costs	1,245,776	934,865
Exploration costs	201,234	196,351
General and administrative	<u>2,265,805</u>	<u>3,398,267</u>
<b>Total Operating Expenses</b>	<u>3,712,815</u>	<u>4,529,483</u>
Operating Loss	<u>(2,833,646)</u>	<u>(4,043,437)</u>
<b>OTHER INCOME (EXPENSE):</b>		
Interest expense, net, including amortization of deferred financing cost and debt discount)	(1,809,397)	(2,183,003)
Other income, net	<u>1,355,332</u>	<u>253,308</u>
<b>Total Other Income (Expense)</b>	<u>(454,065)</u>	<u>(1,929,695)</u>
<b>NET LOSS</b>	<u>\$ (3,287,711)</u>	<u>\$ (5,973,132)</u>
Deemed dividend on Series B Convertible Preferred Stock	<u>(81,836)</u>	<u>-</u>
<b>Net Loss Attributable to Common Shareholders</b>	<u>\$ (3,369,547)</u>	<u>\$ (5,973,132)</u>
<b>Net Loss Per Common Share -Basic and Diluted</b>	<u>\$ (0.02)</u>	<u>\$ (0.03)</u>
<b>Weighted Average Common Shares Outstanding – Basic and Diluted</b>	<u>176,642,306</u>	<u>175,513,549</u>

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

**APPLIED MINERALS, INC.**  
**(An Exploration Stage Mining Company)**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT**

	Common Stock Shares	Common Stock Amount	Preferred Stock Shares	Preferred Stock Amount	Additional Paid-in Capital	Accumulated Deficit Prior to Exploration Stage	Accumulated Deficit During Exploration Stage	Total Stockholders' Deficit
Balance, December 31, 2018	175,513,549	\$ 175,514	-	\$ -	\$ 73,525,650	\$ (20,009,496)	\$ (87,810,354)	\$ (34,118,686)
Adoption of new accounting standard	-	-	-	-	-	-	(4,941,447)	(4,941,447)
Stock option compensation expense	-	-	-	-	249,116	-	-	249,116
Net Loss	-	-	-	-	-	-	(5,973,132)	(5,973,132)
Balance, December 31, 2019	175,513,549	\$ 175,514	-	\$ -	\$ 73,774,766	\$ (20,009,496)	\$ (98,724,933)	\$ (44,784,149)
Shares issued for note conversion	8,300,000	8,300	-	-	32,204	-	-	40,504
Shares issued to note holder	125,000	125	-	-	1,125	-	-	1,250
Shares issued in private placement	-	-	128,000	\$ 128	124,872	-	-	125,000
Beneficial conversion feature on Convertible Series B Preferred Stock	-	-	-	-	81,836	-	-	81,836
Deemed dividend from beneficial conversion feature on Convertible Series B Preferred Stock	-	-	-	-	(81,836)	-	-	(81,836)
Stock option compensation expense	-	-	-	-	75,669	-	-	75,669
Net Loss	-	-	-	-	-	-	(3,287,711)	(3,287,711)
Balance, December 31, 2020	183,938,549	\$ 183,939	128,000	\$ 128	\$ 74,008,636	\$ (20,009,496)	\$ (102,012,644)	\$ (47,829,437)

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

**APPLIED MINERALS, INC.**  
**(An Exploration Stage Mining Company)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For the Year Ended December 31,	
	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Net loss	\$ (3,287,711)	\$ (5,973,132)
Adjustments to reconcile net loss to net cash used in operations:		
Amortization of right-to-use asset	101,843	-
Change in fair value of convertible note	23,000	-
Penalty on convertible note	37,500	-
Amortization of discount – PIK Notes	381,323	361,813
Amortization of discount – notes payable	6,250	-
Amortization of deferred financing costs	6,250	424,690
Accrued interest on PIK Notes	1,370,005	1,338,671
Stock-based compensation expense	75,669	249,116
Non-cash lease expense	-	3,657
Change in operating assets and liabilities:		
Accounts receivable	10,751	(45,654)
Deposits and prepaid expenses	312,584	351,883
Operating lease liability	(101,487)	-
Accounts payable and accrued expenses	909,146	908,629
Deferred revenue	1,000,000	-
<b>Net cash provided by (used in) operating activities</b>	845,123	(2,380,327)
<b>Cash Flows from Financing Activities:</b>		
Payments on insurance financing	(295,556)	(302,652)
Proceeds from notes payable – related party	-	200,000
Payments on notes payable	(394,625)	-
Payments on PIK notes	-	(356,568)
Proceeds from private placement	125,000	-
Proceeds from Paycheck Protection Program Loan	223,075	-
Proceeds from notes payable	113,750	-
<b>Net cash (used in) financing activities</b>	(228,356)	(459,220)
Net (decrease) increase in cash and cash equivalents	616,767	(2,839,547)
Cash and cash equivalents at beginning of year	52,793	2,892,340
<b>Cash and cash equivalents at end of year</b>	\$ 669,560	\$ 52,793

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

**APPLIED MINERALS, INC.**  
**(An Exploration Stage Mining Company)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the year ended  
December 31,

2020	2019
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Supplemental disclosure of cash flow information:

Cash paid for interest	\$ 4,395	\$ 12,982
Cash paid for income taxes	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Supplemental disclosure of non-cash financing activity:

Notes payable – insurance financing	\$ 219,538	\$ 259,827
Capitalization of right to use assets and liabilities	<u><u>\$ -</u></u>	<u><u>\$ 241,808</u></u>
Accrued PIK interest paid through issuance of PIK Notes	\$ 1,181,787	\$ 1,505,578
Effect of ASU 2017-11, Financial Instruments with Characteristics of Liabilities and Equity and ASU 2016-02, Leases	<u><u>\$ -</u></u>	<u><u>\$ 4,941,447</u></u>
Deemed dividend on Convertible Series B Preferred Stock	\$ 81,836	\$ -
Common stock issued to note holders for financing cost	<u><u>\$ 1,250</u></u>	<u><u>\$ -</u></u>
Common stock issued upon conversion of note payable	<u><u>\$ 40,504</u></u>	<u><u>\$ -</u></u>

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

**APPLIED MINERALS, INC.**  
**(An Exploration Stage Mining Company)**  
Notes to the Consolidated Financial Statements

## **NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS**

Applied Minerals, Inc. (the “Company”) is the owner of the Dragon Mine located in the Tintic Mining District of the State of Utah from where it produces halloysite clay and iron oxide. The Company is currently selling its DRAGONITE halloysite clay product regularly to four customers. Several prospective customers are conducting either commercial-scale trials or field trials for an array of products that are expected to use DRAGONITE as a functional additive. In October 2019 the Company entered into an agreement to supply a manufacturer of cement with up to 30,000 tons AMIRON iron oxide per year over a two-year period.

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

### ***Status of the Company for SEC Reporting Purposes***

The Company is classified as an “exploration stage” company for purposes of Industry Guide 7 of the U.S. Securities and Exchange Commission (“SEC”).

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 that do not have established reserves in accordance with Industry Guide 7. Such companies are deemed to be “in the search for mineral deposits.” 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 in accordance with Industry Guide 7.

### ***Exploration Agreement***

On December 22, 2017, the Company and Continental Mineral Claims, Inc. (“CMC”) entered into an Exploration Agreement with Option to Purchase (“Agreement”). The Company granted to CMC the exclusive right and option to enter upon and conduct mineral exploration activities (the “Exploration License”) for Metallic Minerals on the Company’s Dragon Mine minesite in Utah (the “Mining Claims”). Metallic Minerals are defined to include minerals with a high specific gravity and metallic luster, such as gold, silver, lead, copper, zinc, molybdenum, titanium, tungsten, uranium, tin, iron, etc., but shall exclude any such Metallic Minerals that are intermingled within any economically-recoverable, non-metallic mineral deposits located at or above an elevation of 5,590 feet above sea level. Non-metallic minerals include clay and iron oxide, the minerals mined by the Company. The Company believes that all economic recoverable non-metallic mineral deposits are well above 5,590 feet above sea level. The Exploration License is for a period of ten years.

In consideration of the Exploration License CMC paid the Company \$350,000 upon the execution of the agreement and paid it \$150,000 on the first anniversary of the Exploration License in December 2018. CMC will pay the Company \$250,000 on or before each subsequent anniversary during the Exploration License term following the first anniversary of the Effective Date of this Agreement unless the Exploration License is terminated earlier by CMC by exercising the option or failing to make the required payment for the Exploration License.

On March 25, 2020, the Company and Tintic Copper and Gold, Inc. (CMC’s successor) (“Tintic”) agreed to lower the exercise price of the Option to \$1,050,000 and Tintic immediately exercised the Option. The proceeds from the exercise of the Option are presented as Other Income. The Company also provided Tintic with a Right of First Offer which expired on December 21, 2027 and can be extended to December 21, 2032 for \$250,000.

Upon the exercise of the option, the Company retained the all rights and title to (1) the surface interest (with exception of those rights associated with the Metallic Rights), and (2) all non-metallic minerals (expressly including all industrial minerals including clays and iron oxides).

Upon the exercise of the option the Company retained protections against unreasonable interference of its current and future mining operations by CMC. CMC may not do anything that may, at the Company's determination, adversely impact the Company's Mining Operations. "Mining Operations" shall mean the activities incident to mineral extraction, permitting, and any operations by CMC or the Company relating to the removal of minerals, respectively, that are or may reasonably be conducted on the Mining Claims, including the exploration for, and development, active mining, removing, producing and selling of any minerals, including the Metallic Minerals. The Agreement states that the parties understand that the Company is willing to enter into the Agreement only if it is assured that CMC will not have any right to unreasonably interfere with the Company's current mining operations and possible future Mining Operations on the Mining Claims.

### **Impact of COVID-19 Pandemic on Financial Statements**

In December 2019, a novel strain of COVID-19 was reported in China. Since then, COVID-19 has spread globally, to include Canada, the United States and several European countries. The spread of COVID-19 from China to other countries has resulted in the World Health Organization (WHO) declaring the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease, on March 11, 2020. Many countries around the world have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus and have closed non-essential businesses.

As local jurisdictions continue to put restrictions in place, our ability to continue to operate our business may also be limited. Such events may result in a period of business, supply and product manufacturing disruption, and in reduced operations, any of which could materially affect our business, financial condition and results of operations. In response to COVID-19, the Company implemented remote working and thus far, has not experienced a significant disruption or delay in our operations.

To date, COVID-19 has had a financial impact on the Company. In particular certain customers delayed purchases of DRAGONITE due to the impact of COVID-19 on their business. COVID-19 has caused severe disruptions in transportation and limited access to the Company's facility, resulting in limited support from its staff and professional advisors. The small size of the Company's accounting staff and the additional responsibilities emanating from COVID-19 may continue to adversely affect the Company's ability to complete subsequent reports in a timely manner.

### **NOTE 2 – GOING CONCERN AND BASIS OF PRESENTATION**

The Company has a history of recurring losses from operations and the use of cash in operating activities. For the twelve months ended December 31, 2020, the Company's net loss was \$3,287,711 and cash provided by operating activities was \$845,124. As of December 31, 2020, the Company had current assets of \$927,815 and current liabilities of \$3,464,669 of which \$365,121 was accrued PIK Note interest to be paid in additional PIK Notes. The Company's current liabilities also include (i) \$524,015 of accrued salaries and related taxes deferred by current and past members of management until the Company's liquidity improves, (ii) \$1,281,811 of accrued directors fee and other director compensation as determined by the Company's Board, (iii) \$119,269 of payables to a compounder for which it has agreed to satisfy in halloysite product, (iv) \$132,635 of disputed or erroneously accrued expenses and (v) \$223,075 of PPP Funding payable which the Company expects to be forgiven by the U.S. Treasury.

Management believes that in order for the Company to meet its obligations arising from normal business operations through April 15, 2022 that the Company may be required (i) to raise additional capital either in the form of a private placement of common stock or debt and/or (ii) generate additional sales of its products that will generate sufficient operating profit and cash flows to fund operations. Without additional capital or additional sales of its products, the Company's ability to continue to operate may be limited.

Based on the Company's current cash usage expectations, management believes it may not have sufficient liquidity to fund its operations through April 15, 2022. Further, management cannot provide any assurance that it is probable that the Company will be successful in accomplishing any of its plans to raise debt or equity financing or generate additional product sales. Collectively these factors raise substantial doubt regarding the Company's ability to continue as going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded assets amounts and classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

### **NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of Applied Minerals, Inc. and its inactive subsidiary, which holds 100 acres of timber and mineral property in northern Idaho.

#### ***Basis of Presentation***

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

#### ***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience and market-specific or other relevant assumptions that it believes are reasonable under the circumstances. The amounts of assets and liabilities reported in the Company’s balance sheets and the amount of expenses and income reported for each of the periods presented are affected by estimates and assumptions, which are used for, but are not limited to, determining the fair value of assets and liabilities, warrant and PIK note derivative liabilities, stock compensation, impairment of long-lived assets and valuation allowance on income taxes. Actual results could differ from such estimates or assumptions.

As of December 31, 2020, the extent to which the COVID-19 pandemic will impact our business going forward depends on numerous dynamic factors which we cannot reliably predict. As a result, many of our estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As the events continue to evolve with respect to the pandemic, our estimates may materially change in future periods.

### **Cash and Cash Equivalents**

Cash and cash equivalents represent unrestricted cash on hand and all highly liquid investments with original contractual maturities of three months or less.

### **Concentration of Credit Risk**

Cash balances, accounts receivable and derivative financial instruments are financial instruments potentially subject to credit risk. Cash and cash equivalents are maintained in bank deposit accounts, which, at times, may exceed the federally insured limits. Management periodically reviews and assesses the financial condition of the banks to mitigate the risk of loss.

For the years ended December 31, 2020 and 2019, revenues from the Company's two largest customers accounted for 69% and 73% of total revenues, respectively. As of December 31, 2020, and 2019, amounts owed from these customers comprised 44% and 0% of accounts receivable, respectively.

### **Receivables**

Trade receivables are reported at outstanding principal amounts, net of an allowance for doubtful accounts.

Management evaluates the collectability of receivable account balances to determine the allowance, if any. Management considers the other party's credit risk and financial condition, as well as current and projected economic and market conditions, in determining the amount of the allowance. Receivable balances are written off when management determines that the balance is uncollectable. No allowance was required at December 31, 2020 and 2019.

### **Property and Equipment**

Property and equipment are carried at cost net of accumulated depreciation and amortization. Depreciation and amortization are computed on the straight-line method over the estimated useful lives of the assets, or the life of the lease, whichever is shorter, as follows:

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

### **Impairment of Long-lived Assets**

The Company periodically reviews the carrying amounts of long-lived assets to determine whether current events or circumstances warrant adjustment to such carrying amounts. Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. When such events occur, the Company compares the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset to its carrying amount. If this comparison indicates that there is impairment, the amount of the impairment is typically calculated using discounted expected future cash flows where observable fair values are not readily determinable. Considerable management judgment is necessary to estimate the fair value of assets. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value, less cost to sell. The Company has determined that there was no impairment of its long-lived assets as of December 31, 2020 and 2019.

### **Revenue Recognition**

Revenue includes sales of halloysite clay and iron oxide and is recognized when title passes to the buyer and when collectability is reasonably assured. Title passes to the buyer based on terms of the sales contract. Product pricing is determined based on contractual arrangements with the Company's customers. The Company's revenue recognition policies are established in accordance with the Revenue Recognition topics of ASC 606, and accordingly, revenue is recognized when control of the promised goods or services is transferred to our clients, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services.

To determine revenue recognition for arrangements within the scope of ASC 606, the Company performs the following five steps: (1) identify the contracts with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods it transfers to the customer. The Company recognizes revenue at a point in time based on management's evaluation of when performance obligations under the terms of a contract with the customer are satisfied and control of the product has been transferred to the customer. In most situations, transfer of control is considered complete when the products have been shipped to the customer.



***Mining Exploration and Development Costs***

Land and mining property are carried at cost. The Company expenses prospecting and mining exploration costs. At the point when a property is determined to have proven and probable reserves, subsequent development costs will be capitalized and 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.

***Income taxes***

The Company uses an asset and liability approach which results in the recognition of deferred tax liabilities and assets for the expected future tax consequences or benefits of temporary differences between the financial reporting basis and the tax basis of assets and liabilities, as well as operating loss and tax credit carry forwards, using enacted tax rates in effect in the years in which the differences are expected to reverse.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of its deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. A full valuation allowance has been provided for the Company's net deferred tax assets as it is more likely than not that they will not be realized.

Authoritative guidance provides that the tax effects from an uncertain tax position taken or expected to be taken in a tax return can be recognized in our financial statements only if the position is more likely than not of being sustained on audit based on the technical merits of the position. As of December 31, 2020, no benefit from uncertain tax positions was recognized in our financial statements. The Company has elected to classify interest and/or penalties related to income tax matters in income tax expense.

### **Stock Options and Warrants**

The Company follows ASC 718, which provide guidance in accounting for share-based awards exchanged for services rendered and requires companies to expense the estimated fair value of these awards over the requisite service period. The Company instituted a formal long-term and short-term incentive plan on November 20, 2012, which was approved by its shareholders. Prior to that date, we did not have a formal equity plan, but all equity grants, including stock options and warrants, were approved by our Board of Directors. We determine the fair value of the stock-based compensation awards granted to non-employees as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. If the fair value of the equity instruments issued is used, it is measured using the stock price and other measurement assumptions as of the earlier of either of (1) the date at which a commitment for performance by the counterparty to earn the equity instruments is reached, or (2) the date at which the counterparty's performance is complete. Beginning in the quarter ended June 30, 2013 the Company began using the simplified method to determine the expected term for any options granted because the Company did not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The Company previously utilized the contractual term as the expected term.

### **Environmental Matters**

Expenditures for ongoing compliance with environmental regulations that relate to current operations are expensed or capitalized as appropriate. Expenditures resulting from the remediation of existing conditions caused by past operations that do not contribute to future revenue generations are expensed. Liabilities are recognized when environmental assessments indicate that remediation efforts are probable, and the costs can be reasonably estimated.

Estimates of such liabilities are based upon currently available facts, existing technology and presently enacted laws and regulations taking into consideration the likely effects of inflation and other societal and economic factors and include estimates of associated legal costs. These amounts also reflect prior experience in remediating contaminated sites, other companies' clean-up experience and data released by The Environmental Protection Agency or other organizations. Such estimates are by their nature imprecise and can be expected to be revised over time because of changes in government regulations, operations, technology, and inflation. Recoveries are evaluated separately from the liability and, when recovery is assured, the Company records and reports an asset separately from the associated liability.

The Company has posted a cash bond in the amount of \$297,000 required by the Utah Department of Oil, Gas and Minerals to cover estimated reclamation costs related the Company large mining permit for its Dragon Mine property.

### **Note Payable - Convertible**

The Company follows ASC 480-10, *Distinguishing Liabilities from Equity* ("ASC 480-10") in its evaluation of the accounting for a certain instrument. A financial instrument that embodies an unconditional obligation, or a financial instrument other than an outstanding share that embodies a conditional obligation, that the issuer must or may settle by issuing a variable number of its equity shares shall be classified as a liability (or an asset in some circumstances) if, at inception, the monetary value of the obligation is based solely or predominantly on any one of the following: (a) a fixed monetary amount known at inception; (b) variations in something other than the fair value of the issuer's equity shares; or (c) variations inversely related to changes in the fair value of the issuer's equity shares. Hybrid instruments meeting these criteria are not further evaluated for any embedded derivatives and are carried as a liability at fair value at each balance sheet date with remeasurements reported in interest expense in the accompanying Consolidated Statements of Operations.

### **Recently Adopted Accounting Standards**

#### **Leases**

In February 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-02, Leases (Topic 842). Lessees are required to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability is equal to the present value of lease payments. The asset is based on the liability, subject to certain adjustments, such as for initial direct costs. For income statement purposes, a dual model was retained, requiring leases to be classified as either operating or finance leases. Operating leases result in straight-line expense (similar to operating leases under the prior accounting standard) while finance leases result in a front-loaded expense pattern (similar to capital leases under the prior accounting standard). Lessor accounting is similar to the prior model, but updated to align with certain changes to the lessee model (e.g., certain definitions, such as initial direct costs, have been updated) and the new revenue recognition standard that was adopted in 2018.

The Company adopted this new accounting standard on January 1, 2019 on a modified retrospective basis and applied the new standard to all leases through a cumulative-effect adjustment to beginning retained earnings. As a result, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which includes, among other things, the ability to carry forward the existing lease classification. The new standard had a material impact on the unaudited consolidated balance sheet but did not materially impact the Company's consolidated operating results and had no impact on the Company's cash flows.

The following is a discussion of the Company's lease policy under the new lease accounting standard:

The Company determines if an arrangement contains a lease at the inception of a contract. Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments. As the interest rate implicit in the Company's leases is not readily determinable, the Company utilizes its incremental borrowing rate, determined by class of underlying asset, to discount the lease payments. The operating lease right-of-use assets also include lease payments made before commencement and exclude lease incentives.

#### *Impact of New Lease Standard on Balance Sheet Line Items*

As a result of applying the new lease standard using a modified retrospective method, the following adjustments were made to accounts on the consolidated balance sheet as of January 1, 2019:

	Impact of Change in Accounting Policy		
	As reported		Adjusted January 1, 2019
	December 31, 2018	Adjustments	
Operating lease right-of-use assets	\$ -	\$ 325,255	\$ 325,255
Total assets	4,136,978	325,255	4,462,233
Current portion of operating lease liabilities	-	92,396	92,396
Total current liabilities	1,430,323	92,396	1,522,719
Long-term operating lease liabilities	-	241,808	241,808
Deferred rent	8,949	(8,949)	-
Total long-term liabilities	36,825,341	232,859	37,058,200
Total liabilities	38,255,664	325,255	38,580,919

See Note 4 for additional information

#### ***ASU 2017-11, Part I accounting for Certain Financial Instruments with Down Round Features***

In July 2017, the FASB issued ASU 2017-11 to simplify the accounting for equity contracts (e.g., freestanding warrants) or equity-linked embedded features (e.g., conversion options in convertible instruments) with down round features. Under the new guidance, entities are no longer required to consider down round features when determining whether these financial instruments containing a down round feature are indexed to the issuer's own stock pursuant to ASC 815-40. Being indexed to an entity's own stock is required for a freestanding financial instrument to be classified in shareholders' equity and may exempt an embedded feature from bifurcation and derivative accounting.

The Company adopted ASU 2017-11 on January 1, 2019 on a modified retrospective basis and applied the new standard to all financial instruments with down round features through a cumulative-effect adjustment to beginning retained earnings. As a result, comparative financial information has not been restated and continues to be reported under the accounting standards in effect for those periods. On January 1, 2019, the Company recorded a transition adjustment to reduce retained earnings by \$4,950,396. The new standard had a material impact on the unaudited consolidated balance sheet but did not materially impact the Company's consolidated operating results and had no impact on the Company's cash flows.

### *Impact of ASU 2017-11 on Balance Sheet Line Items*

As a result of applying ASU 2017-11 using a modified retrospective method, the following adjustments were made to accounts on the consolidated balance sheet as of January 1, 2019:

	Impact of Change in Accounting Policy		
	As reported on December 31, 2018	Adjustments	Adjusted as of January 1, 2019
PIK Note payable, net	\$ 35,036,320	\$ 6,730,468	\$ 41,766,788
PIK Note derivative	1,780,072	(1,780,072)	-
Total Long-Term Liabilities	36,825,341	4,950,396	41,775,737
Total liabilities	38,255,664	4,950,396	43,206,060
Accumulated deficit during the exploration stage	(87,810,354)	(4,950,396)	(92,760,750)
Total stockholders' deficit	\$ (34,118,686)	\$ (4,950,396)	\$ (39,069,082)

See Note 8 for additional information

### ***ASU 2018-07, Improvements to Nonemployee Share-Based Payment Accounting***

Effective January 1, 2019 the Company adopted ASU 2018-07, Improvements to Nonemployee Share-Based Payment Accounting. The guidance expands the scope of ASC 718 to include share-based payments granted to nonemployees in exchange for goods or services used or consumed in an entity's own operations and supersedes the guidance in ASC 505-50. The adoption of ASU 2018-07 had no material impact on the Company's financial results.

### ***ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework***

Effective January 1, 2020 the Company adopted ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. This ASU eliminates, modifies, and adds disclosure requirements for fair value measurements. The adoption of ASU 2018-13 had no material impact on the Company's results.

### ***ASU 2018-18, Collaborative Arrangements***

Effective January 1, 2020 the Company adopted ASU 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction Between Topic 808 and Topic 606*, which, among other things, provides guidance on how to assess whether certain collaborative arrangement transactions should be accounted for under Topic 606. The adoption of ASU 2018-18 had no material impact on the Company's results.

### **Recent Issued Accounting Pronouncements**

In December 2019, the FASB issued ASU No. 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, as part of its initiative to reduce complexity in accounting standards. The amendments in this update simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The amendments within ASU No. 2019-12 are effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, and early adoption is permitted. The Company is currently assessing the impact of this update on its consolidated financial statements.

#### **NOTE 4 – LEASES**

On March 16, 2017, the Company entered into a 5-year operating lease agreement for permanent office space, base rent payment is approximately \$9,000 per month, subject to annual adjustments.

**For the year ended December 31**

	<b>2020</b>	<b>2019</b>
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#### **Supplemental cash flow information related to leases:**

Operating cash flows paid for operating leases	\$ 113,253	\$ 109,953
Non-cash lease expense	<u>\$ (357)</u>	<u>\$ 3,657</u>

#### **Supplemental balance sheet information related to leases:**

	<b>As of December 31, 2020</b>	<b>As of December 31, 2020</b>
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Operating lease Right-of-use assets	<u>\$ 136,308</u>	<u>\$ 238,151</u>
Current portion of operating lease liabilities	\$ 111,236	\$ 101,487
Long-term operating lease liabilities	29,085	140,321
Total operating lease liabilities	<u>\$ 140,321</u>	<u>\$ 241,808</u>
Weighted average remaining operating lease term	1.25 years	2.25 years
Weighted average discount rate	6%	6%

The following table summarizes the maturity of lease liabilities under operating leases as of December 31, 2020:

2021	116,649
2022	<u>29,376</u>
Total lease payments	<u>146,025</u>
Less: imputed interest	<u>(5,704)</u>
Total lease liabilities	<u><u>\$140,321</u></u>

#### **NOTE 5 – PROPERTY AND EQUIPMENT**

The following is a summary of property, plant, and equipment – at cost, less accumulated depreciation:

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Land	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Less: Accumulated depreciation	500,000	500,000
Total	<u><u>\$ 500,000</u></u>	<u><u>\$ 500,000</u></u>

The Company did not record any depreciation expense for the years ended December 31, 2020 and 2019. As of December 31 the Company owed \$127,728 to the Juab County Treasure in delinquent property taxes. The Company intends to challenge the amount owed to the Juab County Treasurer.

**NOTE 6 – DEPOSIT**

The following is a summary of deposit:

	December 31,	
	2020	2019
Cash Bond (Mine Permit deposit)	\$ 297,016	\$ 296,552
Office Lease Security Deposit	39,168	39,168
<b>Total</b>	<b>\$ 336,184</b>	<b>\$ 335,720</b>

## **NOTE 7 - NOTES PAYABLE**

Notes payable at December 31, 2020 and 2019 consist of the following:

	December 31,	
	2020	2019
Note payable against exploration rights agreement, including interest (a)	\$ -	\$ 250,000
Note payable for insurance companies, payable \$1,839 - \$15,124 monthly (b)	\$ 133,081	\$ -
Note payable to insurance companies, payable \$1,732 – \$24,808 monthly, (c) and (d)	\$ -	\$ 208,728
	<u>\$ 133,081</u>	<u>\$ 458,728</u>
Less: Current Portion	<u><u>\$ (133,081)</u></u>	<u><u>\$ (458,728)</u></u>
<b>Notes Payable, Long-Term Portion</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

- (a) On November 13, 2019, the Company entered into an agreement with a related party. Per the terms of the agreement, the Company has borrowed \$250,000 against an expected annual renewal payment for an exploration license it granted as part of an Exploration Agreement with Option to Purchase entered into with Continental Minerals Claims, Inc. in December 2017, in exchange for \$200,000 in cash. The loan was unsecured and paid off in February 2020. There was no interest rate specified.
- (b) On October 2020, the Company signed two notes payable with interest rate of 4.04% and 6.89% with an insurance company for liability insurance, payable in 10 monthly installments which started on November 2020.
- (c) On October 2019, the Company signed a note payable with interest rate of 4.89% with an insurance company for liability insurance, payable in 10 monthly installment payments which started on November 17, 2019
- (d) On October 2019, the Company signed a note payable with interest rate of 7.04% with an insurance company for liability insurance, payable in 10 monthly installment which started on November 17, 2019

During the 2020 and 2019, the Company's interest payments totalled \$4,395 and \$12,982, respectively.

## **NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN**

On May 5, 2020 the Company entered into a promissory note (“PPP Loan”) in the amount of \$223,075 from Bank of America, N.A. under the Paycheck Protection Program (“PPP”), which was established under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) and is administered by the U.S. Small Business Administration. The term of the promissory note is two years and the annual interest rate is 1.0%, which shall be deferred for the first six months of the term of the loan. Pursuant to the terms of the CARES Act, the proceeds of each PPP Loan may be used for payroll costs, mortgage interest, rent or utility costs.

The promissory note evidencing each PPP Loan contains customary events of default relating to, among other things, payment defaults, breach of representations and warranties, or provisions of the promissory note. The occurrence of an event of default may result in a claim for the immediate repayment of all amounts outstanding under such PPP Loan, collection of all amounts owing from the respective Borrower, filing suit and obtaining judgment against the respective Borrower.

Under the terms of the CARES Act, each Borrower can apply for and be granted forgiveness for all or a portion of the PPP Loan. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds in accordance with the terms of the CARES Act, as described above, during the 8-week period after loan origination and the maintenance or achievement of certain employee levels. No assurance is provided that any Borrower will obtain forgiveness under any relevant PPP Loan in whole or in part.

On February 25, 2021 the Company entered into a second promissory note (“Second PPP Loan”) in the amount of \$264,472 from Bank of America, N.A. under the Paycheck Protection Program. The terms of the Second PPP Loan are similar to the PPP Loan the Company entered into on May 5, 2020.

On March 1, 2021, the Company applied for and was granted full forgiveness of the PPP Loan it entered into on May 5, 2020 in the amount of \$223,075.

## NOTE 9 – CONVERTIBLE DEBT

### PIK Notes

The Company raised \$23 million of financing through the issuance of two series of Paid-In-Kind (“PIK”)-Election Convertible Notes in 2013 (“Series 2023 Notes”) and 2014 (“Series A Notes”). The original terms of the Series A Notes included among other things: (i) a maturity of November 1, 2018 with an option to extend to November 1, 2019, (ii) a stated interest rate of 10% paid semi-annually and (iii) a conversion price of \$0.90, adjusted downward based on an anti-dilution provision. The original terms of the Series 2023 Notes included among other things: (i) a maturity of August 1, 2023, (ii) a stated interest rate of 10% paid semi-annually and (iii) a conversion price of \$1.40, adjusted downward based on an anti-dilution provision. On December 14, 2017, an amendment agreement, entered into between the Company and the holders of the Series A Notes and Series 2023 Notes, went into effect. The agreement resulted in changes to certain terms of the Series A and Series 2023 Notes. The key terms of the Series A and Series 2023 Notes, as amended, are highlighted in the table below:

Key Terms	Series 2023 Notes	Series A Notes
Inception Date	08/01/2013	11/03/2014
Cash Received	\$10,500,000	\$12,500,000
Principal (Initial Liability)	\$10,500,000	\$19,848,486
Maturity (Term)	Matures on August 1, 2023, but convertible into shares of the Company’s common stock at the discretion of the holder or by the Company based on the market price of the Company’s stock;	Matures on May 1, 2023 but extends to August 1, 2023 if the Series 2023 Notes are still outstanding. Convertible into shares of the Company’s common stock at the discretion of the holder or by the Company based on the market price of the Company’s stock;
Exercise Price	\$0.58, adjusted downward based on anti-dilution provisions/downround protection	\$0.38, adjusted downward based on anti-dilution provisions/down-round protection;
Stated Interest	10% per annum through December 14, 2017, 3% per annum thereafter, due semiannually;	10% per annum through December 14, 2017, 3% per annum thereafter, due semiannually;
Derivative Liability	\$2,055,000 established at inception due to the existence of down-round protection; revalued every quarter using Monte Carlo model	\$9,212,285 established at inception due to existence of down-round protection; revalued every quarter using a Monte Carlo model

In April 2019 the Company entered into a settlement agreement with the holders of the Series A Notes and Series 2023 Notes (the “PIK Notes”). Per the terms of the agreement the Company will pay to holders of PIK Notes on a pro rata basis the following percentages of revenue booked during a fiscal quarter: (a) three percent (3%) of gross revenues if cash or cash equivalents on the Company’s balance sheet or otherwise is less than \$3 million on the last day of the fiscal quarter; or (b) five percent (5%) of gross revenues if cash or cash equivalents on the Company’s balance sheet or otherwise is greater than \$3 million but less than \$5 million the last day of the fiscal quarter; or (c) twelve percent (12%) of gross revenues if cash or cash equivalents on the Company’s balance sheet or otherwise is greater than \$5 million.

As of December 31, 2020, the liability components of the PIK Notes on the Company's balance sheet are listed in the following table:

	Series 2023 Notes	Series A Notes	Total
PIK Note Payable, Gross	\$ 17,249,430	\$ 29,069,548	\$ 46,318,978
Less: Discount	-	(1,082,988)	(1,082,988)
PIK Note Payable, Net	<u><u>\$ 17,249,430</u></u>	<u><u>\$ 27,986,560</u></u>	<u><u>\$ 45,235,990</u></u>
PIK Note Derivative Liability	<u><u>\$        -</u></u>	<u><u>\$        -</u></u>	<u><u>\$        -</u></u>

As of December 31, 2019, the liability components of the PIK Notes on the Company's balance sheet are listed in the following table:

	Series 2023 Notes	Series A Notes	Total
PIK Note Payable, Gross	\$ 16,901,447	\$ 28,265,165	\$ 45,166,612
Less: Discount	-	(1,464,311)	(1,464,311)
PIK Note Payable, Net	<u><u>\$ 16,901,447</u></u>	<u><u>\$ 26,800,854</u></u>	<u><u>\$ 43,702,301</u></u>
PIK Note Derivative Liability	<u><u>\$        -</u></u>	<u><u>\$        -</u></u>	<u><u>\$        -</u></u>

#### Series A Notes (Amended)

On November 3, 2014 ("Issue Date"), the Company issued, in a private placement pursuant to investment agreements, \$19,848,486 principal amount of 10% PIK-Election Convertible Notes due 2018 ("Series A Notes") in exchange for \$12,500,000 in cash and the cancellation of previously-issued warrants held by one investor.

The original terms of the Series A Notes included among other things: (i) a maturity of November 1, 2018 with an option to extend to November 1, 2019, (ii) a stated interest rate of 10% paid semi-annually and (iii) a conversion price of \$0.90, adjusted downward based on an anti-dilution provision. The original terms of both the Series A Notes and Series 2023 Notes can be as exhibits to Forms 8-K filed on November 5, 2014.

Below are key amended terms of the Series A Notes:

- Maturity: May 1, 2023.
- Exercise Price: \$0.40 per share and will be adjusted from time to time pursuant anti-dilution provisions.
- Stated Interest: 10% payable semi-annually in arrears through December 14, 2017, 3% payable semi-annually in arrears thereafter.
- Liquidated Damages: The Company is 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 inception date (and further damages for every 30 days thereafter).
- The number of shares issuable under the Notes may be affected by the anti-dilution provisions of the Notes. The antidilution provisions adjust the Exercise Price of the Notes in the event of stock dividends and splits, issuance below the market price of the common stock, issuances below the conversion price of the Notes, pro rata distribution of assets, rights plans, tender offers, and exchange offers.

The entire principal amount of the Series A Notes and accrued interest thereon shall be mandatorily converted into shares of the Company's common stock if (i) the Volume Weighted Average Price ("VWAP") of the thirty (30) preceding trading days is at or greater than \$1.00 or the VWAP of the ten (10) preceding trading days is at or greater than \$1.40; (ii) the closing market price of the shares of the Company's common stock is at or greater than \$1.00; (iii) all outstanding amounts under each Series 2023 Note or replacement financing, if any, shall have been converted into shares of the Company's common stock pursuant to the terms of such Series 2023 Note or the replacement financing, if any, on or prior to the date on which a notice of mandatory conversion is received; and (iv) either (x) a registration statement is effective and available for the resale of all of the shares into which the Series A Notes convert on the date on which the Series A notes are mandatorily converted and each of the five (5) trading days prior to the date of mandatory conversion and on the date of mandatory conversion the holders of the Series A Notes are not restricted from selling or distributing any shares into which the Series A Notes convert pursuant to the provisions of the Registration Rights Agreement or (y) the holders Series A Notes may sell all such shares into which the Series A Notes convert immediately under Rule 144 under the Securities Act.

The Series A Notes were not issued with the intent of effectively hedging any future cash flow, fair value of any asset, liability, or any net investment in a foreign operation. In addition to the customary anti-dilution provisions the notes contain a down-round provision whereby the conversion price would be adjusted downward in the event that additional shares of the Company's common stock or securities exercisable, convertible or exchangeable for the Company's common stock were issued for cash consideration (e.g. a capital raise) at a price less than the conversion price. Therefore, the estimated fair value of the conversion feature of \$9,212,285 (based on observable inputs using a Monte Carlo model) was bifurcated from the Series A Notes and accounted for as a separate derivative liability, which resulted in a corresponding amount of debt discount on the Series A Notes. In addition, an additional debt discount of \$7,348,486 was recorded as a result of the difference between the \$12,500,000 of cash received and the \$19,848,486 of principal on the Series A Notes. This combined debt discount of \$16,560,771 is being amortized using the effective interest method over the 9-year term of the Notes as Interest Expense, while the PIK Note Derivative is carried at fair value (using a Monte Carlo model) until the Notes are converted or otherwise extinguished. Any changes in fair value are recognized in earnings.

During the year ended December 31, 2020, the Company amortized \$381,323 of debt discount relating to the Series A Notes Payable and issued additional PIK Notes of \$804,383 in lieu of cash interest payments. The carrying value of the Series A Notes Payable as of December 31, 2020 was \$27,986,560

During the year ended December 31, 2019, the Company issued additional Series A PIK Notes in lieu of interest payments of \$833,305 and paid down \$233,986 of PIK notes, increasing the Series A Notes Payable gross carrying value to \$28,265,165 as of December 31, 2019. Additionally, during the year ended December 31, 2019, the Company recorded \$5,433,052 impact of accounting change and amortized \$786,502 of debt discount and deferred financing cost relating to the Series A Notes Payable, increasing the Series A Notes Payable net carrying value to 26,800,854 as of December 31, 2019.

As of December 31, 2020, the Company was in compliance with the covenants of the Series A Notes.

As of December 31, 2020, The IBS Turnaround Fund, LP, The IBS Turnaround (QP) (A Limited Partnership) and The IBS Opportunity Fund, Ltd. owned \$1,385,833, \$2,782,902 and \$270,395, respectively, of principal of the Series A Notes. The IBS Turnaround Fund, LP, The IBS Turnaround (QP) (A Limited Partnership) and The IBS Opportunity Fund, Ltd. are managed by IBS Capital, LLC. At December 31, 2020, IBS Capital, LLC owned approximately 13% of the shares of the common stock of the Company.

As of December 31, 2020, M. Kingdon Offshore Master Fund, LP, a fund managed by Kingdon Capital Management, LLC, owned \$4,439,134 of principal of the Series A Notes. As of December 31, 2020, Michael Pohly, a director of the Company, was an employee of Kingdon Capital Management, LLC.

#### Series 2023 Notes (Amended)

In August 2013, the Company received \$10,500,000 of financing through the private placement of 10% mandatory convertible Notes due 2023 ("Series 2023 Notes"). The principal amount of the Notes is due on maturity. The Company can elect to pay semi-annual interest on the Series 2023 Notes with additional PIK Notes containing the same terms as the Series 2023 Notes, except interest will accrue from issuance of such notes. The Company can also elect to pay interest in cash.

The Series 2023 Notes convert into the Company's common stock at a conversion price of \$0.59 per share, which is subject to customary anti-dilution adjustments; the holders may convert the Series 2023 Notes at any time. The Series 2023 Notes are mandatorily convertible after one year when the weighted average trading price of a share of the common stock for the preceding ten trading days is in excess of the conversion price. The Series 2023 Notes contain customary representations and warranties and several covenants. The proceeds are being used for general corporate purposes. No broker was used and no commission was paid in connection with the sale of the Series 2023 Notes.

These Series 2023 Notes were not issued with the intent of effectively hedging any future cash flow, fair value of any asset, liability or any net investment in a foreign operation. In addition to the customary anti-dilution provisions the notes contain a down-round provision whereby the conversion price would be adjusted downward in the event that additional shares of the Company's common stock or securities exercisable, convertible or exchangeable for the Company's common stock were issued for cash consideration (e.g. a capital raise) at a price less than the conversion price. Therefore, the estimated fair value of the conversion feature of \$2,055,000 (based on observable inputs using a Monte Carlo model) was bifurcated from the Series 2023 Notes and accounted for as a separate derivative liability, which resulted in a corresponding amount of debt discount on the Series 2023 Notes. The debt discount is being amortized using the effective interest method over the 10-year term of the Series 2023 Notes as Interest Expense, while the PIK Note Derivative is carried at fair value (using a Monte Carlo model) until the Series 2023 Notes are converted or otherwise extinguished. Any changes in fair value are recognized in earnings.

During the year ended December 31, 2020, the Company issued additional PIK Notes of \$347,985 in lieu of cash interest payments. The carrying value of the Series 2023 Notes Payable was \$17,249,430 as of December 31, 2020.

During the year ended December 31, 2019, the Company issued additional Series 2023 PIK Notes in lieu of interest payments of \$640,693 and paid down \$133,936 of PIK notes, increasing the Series 2023 Notes Payable gross carrying value to \$16,901,445 as of December 31, 2019. Additionally, during the year ended December 31, 2019, the Company recorded \$1,297,416 impact of accounting change of debt discount relating to the Series 2023 Notes Payable, increasing the Series 2023 Notes Payable net carrying value to \$16,901,445.

As of December 31, 2020, the Company was in compliance with the covenants of the Series 2023 Notes.

As of December 31, 2020, M. Kingdon Offshore Master Fund, LP, a fund managed by Kingdon Capital Management, LLC, owned \$4,108,907 of principal of the Series 2023 Notes. As of December 31, 2020, Michael Pohly, a director of the Company, was an employee of Kingdon Capital, Management, LLC.

#### **FirstFire Convertible Note**

On February 24, 2020, the Company entered loan agreement with, and issued a note to, FirstFire Global Opportunities Fund LLC ("FirstFire"). The note is in the principal amount of up to \$250,000, including an original issue discount ("OID") of 5%, so the maximum that can received by the Company is \$237,500.

The principal amount is to be funded in tranches. The first tranche was in the principal amount of \$125,000 (including the 5% OID), so that, after paying FirstFire's legal fees of \$5,000, the Company received proceeds of \$113,500. FirstFire may fund additional amounts up to \$118,500 at such dates as it may choose.

The tranche or tranches will bear interest a 5% per annum on the principal amount of the tranches. If the Company exercises its right to prepay the respective tranche at any time within the initial 45 calendar days following the tranche funding date, the Company shall pay to FirstFire an amount equal to 105% multiplied by the principal amount then outstanding plus accrued and unpaid interest and default interest, if any. If the prepayment is made from the 46th to the 90<sup>th</sup> day, the percentage is 110%. If the payment is made from the 91st day to the 180<sup>th</sup> day, the percentage is 120%; at any time from the 181st calendar day through the last trading day immediately preceding the maturity date of the respective tranche, the percentage is 130%. The maturity date of each tranche is 12 months from the tranche funding date.

The note is convertible at any time in to the Company's Common Stock. The initial conversion price is \$.02 per share. After one hundred eighty days after the date of the note, the conversion price will be the lower of (i) \$.02 or (ii) 75% multiplied by the lowest traded price of the common stock during the 20 consecutive trading day period immediately preceding the date of the respective conversion;

The note was secured by a security agreement under which the Company granted a security interest to FirstFire in two pieces of equipment that are not being used in, and are not anticipated to be used in future operations.

In November of 2020 the principal and accrued interest of \$40,504 was converted into 8.3 million shares of common stock of the Company.

## NOTE 10 – STOCKHOLDERS' EQUITY

### **Preferred Stock**

The Company is authorized to issue 10,000,000 shares of noncumulative, non-voting, nonconvertible preferred stock, \$0.001 par value per share.

At December 31, 2020 and 2019, 128,000 and 0 shares of preferred stock were issued and outstanding, respectively.

#### **2020**

During the year ended December 31, 2020, 128,000 shares of preferred stock were issued at a stated price of \$1.00 per share for cash proceeds of \$125,000, net of \$3,000 legal fees.

Each share of Series B Preferred Shares will carry an annual dividend in the amount of twelve percent (12%) of the Stated Value (the “Divided Rate”), which shall be cumulative and compounded daily, payable solely upon redemption, liquidation or conversion. The Company have the right to redeem all or any portion of the shares within 180 days following the issuance day.

The Holder shall have the right from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the Issuance Date, to convert all or any part of the outstanding Series B Preferred Stock into fully paid and non-assessable shares of Common Stock. The conversion price (the “Conversion Price”) shall equal the 61% multiplied by the Market Price (representing a discount rate of 39%). “Market Price” means the lowest Trading Price for the Common Stock during the twenty (20) Trading Day period ending on the latest complete Trading Day prior to the Conversion Date.

At the time of issuance, the Company evaluated the nature of Series B Preferred and concluded it more akin to equity and recorded it as permanent equity. The Company also recorded \$81,836 beneficial conversion feature to additional paid in capital and amortized over the period between inception and date convertible. For the year ended December 31, 2020, the Company recorded deemed dividend on Convertible Series B Preferred Stock of \$81,836.

#### **2019**

During the year ended December 31, 2019, there were no activities.

### **Common Stock**

The Company is authorized to issue 700,000,000 shares of common stock with a \$0.001 par value per share.

At December 31, 2020 and 2019, 183,938,549 and 175,513,549 shares were issued and outstanding, respectively.

#### **2020**

During the year ended December 31, 2020, (i) 125,000 shares were issued at a price of \$0.01 per share to note holders as financing cost and (ii) 8,300,000 shares were issued upon the conversion of \$40,504 of principal and accrued interest related to the FirstFire Convertible Note.

#### **2019**

During the year ended December 31, 2019, there were no activities.

## NOTE 11 – OPTIONS AND WARRANTS TO PURCHASE COMMON STOCK

### Outstanding Stock Warrants

A summary of the status and changes of the warrants issued for 2020 and 2019 is as follows:

	December 31, 2020		December 31, 2019	
	Shares issuable upon exercise of Outstanding Warrants	Weighted Average Exercise Price	Shares issuable upon exercise of Outstanding Warrants	Weighted Average Exercise Price
Outstanding at beginning of year	26,688,373	0.15	26,688,373	\$ 0.15
Issued	-	-	-	-
Exercised	-	-	-	-
Forfeited	2,068,750	0.04	-	-
Outstanding at end of year	<u>24,619,623</u>	<u>0.16</u>	<u>26,688,373</u>	<u>0.15</u>

At December 31, 2020 and 2019, the intrinsic values of the outstanding warrants were \$0.

A summary of the status of the warrants outstanding and exercisable at December 31, 2020 is presented below:

Exercise Price	Shares issuable upon exercise of Outstanding Warrants	Remaining Contractual Life (years)	Weighted Average Exercise Price	
			\$	\$
\$ 1.15	461,340	0.32	\$	1.15
\$ 0.25	3,283,283	0.48	\$	0.25
\$ 0.10	11,000,000	1.95	\$	0.10
\$ 0.15	<u>9,875,000</u>	0.47	\$	0.15
	<u>24,619,623</u>	<u>1.13</u>	<u>\$</u>	<u>0.16</u>

### Outstanding Stock Options

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

On December 7, 2016, the stockholders of the Company approved the 2016 Incentive Plan. The purpose of the 2016 Incentive Plan is to enhance the profitability and value of the Company for the benefit of its stockholders by enabling the Company to offer eligible employees, consultants, and non-employee directors incentive awards in order to attract, retain and reward such individuals and strengthen the mutuality of interests between such individuals and the Company’s stockholders. The aggregate number of shares of Common Stock that may be issued or used for reference purposes under the 2016 Incentive Plan or with respect to which awards may be granted may not exceed 15,000,000 shares, which may be either (i) authorized and unissued Common Stock or (ii) Common Stock held in or acquired for the treasury of the Company.

The Compensation Committee of the Company Board of Directors has full authority to administer and interpret the 2016 Incentive Plan, to grant awards under the 2016 Incentive Plan, to determine the persons to whom awards will be granted, to determine the types of awards to be granted, to determine the terms and conditions of each award, to determine the number of shares of Common Stock to be covered by each award and to make all other determinations in connection with the 2016 Incentive Plan and the awards thereunder as the Committee, in its sole discretion, deems necessary or desirable.

The fair value of each of the Company's stock option awards is estimated on the date of grant using the 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 common 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 did not grant any stock option awards during the year ended December 31, 2020.

The significant assumptions relating to the valuation of the Company's options issued for 2019 were as follows on a weighted average basis:

	2019
Dividend Yield	0%
Expected Life (in years)	3.81 - 5.00
Expected Volatility	131% - 152%
Risk Free Interest Rate	2.50% - 2.55%

A summary of the status and changes of the options granted under stock option plans and other agreements for 2020 and 2019 is as follows:

	December 31, 2020		December 31, 2019	
	Weighted Average Exercise Price		Weighted Average Exercise Price	
	Shares	Price	Shares	Price
Outstanding at beginning of year	60,676,568	0.26	54,866,845	\$ 0.29
Granted	-	-	7,683,334	\$ 0.04
Exercised	—	—	—	—
Expired	(100,000)	0.22	(1,873,611)	0.11
Forfeited	(3,915,053)	0.06	—	—
Outstanding at end of year	<u>56,661,515</u>	<u>0.28</u>	<u>60,676,568</u>	<u>\$ 0.26</u>

During the year ended December 31, 2019, the Company granted 7,683,334 options to purchase the Company's common stock with a weighted average exercise price of \$0.04. Total grant date fair value was \$223,903 of which \$34,037 was unamortized compensation expense at December 31, 2019. Of the 7,683,334 options granted, the options vest as follows:

<b>Vesting Information</b>			
<b>Shares</b>	<b>Frequency</b>	<b>Begin Date</b>	<b>End Date</b>
833,334	Immediately	01/01/2019	01/01/2019
750,000	Monthly	02/24/2019	07/24/2019
600,000	Monthly (1)	03/13/2019	06/13/2019
4,000,000	Immediately	04/25/2019	04/25/2019
500,000	Monthly	09/21/2019	01/21/2020
1,000,000	Annually	12/28/2019	12/28/2021

- (1) 450,000 options vested on 03/13/2019, 49,999 options vested on 04/13/2019, 49,999 options vested on 05/13/2019 and 50,002 options vested on 06/13/2019.

A summary of the status of the options outstanding at December 31, 2020 is presented below:

Range of per share exercise price	Options Outstanding			Options Exercisable		
	Shares	Weighted average remaining contractual life	Per share weighted average exercise price	Shares	Weighted average remaining contractual life	Per share weighted average exercise price
\$0.04 - \$0.08	38,488,570	6.68	\$ 0.06	36,960,099	6.67	\$ 0.06
\$0.10 - \$0.84	13,230,885	1.94	0.42	13,230,885	1.94	0.42
\$1.10 - \$1.90	4,942,060	1.72	1.63	4,942,060	1.72	1.63
	<b><u>56,661,515</u></b>	<b><u>5.14</u></b>	<b><u>\$ 0.28</u></b>	<b><u>55,133,044</u></b>	<b><u>5.09</u></b>	<b><u>\$ 0.29</u></b>

Compensation expense of \$75,669, and \$249,116, has been recognized for the vested options for the years ended December 31, 2020 and 2019, respectively. The aggregate intrinsic value of the outstanding options at December 31, 2020 was \$0. At December 31, 2020, (i) \$15,639 of unamortized compensation expense for time-based unvested options will be recognized over the next 1.01 years on a weighted average basis; and (ii) \$38,784 of unamortized compensation expense for performance-based unvested options will be recognized as the performance targets are achieved.

On August 18, 2017, the Company's management was granted performance-based options to purchase 27.5 million shares of the Company's common stock at \$0.06 per share. The options expire on August 18, 2027. On November 1, 2017, the first fifty percent (50%) of the performance-based options vested as management was able to (i) close the sale of an aggregate of \$600,000 of units (consisting of a share of common stock of the Company and a warrant to buy 0.25 of a share of common stock of the Company) at \$0.04 per unit and (ii) establish toll processing arrangements with two toll processors of halloysite that, in management's good faith belief, can process halloysite to the Company's specifications. An additional twenty-five percent (25%) of the performance-based options vested on January 18, 2018 when management generated \$900,000 of additional cash proceeds through (i) the sale of common stock and (ii) the licensing of a right to explore the Dragon Mine property for certain precious metals. The vesting of the remaining 8.3%, 8.3% and 8.4% of the performance-based options occurs when (i) EBITDA is positive over a twelve-month period, (ii) EBITDA is at or greater than \$2 million over a twelve-month period and (iii) EBITDA is at or greater than \$4 million over a twelve-month period, respectively. At December 31, 2020, management, based on its financial expectations for 2021, did not consider the vesting of the remaining 25% of the option grant to be probable.

## NOTE 12 - PER SHARE DATA

The computation of basic earnings (loss) per share of common stock is based on the weighted average number of shares outstanding during the year. The computation of diluted earnings per common share is based on the weighted average number of shares outstanding during the year plus the common stock equivalents that would arise from the exercise of stock options and warrants outstanding under the treasury method and the average market price per share during the year as well as the conversion of notes.

At December 31, 2020, the weighted average shares outstanding excluded options to purchase 56,661,515 shares of common stock of the Company, warrants to purchase 24,619,623 shares of common stock of the Company and 107,025,597 shares of common stock of the Company issuable upon the conversion of notes payable because their effect would be anti-dilutive.

At December 31, 2019, the weighted average shares outstanding excluded options to purchase 60,676,568 shares of common stock of the Company, warrants to purchase 26,688,373 shares of common stock of the Company and 99,968,391 shares of common stock of the Company issuable upon the conversion of notes payable because their effect would be anti-dilutive.

## NOTE 13 – INCOME TAXES

The Company calculates its deferred tax assets and liabilities using the federal tax rate of 21% and the effective state rates, net of federal benefits of 2.4%.

The tax effect of items that give rise to the deferred tax assets and liabilities are as follows:

	December 31, 2020	December 31, 2019
Deferred tax assets:		
Net operating loss carry forward	\$ 25,568,569	\$ 24,957,921
Stock-based compensation	1,699,706	1,688,461
Fixed assets	<u>693,139</u>	<u>744,372</u>
Total deferred tax assets	27,961,414	27,390,754
Deferred tax liabilities:		
Less: valuation allowance	<u>(27,961,414)</u>	<u>(27,390,754)</u>
	<u>\$ -</u>	<u>\$ -</u>

In assessing the realization of deferred tax assets, management determines whether it is more likely than not some, or all, of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the carryforward period as well as the period in which those temporary differences become deductible. Management considers the reversal of taxable temporary differences, projected taxable income and tax planning strategies in making this assessment. Based upon historical losses and the possibility of continued losses over the periods that the deferred tax assets are deductible, management believes it is more likely than not that the Company will not realize the benefits of these deferred tax assets and thus recorded a valuation allowance against the entire deferred tax asset balance. The valuation allowance increased by \$570,660 and \$842,145 in the year ended December 31, 2020 and 2019, respectively.

At December 31, 2020, the Company had net operating loss carry-forwards of \$107,472,589 for federal income tax purposes and \$72,001,202 for state and local income tax purposes. The federal net operating loss carry-forwards are available to be utilized against future taxable income through fiscal year 2040 and state loss carry-forwards expire from 2025 through 2040, subject to substantial restrictions on the utilization of net operating losses in the event of an “ownership change” as defined by the Internal Revenue Code. Utilization of the Company’s federal and state net operating loss carry-forwards are subject to limitations as a result of these restrictions. No amounts were provided for unrecognized tax benefits attributable to uncertain tax positions as of December 31, 2020 and 2019.

The Internal Revenue Code of 1986, as amended (the Code) provides for a limitation of the annual use of net operating losses following certain ownership changes (as defined by the Code) that could limit the Company’s ability to utilize these carryforwards. At this time, the Company has not completed a study to assess whether an ownership change under Section 382 of the Code has occurred, or whether there have been multiple ownership changes since the Company’s formation, due to the costs and complexities associated with such a study. The Company may have experienced various ownership changes, as defined by the Code, as a result of past financing transactions. Accordingly, the Company’s ability to utilize the aforementioned carryforwards may be limited. Additionally, U.S. tax laws limit the time during which these carryforwards may be applied against future taxes. Therefore, the Company may not be able to take full advantage of these carryforwards for Federal or state income tax purposes.

The Tax Cuts and Jobs Act (“Tax Act”) was enacted on December 22, 2017. The Tax Act reduces the US corporate rate from 35% to 21% beginning in 2018. The Company remeasured its deferred tax assets based upon the new 21% tax rate. As a result, the Company decreased its deferred tax assets by \$15,181,980 with a corresponding adjustment to its valuation allowance for the year ended December 31, 2017.

A reconciliation of the differences between the effective and statutory income tax rates is as follows:

	December 31, 2020	December 31, 2019
Federal statutory rate	\$ (690,419)	21.0%
State income taxes	(88,957)	2.7%
Change in valuation allowance	722,966	(21.9)%
Miscellaneous	(57,410)	(1.8)%
	<hr/> <u>\$ —</u>	<hr/> <u>0.0%</u>
	<hr/> <u>\$ —</u>	<hr/> <u>0.0%</u>

## NOTE 14 – RELATED PARTIES

On November 13, 2019, Overlook Investments, LLC (“Overlook”), whose managing member is Ali Zamani, a director of the Company, loaned \$200,000 to the Company under a loan agreement. The loan was unsecured. There was no interest rate specified. The loan matured on the earliest of (i) the date on which Company has received exploration payments totaling \$250,000 from Tintic Copper and Gold, Inc., (ii) the date on which Tintic Copper and Gold defaults on its obligations under the Exploration Agreement and Option to Purchase and (iii) date on which the Company files for bankruptcy. The Company paid off the loan from Overlook by paying Overlook \$250,000 upon the receipt of an exploration license payment made by Continental Minerals Corporation to the Company in February 2020. Mr. Zamani was a director of the Company until he resigned on April 30, 2020.

## NOTE 15 – COMMITMENTS AND CONTINGENCIES

### Operating Lease Commitment

On January 1, 2017, the Company moved its headquarters to a temporary location. The Company paid a monthly rent of \$6,000 through March 31, 2017 for the temporary office. On March 16, 2017, the Company entered into a 5-year lease agreement for permanent office space, base rent payment is approximately \$9,400 per month, subject to annual adjustments. On July 1, 2020 the Company entered into an agreement to sublet its New York corporate office through the end of the term of its lease agreement.

Rent expense is calculated using the straight-line method based on total minimum lease payments over the initial term of the lease. Landlord tenant improvement allowances and rent expense exceeding actual rent payments are accounted for as deferred rent liability in the balance sheet and amortized on a straight-line basis over the initial term of the respective leases.

Future minimum payments, by year and in the aggregate, under non-cancellable operating leases with initial or remaining terms of one year or more, consist of the following at December 31, 2020:

Year	<b>Amount</b>
2021	\$ 116,649
2022	<u>29,376</u>
	<u><u>\$ 146,025</u></u>

#### **NOTE 16 – SIGNIFICANT CONTRACTS**

On November 23, 2020 the Company entered into a Exclusivity and Collaboration Agreement with a Korea-domiciled manufacturer (“Purchaser”) of specialty industrial equipment. As part of the agreement the Buyer purchased 334 tons of halloysite clay located at the Dragon Mine (Eureka, UT) for total proceeds of \$1,000,000.

For a period of ten (10) years from the Effective Date (“Initial Term”), AMI will exclusively work with the Purchaser to commercialize the use of halloysite clay and/or its derivatives for use in a battery technology for the Korean Market (the Korean Market is defined as companies domiciled in Korea that manufacture, market and/or sell battery technologies in Korea, outside Korea or both).

Upon the successful development of halloysite clay and/or its derivatives for use in a battery technology, the Purchaser and AMI will negotiate in good faith and agree upon the calculation and other terms of a quarterly payment (“Sales Royalty Payment”) to be paid to AMI by the Purchaser. The Sales Royalty Payment will be based on a percentage of sales generated by the Purchaser of halloysite and/or its derivatives in a battery technology for the Korean Market.

If AMI or the Purchaser terminates the Agreement prior to the second anniversary of the Effective Date, AMI will make a commercially reasonable effort to sell any remaining balance of the Initial Halloyaite Clay Purchase to one or more third parties on behalf of the Purchaser.

The Term of the Agreement will renew after the Initial Term for additional five (5) year periods unless terminated by either the Purchaser or AMI.

The Agreement contains other standard conditions with respect to intellectual property, confidential information, governing law and dispute resolution.

On August 21, 2018 (“Effective Date”), Applied Minerals, Inc. (the “Company”) and the purchaser of the Company’s Surface Piles (“Purchaser”) entered into a Sale Agreement (the “Agreement”) for the sale of five Surface Piles for Initial Consideration of \$4,546,145 and Additional Consideration of \$1.00 per ton of Surface Pile material removed by Purchaser or its Agents from the Dragon Mine property. The Surface Piles include 4,546,145 tons of Surface Pile material, a mixture of halloysite, kaolinite and illite clays and a range of non-clay minerals.

It is solely the responsibility of Purchaser to remove the Surface Pile material from the Company’s Dragon Mine Property. Purchaser will have 60 years to remove Surface Pile material. Thereafter, ownership of any Surface Pile material remaining on the Dragon Mine property will automatically revert to the Company. Purchaser may from time to time transfer to the Company any Surface Pile material that it decides will not be removed.

Purchaser may bring on to Dragon Mine Property equipment and personnel reasonably acceptable to the Company for measuring, weighing, testing, crushing and otherwise processing, air-drying, commingling, storing, loading, removing documenting, or selling in connection with the Surface Piles

The Company may relocate a Surface Pile if the Purchaser agrees and such agreement will not be unreasonably withheld. Purchaser will not, and will cause its Agents not to, interfere in any material respect with the operations of the Company.

## NOTE 17 – SUBSEQUENT EVENTS

### Paycheck Protection Program Loan - Second Draw

On February 25, 2021 the Company entered into a second promissory note (“Second PPP Loan”) in the amount of \$264,472 from Bank of America, N.A. under the Paycheck Protection Program. The terms of the Second PPP Loan are similar to the PPP Loan the Company entered into on May 5, 2020.

On March 1, 2021, the Company applied for and was granted full forgiveness of the PPP Loan it entered into on May 5, 2020 in the amount of \$223,075.

### Series B Convertible Preferred Stock

On February 17, 2021 the Company issued 95,000 shares of Series B Preferred Stock at a stated price of \$1.0842 per share for cash proceed of \$100,000, net of \$3,000 of legal fees. Each share of Series B Preferred Shares carry an annual dividend in the amount of twelve percent (12%) of the stated value (\$95,000), which shall be cumulative and compounded daily, payable solely upon redemption, liquidation or conversion. The Company has the right to redeem all or any portion of the shares within 180 days following the issuance day.

The Holder shall have the right from time to time, and at any time during the period beginning on the date which is one hundred eighty (180) days following the Issuance Date, to convert all or any part of the outstanding Series B Preferred Stock into fully paid and non-assessable shares of Common Stock. The conversion price shall equal the 61% multiplied by the Market Price (representing a discount rate of 39%). “Market Price” means the lowest trading price for the common stock during the twenty (20) trading day period ending on the latest complete trading day prior to the date upon which the Series B Preferred Stock is converted.

### Conversion of Series B Preferred Stock

On August 21, 2020 the Company issued 128,000 shares of Series B Preferred Stock. On February 22, 2021 the holder of the Series B Preferred Stock, issued in August of 2020, sent a notice of conversion to the Company. The holder requested the conversion of 50,000 shares of Series B Preferred Stock plus 3,000 shares of Series B Preferred Stock representing accrued dividends. The Company issued 2,409,091 shares upon conversion per the terms of the Series B Preferred Stock.

On February 25, 2021 the holder of the Series B Preferred Stock, issued in August of 2020 sent a notice of conversion to the Company. The holder requested the conversion of 78,000 shares of Series B Preferred Stock plus 4,680 shares of Series B Preferred Stock representing accrued dividends. The Company issued 3,758,182 shares upon conversion per the terms of the Series B Preferred Stock.

As of February 25, 2021 there were no shares outstanding of the Series B Preferred Stock issued in August 2020.

In January 2021 a former employee exercised on a net basis options to purchase 2,000,000 shares of common stock for \$0.06 per share. The Company issued 800,000 shares of common stock upon the exercise of the options.

In January 2021 an employee exercised options on a net basis to purchase 250,000 shares of common stock at \$0.05 per share. The Company issued 125,000 shares of common stock upon the exercise of the options.

In February 2021 a former employee exercised options, on a net basis, to purchase 7,278,689 shares of common stock for \$0.06 per share. The Company issued 2,911,475 shares of common stock upon the exercise of the options.

In March 2021 the Company issued 1,162,792 shares of common stock to an employee as a bonus per the terms of an employment agreement.

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

During the years ended December 31, 2020 and 2019, there were no disagreements with our independent registered public accounting firms.

**ITEM 9A. CONTROLS AND PROCEDURES**Disclosure Controls and Procedures

We evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of December 31, 2020. Our principal executive and financial officers supervised and participated in the evaluation. Based on the evaluation, our principal executive and financial officers each concluded that our disclosure controls and procedures were not effective in providing reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's forms and rules as of December 31, 2020.

Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with GAAP. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our consolidated financial statements.

Management's Annual Report on Internal Control over Financial Reporting

Our management, including the chief executive officer and chief financial officer, concluded that the Company's internal controls over financial reporting were not effective as of December 31, 2020 due to the material weaknesses defined below. In arriving at that conclusion, we considered the criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and we performed a complete assessment as outlined in *Commission Guidance Regarding Management's Report on Internal Control Over Financial Reporting Under Section 13(a) or 15(d) of the Exchange Act* ("SOX").

To address these material weaknesses, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented.

In performing our assessment, we identified the risks that most likely affect reliable financial reporting and are most likely to have a material impact on the company's consolidated financial statements, documented each business process within the risk area, determined the control points related to the business process and tested the design and effectiveness of each control. In addition to process (transactional) level controls, we evaluated entity level controls to determine if compensating controls mitigated any process level risks. Entity level controls include a broad range of non-transactional activities including account reconciliations, management review of results, the company's Code of Conduct and Audit Committee review of practices and results.

SEC Release 33-8809 defines "material weakness" as a deficiency, or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the registrant's financial statement will not be prevented or detected on a timely basis. SEC release 33-8809 defines "significant deficiency" as a deficiency, or combination of deficiencies in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the registrant's financial reporting.

Management has identified the following material weaknesses, which have caused management to conclude that as of December 31, 2020, our internal controls over financial reporting were not effective at the reasonable assurance level:

- Insufficient segregation of duties, oversight of work performed and lack of compensating controls in our finance and accounting functions due to limited personnel; and
- We lack a sufficient process for periodic financial reporting, including timely preparation and review of financial reports and statements.

Notwithstanding the existence of these material weaknesses in our internal control over financial reporting, the management believes that the consolidated financial statements included in this Form 10-K fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

### **Internal Control Remediation Efforts**

Management has taken the following steps to remedy the material weaknesses in our internal control over financial reporting:

1. During the third calendar quarter of 2018, management engaged an experienced accounting consultant to (i) assist with ongoing GAAP and U.S. Securities and Exchange Commission compliance requirements (ii) and develop a sufficient process for periodic financial reporting, including timely preparation and review of financial reports and statements. Additionally, management may further expand the accounting and finance function by hiring appropriate staff to resolve this material weakness in 2021 if the necessary resources become available.
2. The Company's accounting consultant will continue to assist management with strengthening its internal controls in 2021.

The annual report does not include an attestation report of the independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the independent registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permits us to provide only management's report in this annual report.

### **ITEM 9B. OTHER INFORMATION**

None.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

##### Identification of Directors and Officers

The following table provides the names, positions, ages and principal occupations of our current directors, and our executive officers.

Name and Position with The Company	Age	Director/Officer Since	Principal Occupation
Mario Concha	80	Chairman since 2016; Director since 2013;	President, Mario Concha and Associates
Robert T. Betz	78	Director since 2014	Owner, Personal Care Ingredients
John F. Levy	65	Vice Chairman since 2016; Director since 2008	CEO of Board Advisory
Geoffrey Scott	72	Director since 2019	Private Investor
Christopher T. Carney	50	Officer since 2015; Director and CEO since October 2020	CEO and CEO of the Company

- (1) The directors are elected to serve until the next annual meeting of shareholders. Officers serve at the pleasure of the Board.

##### Background of Directors and Officers

###### **Mario Concha, Non-Executive Chairman, Director, President and CEO**

Mr. Concha is President of Mario Concha and Associates, a firm providing consulting services to senior executives and boards of directors. He serves on the board of the National Association of Corporate Directors, Atlanta Chapter. He has served as a director of Arclin, Ltd., a manufacturer of specialty resins, and Auro Resources, Corp, a mineral exploration company with holdings in Colombia's gold region. Mr. Concha was an officer of Georgia Pacific Corporation and president of its Chemical Division from 1998 to 2005. Prior to Georgia Pacific, Mr. Concha participated in the formation of GS Industries, a manufacturer of specialty steels for the mining industry, through a leveraged buyout of Armco Inc's Worldwide Grinding Systems Division. He then served as President of its International Division from 1992 to 1998. From 1985 to 1992, Mr. Concha was Vice President-International for Occidental Chemical Corporation. Prior to Occidental Chemical, he served in several senior management positions at Union Carbide Corporation in the United States and overseas.

Mr. Concha is a graduate of Cornell University with a degree in Chemical Engineering. He has attended the Advanced Management Program at the University of Virginia's Darden School of Business and the NACD-ISS accredited Director's College at the University of Georgia's Terry College of Business. He is a member of the National Association of Corporate Directors, the American Chemical Society, and the American Institute of Chemical Engineers.

*Key attributes, experience and skills:* Mr. Concha has over 40 years experience as a hands-on corporate executive. He has first-hand industry knowledge, gained from senior executive positions in various industries, including chemicals, plastics, forest products, metals, and mining. In addition to manufacturing operations, he has had extensive involvement in marketing, sales, and finance. Mr. Concha also brings corporate governance experience, having served on both public and private company boards.

Mr. Concha was appointed President and CEO on September 10, 2019.

#### **Robert T. Betz, Director**

From 2000 through his retirement in 2002, Mr. Betz was the President of Cognis Corp., the North American division of Cognis GmbH, a \$4 billion worldwide supplier of specialty chemicals and nutritional ingredients that was spun off from Henkel AG & Company ("Henkel"). From 1989 through 2000, Mr. Betz held a number of management positions at Henkel, including Executive VP and President of its Emery Group, a leading manufacturer of oleochemicals, and President of its Chemicals Group for North America.

From 1979 through 1989, Mr. Betz worked in a number of manufacturing and operations capacities for the Emery Division of National Distillers and Chemicals Corp., eventually rising to President of the division. Mr. Betz began his career in the specialty chemicals industry by joining Emery Industries in 1963. Between 1963 and 1979 he worked for the company as Market Development Representative, Manager of Corporate Planning, Vice President of Operations - Emery (Canada), Manager of Commercial Development, and General Manager of Business Groups. Emery Industries was sold to National Distillers and Chemicals Corp. in 1979.

Since 2003, Mr. Betz has been the owner of Personal Care Ingredients, LLC, a privately-owned marketer of natural products to the personal care industry. Mr. Betz also serves as a director for Hightower Petroleum, a marketer of various energy products.

Mr. Betz holds a B.S. in Chemical Engineering and an M.B.A., both degrees from the University of Cincinnati. He has also attended the Program for Management Development at Harvard University.

*Key attributes experience and skills.* During Mr. Betz's career, he has been involved in developing new products or new markets for existing products. Several of these products grew into sizeable businesses. He managed multiple chemical manufacturing facilities and managed a multi-billion dollar polyethylene business. He was responsible for profit and loss for businesses with sales of \$900 million. While heading the chemical operations, he was responsible for all aspects of the business: manufacturing, sales, R&D, IT, HS&E, HR, purchasing, engineering, and legal. His career has continuously involved developing, manufacturing, and selling products directed at most of the markets that Applied Minerals is attempting to penetrate. Since his retirement, he served on the boards of three chemical-related, private companies: Plaza Group, Syrgis, and Hightower Petroleum.

#### **John F. Levy, Vice Chairman and Director**

Since May 2005, Mr. Levy has served as the Chief Executive Officer of Board Advisory, a consulting firm that advises public companies in the areas of corporate governance, corporate compliance, financial reporting, and financial strategies. Mr. Levy served as the Chief Executive Officer of Sticky Fingers Restaurant, LLC, a South Carolina based barbecue restaurant chain, and has held this position from August 2019 to May 2020. Mr. Levy previously served as a business consultant with Sticky Fingers Restaurants, LLC from February 2019 to August 2019. In addition to his service on Applied Minerals, Inc. board of directors, Mr. Levy has been a director, chairman of the Audit Committee, and a member of the Governance and Nominating Committee, of Washington Prime Group, a Real Estate Investment Trust, since 2016 and Happiness Biotech Group Limited (since October 2019), a Chinese-based nutraceutical and dietary supplements company. Mr. Levy was a director, chairman of the Governance and Nominating Committee, and a member of the Audit and Compensation Committees of Takung Art Co., Ltd., an operator of an electronic online platform for artists, art dealers and art investors to offer and trade in ownership units over valuable artwork from February 2016 to June 2019. He was a director of China Commercial Credit, a publicly held Chinese micro-lender, from 2013 to 2016. He was a director and audit committee member of Applied Energetics, Inc. (AERG), a publicly held company that specialized in the development and application of high power lasers, high voltage electronics, advanced optical systems and energy management systems technologies from 2009 to 2016.

From 2006 to 2013, Mr. Levy was a director and chair of the Audit Committee of Gilman Ciocia, Inc., a publicly traded financial planning and tax preparation firm and served as lead director from 2007 to 2013. From 2010 to 2012, he served as director of Brightpoint, Inc., a publicly traded company that provides supply chain solutions to leading stakeholders in the wireless industry. From 2008 through 2010, he served as a director of Applied Natural Gas Fuels, Inc. (formerly PNG Ventures, Inc.). From 2006 to 2010, Mr. Levy served as a director and Audit Committee chairman of Take Two Interactive Software, Inc., a public company that is a global developer and publisher of video games best known for the Grand Theft Auto franchise.

Mr. Levy is a frequent speaker on the roles and responsibilities of Board members and audit committee members. He has authored *The 21st Century Director: Ethical and Legal Responsibilities of Board Members, Acquisitions to Grow the Business: Structure, Due Diligence, Financing, Ethics and Sustainability: A 4-way Path to Success, Finance and Innovation: Reinvent Your Department and Your Company, Predicting the Future: 21st Century Budgets and Projections and Heartfelt Leadership: How Ethical Leaders Build Trusting Organizations*. All courses have been presented to state accounting societies. Mr. Levy is a Certified Public Accountant with several years of experience. Mr. Levy is a graduate of the Wharton School of the University of Pennsylvania, and received his MBA from St. Joseph's University in Philadelphia. Mr. Levy has completed the National Association of Corporate Directors' Board Leadership Fellow program of study.

*Key attributes, experience and skills:* Mr. Levy has over 35 years of progressive financial, accounting, and business experience, including having served as Chief Financial Officer of both public and private companies for over 13 years. Mr. Levy brings to the board expertise in corporate governance and compliance matters along with extensive experience gained from numerous senior executive positions with public companies. Further, Mr. Levy's service on the boards of directors of public companies in a variety of industries allows him to bring a diverse blend of experiences to the Company's board.

#### **Geoffrey Scott, Director**

Mr. Scott is a private investor. From 1995 to 2018, Mr. Scott was an investment advisor and president of Scott Asset Management, whose clients were high net worth individuals. From 1990 to 1995, he was a vice president, corporate finance at Merrill Lynch. From 1973 to 1990, he was a vice president of corporate banking at Chase Manhattan Bank.

*Key attributes, experience and skills:* For 10 years, he served on the Board of a private company, growing revenue from approximately \$50 million to \$150 million. In a quickly growing company, allocation of resources is a very important consideration. He served on the audit and compensation committees. The company was eventually sold to a private equity buyer. His experience with charting the growth of smaller companies will be of value to the Board of the Company.

**Christopher T. Carney, Chief Executive Officer, Chief Financial Officer, Director**

Mr. Carney is President and CEO and has served in those positions since October 22, 2020. Mr. Carney has also served as the Company's CFO since August 2015.

From February 2009 through May 2012, Mr. Carney was the Interim Chief Financial Officer of the Company. From May 2012 through August 2015, Mr. Carney was a VP of Business Development for the Company. Mr. Carney was appointed Chief Financial Officer of the Company in August 2015 when the previous Chief Financial Officer resigned. He retained his position as Vice President of Business Development. From March 2007 until December 2008, Mr. Carney was an analyst at SAC Capital/CR Intrinsic Investors, LLC, a hedge fund, where he evaluated the debt and equity securities of companies undergoing financial restructurings and/or operational turnarounds. From March 2004 until October 2006, Mr. Carney was a distressed debt and special situations analyst for RBC Dain Rauscher Inc., a registered broker-dealer. Mr. Carney graduated with a BA in Computer Science from Lehman College and an MBA in Finance from Tulane University.

*Key attributes, experience and skills: He has worked for the Company in a number of capacities since January 2009. Since August 2015 he has been the Company's Chief Financial Officer.*

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors, and any person who beneficially owns more than 10% of our common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Executive officers, directors, and more than 10% shareholders are required by regulation to furnish us with copies of all Section 16(a) forms which they file. To the best of our knowledge, all filings were made timely in 2020.

**Code of Ethics**

We have adopted a Code of Conduct and Ethics for our Chief Executive Officer and our senior financial officers. A copy of our Code of Conduct and Ethics is posted on our website at [www.appliedminerals.com](http://www.appliedminerals.com) and can be obtained at no cost by mail at: Applied Minerals, Inc., PO Box 432 Eureka, UT 846289. We believe our Code of Conduct and Ethics is reasonably designed to deter wrongdoing and promote honest and ethical conduct; provide full, fair, accurate, timely, and understandable disclosure in public reports; comply with applicable laws; ensure prompt internal reporting of code violations; and provide accountability for adherence to the Code.

**Board Meetings**

There were thirteen meetings of the Board of Directors, eleven meetings of the Operations Committee, six meeting of the Compensation Committee, eight meetings of the Audit Committee, and four meetings each of the Governance and Nominating Committee and the Health, Safety and Environment Committee held in 2020. Every director attended at least 75% of all board meetings and all committee meetings of which that director was a member. It is the policy of the Board that all Board members attend the annual meeting of shareholders, if possible.

## Committees of the Board

The following sets forth the Committees of the Board and membership of the committees as of December 31, 2020. The charters of the committees are available at the Company's website, appliedminerals.com. The Board of Directors has determined that all committee members are independent under the independence definition used by NASDAQ except for Mr. Carney.

	Audit Committee	Governance and Nominating Committee	Compensation Committee	Health, Safety and Environment Committee	Operations Committee
Mario Concha		X		X	X
Robert Betz	X	X	X*	X*	X*
John Levy	X*	X*	X		
Geoffrey Scott	X		X		
Christopher T Carney					

\* Committee Chairman

The charters of the Committees are available on the Company's website, [www.appliedminerals.com](http://www.appliedminerals.com).

The Audit Committee satisfies the definition of Audit Committee in Section 3(a)(58)(A) of the Securities Exchange Act of 1934.

### Audit Committee Financial Expert

The Board of Directors has determined that Mr. Levy is an audit committee financial expert as the term is defined in the rules of the Securities and Exchange Commission and is independent under the independence standards of NASDAQ (the independence standard used by the Company) and the enhanced independence standards of Section 10A-3 of the Securities Exchange Act.

### Audit Committee Report

The audit committee has reviewed and discussed the audited financial statements included elsewhere in this Annual Report with management;

The audit committee has discussed with the independent auditors the matters required to be discussed by the Auditing Standards AU Section 380 - The Auditor's Communication with those charged with Governance as adopted by the Public Company Accounting Oversight Board in Rule 3200T;

The audit committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence and has discussed with the independent accountant the independent accountant's independence; and

Based on the review and discussions referred to in three preceding paragraphs, the audit committee recommended to the board of directors that the audited financial statements be included in the Company's annual report on Form 10-K (17 CFR 249.310) for the last fiscal year for filing with the Commission.

### Audit Committee

*John Levy, Chairman*

*Geoffrey Scott*

*Robert Betz*

### The Nomination Process

The general criteria that our Board uses to select nominees includes the following: reputation for integrity, honesty and adherence to high ethical standards; demonstrated business acumen, experience, and ability to exercise sound judgments in matters that relate to the current and long-term objectives of the Company; willingness and ability to contribute positively to the decision-making process of the Company; commitment to understand the Company, its risk factors and its industry and to regularly attend and participate in meetings of the Board and its committees; interest and ability to understand the sometimes conflicting interests of the various constituencies of the Company, which include stockholders, employees, customers, creditors and the general public; ability to act in the interests of all stakeholders; and the absence of any appearance of a conflict of interest that would impair the nominee's ability to represent the interests of all of the Company's stockholders and to fulfill the responsibilities of a director. There are, however, no specific minimum qualifications that nominees must have in order to be selected. The Board will consider director candidates recommended by our stockholders.

In evaluating candidates recommended by our stockholders, the Board of Directors applies the same criteria discussed above. Any stockholder recommendations for director nominees proposed for consideration by the Board should include the nominee's name and qualifications for Board membership and should be addressed in writing to the President, Applied Minerals, Inc., 55 Washington Street, Brooklyn, N.Y. 11209. There have been no changes in the procedures by which shareholders may recommend candidates for director.

## Compensation Committee

The Committee's charter provides that the Committee meet at least twice a year and the committee will have the resources and authority necessary to discharge its duties and responsibilities and the committee has sole authority to retain and terminate outside counsel, compensation consultants, or other experts or consultants, as it deems appropriate, including sole authority to approve the fees and other retention terms for such persons.

The principal responsibilities of the Compensation Committee are as follows:

1. Board Compensation. Periodically review the compensation paid to non-employee directors and make recommendations to the Board for any adjustments.
2. Chief Executive Officer Compensation.
  - a. Assist the Board in establishing CEO annual goals and objectives, if appropriate.
  - b. Recommend CEO compensation to the other independent members of the Board for approval.
3. Other Executive Officer Compensation.
  - a. Oversee an evaluation of the performance of the Company's executive officers and approve the annual compensation, including salary and incentive compensation, for the executive officers.
  - b. Review the structure and competitiveness of the Company's executive officer compensation programs considering the following factors: (i) the attraction and retention of executive officers; (ii) the motivation of executive officers to achieve the Company's business objectives; and (iii) the alignment of the interests of executive officers with the long-term interests of the Company's shareholders.
  - c. Review and approve compensation arrangements for new executive officers and termination arrangements for executive officers.

The Compensation Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee. The Committee may delegate to the Chief Executive Officer the authority to make grants of equity-based compensation in the form of rights or options to eligible officers and employees who are not executive officers, such authority including the power to (i) designate officers and employees of the Company or of any of its subsidiaries to be recipients of such rights or options created by the Company, and (ii) determine the number of such rights or options to be received by such officers and employees; provided, however, that the resolution so authorizing the Chief Executive Officer shall specify the total number of rights or options the Chief Executive Officer may so award. If such authority is delegated, the Chief Executive Officer shall regularly report to the Committee grants so made and the Committee may revoke any delegation of authority at any time. The Compensation Committee has not delegated any authority to the Chief Executive Officer.

## Compensation Committee Interlocks and Insider Participation

There were no interlocks during 2020.

## Shareholder Communications to the Board of Directors

Stockholders may communicate with the Board of Directors by sending a letter to Applied Minerals, Inc. Board of Directors, c/o President & CEO, PO Box 432, Eureka, UT 84628. The President will receive the correspondence and forward it to the individual director or directors to whom the communication is directed or to all directors, if not directed to one or more specifically.

## Section 16(a) beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors, and any person who beneficially owns more than 10% of our Common Stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Executive officers, directors, and more than 10% shareholders are required by regulation to furnish us with copies of all Section 16(a) forms which they file. To the best of our knowledge, all filings were made timely in 2020.

## ITEM 11. EXECUTIVE COMPENSATION

### SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Cash Bonus (\$)	Option Award (\$)(1)	Total (\$)
Andre M. Zeitoun (2)	2020	-0-	-0-	-0-	-0-
	2019	199,792	-0-	-0-	199,792
	2018	350,000	75,000(5)	-0-	425,000
Mario Concha (7)	2020	16,667(6)	-0-	-0-	16,667
	2019	-0-	-0-	-0-	-0-
Christopher Carney (7)	2020	113,848(3)	-0-	-0-	113,848
	2019	132,680	-0-	-0-	132,680
	2018	200,000	20,000(5)	-0-	220,000
William Gleeson (2)	2020	105,678(4)	-0-	-0-	105,678
	2019	165,711	-0-	-0-	165,711
	2018	250,000	20,000(5)	-0-	270,000

- (1) Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For additional information, refer to Note 10 to the Notes to Consolidated Financial Statements found in Item 8, Part II of this document. These amounts reflect the Company's accounting expense for these awards, and do not correspond to the amount that will be recognized as income by the named executive officers or the amount that will be recognized as a tax deduction by the Company, if any, upon exercise. The options awards were valued using the Black Scholes Option Valuation Model.
- (2) Mr. Zeitoun resigned as President and CEO on September 9, 2019. Mr. Gleeson resigned as General Counsel on April 5, 2020.
- (3) Mr. Carney's salary included \$84,682 of salary deferred between July 15, 2019 and January 31, 2020. At December 31, 2020 the Company owes Mr. Carney \$120,833 in accrued but unpaid salary.
- (4) Mr. Gleeson's salary included \$105,679 of salary deferred between July 15, 2019 and January 31, 2020. At December 31, 2020 the Company owes Mr. Gleeson \$41,667 in accrued but unpaid salary.
- (5) On January 2019, the Board of Directors, on the recommendation of the Compensation Committee, granted to Mr. Zeitoun, Mr. Carney and Mr. Gleeson bonuses for service in 2018 of \$75,000, \$20,000 and \$20,000, respectively. The performances were based on performance in 2018.
- (6) At December 31, 2020 the Company owed Mr. Concha \$183,571 of deferred salary.
- (7) Mr. Concha was appointed CEO on September 9, 2019 and stepped as CEO on October 22, 2020. Mr. Carney was appointed CEO on October 22, 2020 and retained his title of CFO. Mr. Carney's salary beginning May 1, 2020 is \$150,000 per year.

**Pensions**

The Company does not have any pension plan nor does it have any nonqualified defined contribution and other nonqualified deferred compensation plans.

**Potential Payments upon Termination or Change-in-Control.**

In accordance with SEC rules, the following statements are based on the assumption that the triggering event took place on December 31, 2020.

*Mr. Carney.* In the event Mr. Carney was terminated by the Company without Cause or he terminated his employment for Good Reason, he shall receive (i) not less than two months of his base salary and (ii) an amount equal to six months of COBRA payments over a period of two months. Mr. Carney's base salary was \$150,000.

**Plan-Based Awards**

There were no plan-based awards granted in 2020.

## Outstanding Equity Awards at December 31, 2020

The following table provides information on the holdings as of December 31, 2020 of stock options granted to the named executive officers. This table includes unexercised and unvested option awards. Each equity grant is shown separately for each named executive officer

### OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2020

Name	Grant Date	Equity Incentive Plan Awards				Option Exercise Price	Option Expiration Date
		Number of Securities Underlying Unexercised Options: Exercisable	Number of Securities Underlying Unexercised Options: Unexercisable	Number of Securities Underlying Unexercised Options: Unearned	Number of Securities Underlying Unexercised Options: Options		
Mario Concha	03-14-14	50,000	—	—	—	\$ 0.83	03-13-24
	02-12-15	50,000	—	—	—	\$ 0.66	02-12-25
	01-01-16	50,000	—	—	—	\$ 0.28	01-01-26
	01-06-16	43,885	—	—	—	\$ 0.29	01-06-21
	01-29-16	80,000	—	—	—	\$ 0.28	01-29-21
	05-11-16	30,000	—	—	—	\$ 0.25	05-11-21
	05-11-16	600,000	—	—	—	\$ 0.25	05-11-21
	08-01-16	70,000	—	—	—	\$ 0.25	08-01-26
	05-23-17	70,000	—	—	—	\$ 0.25	05-23-22
	05-24-17	70,000	—	—	—	\$ 0.25	05-24-22
	08-18-17	3,666,667	—	—	—	\$ 0.06	08-18-27
	12-07-17	140,000	—	—	—	\$ 0.25	12-07-22
	04-25-19	500,000	—	—	—	\$ 0.04	04-25-29
Christopher T. Carney	02-08-11	580,930	—	—	—	\$ 0.83	01-01-22
	11-20-12	580,931	—	—	—	\$ 1.66	11-20-22
	06-10-14	75,000	—	—	—	\$ 0.84	06-10-24
	02-05-15	50,000	—	—	—	\$ 0.68	02-05-25
	05-11-16	248,344	—	—	—	\$ 0.24	05-11-21
	07-06-16	500,000	—	—	—	\$ 0.16	08-05-21
	08-18-17	3,585,413	1,195,138	—	—	\$ 0.06	08-18-27
William Gleeson	08-18-11	900,000	—	—	—	\$ 1.90	08-18-21
	11-20-12	72,406	—	—	—	\$ 1.66	11-20-22
	06-10-14	600,000	—	—	—	\$ 0.84	06-10-24
	05-11-16	248,344	—	—	—	\$ 0.24	05-11-21
	08-18-17	2,812,079	—	—	—	\$ 0.06	08-18-27

### Options Exercised and Stock Vested

None of the Named Executive Officers has exercised any options, SARs or similar instruments and none had any stock awards, vested or unvested.

### Director Compensation for the Year Ended December 31, 2020

The following sets forth compensation to our directors in 2020. The fees payable to directors are \$50,000 per year and \$10,000 per year for chairman of the Board and \$10,000 per year for chairman of a committee, except the Operations Committee (“Board Fees”). The fees payable for the Operations Committee are \$150,000 for the chairman and \$62,500 for the member who is an independent director (“Operations Committee Fees”). The Board Fees vested quarterly. The Operations Committee Fees vested on May 1, 2020. The Board Fees for Mr. Barry were granted to funds managed by his employer. Beginning the last quarter of 2018, Board Fees have been accrued but not paid. The Board Fees may be paid in cash or equity in the future, to be determined by the Board.

Name	Fees Earned or Paid in Cash \$(3)	Common Stock Awards \$(4)	Options Awards \$(4)	Total \$(5)
Mario Concha	122,500	-0-	-0-	122,500
Michael Barry (1) (5)	37,500	-0-	-0-	37,500
Robert Betz (6)	220,000	-0-	-0-	220,000
John Levy	70,000	-0-	-0-	70,000
Michael Pohly (5)	25,000	-0-	-0-	25,000
Geoffrey Scott	50,000	-0-	-0-	50,000
Ali Zamani (5)	25,000	-0-	-0-	25,000
Alexandre Zyngier (5)	37,500	-0-	-0-	37,500
Christopher Carney (2)	-0-	-0-	-0-	-0-

- (1) At Mr. Barry's request, the fees were paid to funds managed by his employer.
- (2) Mr. Carney was not separately compensated for services as a director. Mr. Carney was appointed a director on October 22, 2020.
- (3) Amounts represent fees earned for service for the period from January 1, 2020 through December 31, 2020. These amounts have been accrued but not yet paid as of December 31, 2020.
- (4) Black Scholes value at grant date
- (5) Messrs. Pohly and Zamani resigned from the Board on April 13, 2020 and April 30, 2020, respectively. Messrs. Barry and Zyngier resigned from the Board on October 20, 2020.
- (6) During 2021 Mr. Betz's compensation for serving as Chairman of the Operations Committee will be reduced to \$62,500 from \$150,000.

## Compensation Discussion and Analysis

### Objectives and Strategy

The Company's objectives are to develop a range of commercial applications for its halloysite clay-based and iron oxide-based products and to market those applications to industries seeking enhanced product functionality and to market its iron oxides for pigment and other uses. We believe the successful marketing of such applications will generate material profits for the Company, which, in turn, will create significant value for its stockholders. To realize this objective, the Company must attract and retain individuals, including our Named Executive Officers ("Named Executive Officers" or "NEOs") (Messrs. Zeitoun, Carney and Gleeson), who possess the skill sets and experience needed to effectively develop and implement the business strategies and corporate governance infrastructure necessary to achieve commercial success.

Accordingly, compensation for the Named Executive Officers is designed to:

- Attract, motivate, and retain qualified Named Executive Officers;
- Incentivize the Named Executive Officers to lead the Company to profitable operations and to increase stockholder value;
- Assure that over time a significant part of NEO compensation is linked to the Company's long-term stock price performance, which aligns the Named Executive Officers' financial interests with those of the Company's stockholders
- Motivate the Named Executive Officers to develop long-term careers at the Company and contribute to its future prospects; and
- Permit the Named Executive Officers to remain focused on the development of the Company's business in the midst of actual or potential change-in-control transactions.

The Company does not have a policy concerning minimum ownership or hedging by officers of Company securities.

### Compensation of Mr. Zeitoun

Mr. Zeitoun resigned as CEO on September 9, 2019.

#### 2018 Compensation

On the recommendation of the Compensation Committee, the Board determined Mr. Zeitoun's 2018 compensation to be as follows. salary — \$350,000. bonus — \$75,000. The bonus was determined on January 31, 2019 and is payable in 2019.

#### 2019 Compensation

On the recommendation of the Compensation Committee, the Board determined Mr. Zeitoun's 2019 compensation to be as follows. salary — \$350,000. Mr. Zeitoun resigned as President, CEO and Director on September 9, 2019. Mario Concha was named President and CEO by the Board on September 10, 2019. On the recommendation of the Compensation Committee, the Board determined Mr. Concha's 2019 compensation to be based on an annual salary of \$200,000.

### Compensation for Mr. Carney

#### 2018 Compensation

On the recommendation of the Compensation Committee, the Board determined 2018 compensation to be as follows for Mr. Carney: Salary — \$200,000; Bonus — \$20,000. The bonus was determined on January 31, 2019 and was payable in 2019.

#### 2019 Compensation

On the recommendation of the Compensation Committee, the Board determined Mr. Carney's 2019 compensation to be as follows: Salary— \$200,000.

## **2020 Compensation**

On the recommendation of the Compensation Committee, the Board determined Mr. Carney's 2020 compensation to be as follows: Salary—\$200,000. On May 1, 2020 Mr. Carney's salary was reduced to \$150,000.

## **Compensation for Mr. Gleeson**

### **2018 Compensation**

On the recommendation of the Compensation Committee, the Board determined Mr. Gleeson's 2018 compensation to be as follows: Salary — \$200,000; Bonus — \$20,000. The bonus was determined on January 31, 2019 and to be payable in 2019.

### **2019 Compensation**

On the recommendation of the Compensation Committee, the Board determined Mr. Gleeson's 2019 compensation to be as follows: Salary — \$250,000.

### **2020 Compensation**

On the recommendation of the Compensation Committee, the Board determined Mr. Gleeson's 2020 compensation to be as follows: Salary — \$250,000. Mr. Gleeson resigned on April 5, 2020. Mr. Gleeson's salary, from February 1, 2020 through his date of resignation, was deferred. At December 31, 2020 Mr. Gleeson was owed \$41,667 in deferred salary.

## **Tax and Accounting Treatment of Compensation**

### **Tax Deductibility Cap on Executive Compensation**

The Compensation Committee is aware that Section 162(m) of the Internal Revenue Code treats certain elements of executive compensation in excess of \$1 million a year as an expense not deductible by the Company for federal income tax purposes. Depending on the market price of the Company's common stock on the date of exercise of options that are not performance-based, the compensation of certain executive officers in future years may be in excess of \$1 million for purposes of Section 162(m). The Compensation Committee reserves the right to pay compensation that may be non-deductible to the Company if it determines that it would be in the best interests of the Company.

**Tax and Accounting Treatment of Options**

We are required to recognize in our financial statements compensation cost arising from the issuance of stock options. GAAP requires that such compensation cost is determined using fair value principles (we use the Black-Scholes method of valuation) and is recognized in our financial statements over the requisite service period of an instrument. However, the tax deduction is only recorded on our tax return when the option is exercised. The tax benefit received at exercise and recognized in our tax return is generally equal to the intrinsic value of the option on the date of exercise.

**Compensation of Policies and Practices as they relate to Risk Management**

The Company does not believe that its compensation policies and practices (cash compensation and at-the-market or above-market five- and ten-year options without or without performance standards and with or without vesting schedules) are reasonably likely to have a material adverse effect on the Company as they relate to risk management practices and risk-taking incentives.

**Compensation Committee Report**

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Annual Report on Form 10-K and the Company's next proxy statement for the election of director.

*Geoffrey Scott  
John Levy  
Robert Betz*

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

**Security Ownership of Certain Beneficial Owners and Management Ownership Tables**

The following table sets forth, as of April 15, 2021, information regarding the beneficial ownership of our common stock with respect to each of the named executive officers, each of our directors, each person known by us to own beneficially more than 5% of the common stock, and all of our directors and executive officers as a group. Each individual or entity named has sole investment and voting power with respect to shares of common stock indicated as beneficially owned by such person, subject to community property laws, where applicable, except where otherwise noted. The percentage of common stock beneficially owned is based on 195,105,089 shares of common stock outstanding as of April 15, 2021 plus the shares that a person has a right to acquire within 60 days of April 15, 2021.

Name and Address (1)	Number of Shares of Common Stock Beneficially Owned (2)	Percentage of Common Stock Beneficially Owned
Mario Concha (3) (4)	8,569,884	4.3
Robert Betz (3) (5)	4,010,404	2.0
John Levy (3) (6)	3,143,301	1.6
Geoffrey Scott (3) (13)	8,660,210	4.4
Christopher T. Carney (3) (8) (14)	6,402,104	3.2
All Officers and Directors as a Group	<u>30,785,903</u>	<u>14.5</u>
IBS Capital, LLC (7)	38,156,185	18.2
Samlyn Capital, LLC (9)	55,808,415	23.2
Berylson Master Fund, L.P. (10)	13,636,982	6.5
Kingdon Capital Management, LLC (11)	22,323,972	10.3
Masato Katayama (12)	16,334,335	8.3

\* Less than 1%

- (1) Unless otherwise indicated, the address of the persons named in this column is c/o Applied Minerals, Inc., PO Box 432, Eureka, UT 84628.
- (2) Included in this calculation are shares deemed beneficially owned by virtue of the individual's right to acquire them within 60 days of the date of April 15, 2021 as determined pursuant to Rule 13d-3 of the Securities Exchange Act of 1934.
- (3) Director
- (4) Mr. Concha's holdings include: (i) options to purchase 50,000 shares of common stock at \$0.83 per share expiring in March, 2024; (ii) options to purchase 50,000 shares of common stock at \$0.66 per share expiring in February, 2025; (iii) options to purchase 50,000 shares of common stock at \$0.28 per share expiring in January, 2026; (iv) options to purchase 43,885 shares of common stock at \$0.285 per share expiring in January, 2021; (v) options to purchase 30,000 shares of common stock at \$0.25 per share and expiring in May, 2021; options to purchase 600,000 shares of common stock at \$0.25 per share expiring in May, 2021; (vi) options to purchase 70,000 shares of common stock at \$0.25 per share expiring in August, 2026; (vii) options to purchase 140,000 shares of common stock at \$0.25 per share expiring in May, 2022; (viii) options to purchase 3,666,667 shares of common stock expiring at \$0.06 per share in August 2027; (ix) options to purchase 140,000 shares of common stock at \$0.25 per share expiring in December, 2022; (x) options to purchase 500,000 shares of common stock at \$0.04 per share expiring in April, 2029; and (xi) June 2018 Warrants to purchase 1,000,000 shares of common stock at \$0.15 per share expiring in June, 2021.
- (5) Mr. Betz's holdings include: (i) options to purchase 50,000 shares of common stock at \$0.83 per share expiring in March, 2024; (ii) options to purchase 50,000 shares of common stock at \$0.66 per share expiring in February 2025; (iii) options to purchase 50,000 shares of common stock at \$0.28 per share, vesting equally on March 31, June 30, September 30 and December 31, 2016 and expiring in January, 2026; (iv) options to purchase 33,937 shares of common stock at \$0.29 per share expiring in January, 2026; (v) options to purchase 64,815 shares of common stock at \$0.28 per share expiring in January 2026; (vi) options to purchase 50,000 shares of common stock at \$0.25 per share expiring in May, 2026; (vii) options to purchase 60,000 shares of common stock at \$0.25 per share expiring in August, 2026; (viii) options to purchase 140,000 shares of common stock at \$0.25 per share expiring in May, 2022; (ix) options to purchase 2,208,334 shares of common stock at \$0.06 per share expiring in August, 2027; (x) options to purchase 500,000 shares of common stock at \$0.04 per share expiring in April, 2029; and (xi) June 2016 Warrants to purchase 100,100 shares of common stock at \$0.25 per share expiring in 2021.



- (6) Mr. Levy's holdings include: (i) options to purchase 100,000 shares of common stock at \$1.66 per share expiring November, 2022; (ii) options to purchase 50,000 shares of common stock at \$0.83 per share expiring in March, 2024; (iii) options to purchase 50,000 shares of common stock at \$0.66 per share expiring in February, 2025; (iv) options to purchase 50,000 shares of common stock at \$0.28 per share, and expiring in January, 2026; (v) options to purchase 51,170 shares of common stock at \$0.29 per share expiring in January, 2026; (vi) options to purchase 37,500 shares of common stock at \$0.25 per share expiring in May 2021; (vii) options to purchase 70,000 shares of common stock at \$0.25 per share expiring in August, 2026; (viii) options to purchase 120,000 shares of common stock for \$0.25 per share expiring in May, 2022; (ix) options to purchase 1,000,000 shares of common stock at \$0.06 per share expiring in August, 2027; (x) options to purchase 500,000 shares of common stock at \$0.04 per share expiring in April, 2029; (xi) June 2016 Warrants to purchase 100,100 shares of common stock at \$0.25 per share expiring in June, 2021 and (xii) June 2018 Warrants to purchase 125,000 shares of common stock at \$0.15 per share expiring in June 2021.
- (7) IBS Capital LLC is deemed to be the beneficial owner of shares held by the funds it manages by virtue of the right to vote and dispose of such securities. The IBS Turnaround Fund (QP) (A Limited Partnership) owns (i) 15,252,583 shares of common stock; (ii) 7,876,059 shares of common stock issuable upon conversion of Series A Notes; (iii) options to purchase 49,820 shares of common stock at \$0.21 per share expiring in January, 2026 (iv) June 2016 Warrants to purchase 244,745 shares of common stock at \$0.25 per share expiring in June, 2021; (v) options to purchase 30,100 shares of common stock at \$0.25 per share expiring in August, 2026; (vi) options to purchase 64,000 shares of common stock at \$0.25 per share expiring May, 2022; and (vii) December 2017 PIK Note Warrants to purchase 601,060 shares of common stock at \$0.10 per share expiring in December, 2022.

The IBS Turnaround Fund, L.P. owns (i) 7,305,997 shares of common stock; (ii) 3,922,130 shares of common stock issuable upon conversion of the Series A Notes; (iii) June 2016 Warrants to purchase 124,625 shares of common stock at \$0.25 per share expiring in June, 2021; (iv) options to purchase 16,000 shares of common stock at \$0.25 per share expiring in August, 2026; (v) options to purchase 30,000 shares of common stock at \$0.25 per share expiring in May, 2022; and (vii) December 2017 PIK Note Warrants to purchase 299,317 shares of common stock at \$0.10 per share expiring in December, 2022.

The IBS Opportunity Fund, Ltd. owns (i) 1,475,154 shares of common stock; (ii) 765,263 shares of common stock issuable upon conversion of the Series A Notes; (iii) June 2016 Warrants to purchase 31,031 shares of common stock at \$0.25 per share expiring in June, 2021; (iv) options to purchase 3,900 shares of common stock at \$0.25 per share expiring in August, 2026; (v) options to purchase 6,000 shares of common stock at \$0.25 per share expiring in May, 2022; and (vi) December 2017 PIK Note Warrants to purchase 58,400 shares of common stock at \$0.10 per share expiring in December, 2022.

- (8) Mr. Carney's holdings include: (i) options to purchase 580,930 shares of common stock at \$0.83 per share expiring in January, 2022; (ii) options to purchase 580,931 shares of common stock at \$1.66 per share expiring in November, 2022; (iii) options to purchase 75,000 shares of common stock at \$0.84 per share expiring in June, 2024; (iv) options to purchase 50,000 shares of common stock at \$0.68 per share expiring in February, 2025; (v) options to purchase 248,344 shares of common stock at \$0.24 per share expiring in May 2021; (vi) options to purchase 500,000 shares of common stock at \$0.16 per share expiring in August, 2021; and (vii) options to purchase 3,585,413 shares of common stock at \$0.06 per share expiring in August, 2027.
- (9) Samlyn Onshore Fund, LP owns (i) 4,027,973 shares of common stock, (ii) 14,427,875 shares of common stock issuable upon conversion of the Series A Notes, (iii) options to purchase 44,097 shares of common stock at \$0.06 per share expiring in August, 2027, (iv) options to purchase 136,000 shares of common stock at \$0.04 per share expiring in April, 2029 and (v) warrants to purchase 1,101,062 shares of common stock at \$0.10 per share expiring in December, 2022. The reported securities are directly owned by Samlyn Onshore Fund, LP and may be deemed to be indirectly beneficially owned by (i) Samlyn Capital, LLC as the investment manager of Samlyn Onshore Fund, LP and (ii) Samlyn Partners, LLC ("Samlyn Partners"), as the general partner of Samlyn Onshore Fund, LP. The reported securities may also be deemed to be indirectly beneficially owned by Robert Pohly as the principal of Samlyn Capital, LLC and Managing Member of Samlyn Partners.

Samlyn Offshore Master Fund, Ltd. owns (i) 6,483,443 shares of common stock, (ii) 27,031,543 shares of common stock issuable upon conversion of the Series A Notes, (iii) options to purchase 129,514 shares of common stock at \$0.06 per share expiring in August, 2027, (iv) options to purchase 364,000 shares of common stock at \$0.04 per share expiring in April, 2029 and (v) warrants to purchase 2,062,909 shares of common stock at \$0.10 per share expiring in December, 2022. The reported securities are directly owned by Samlyn Offshore Master Fund, Ltd. and may be deemed to be indirectly beneficially owned by (i) Samlyn Capital, LLC as the investment manager of Samlyn Offshore Master Fund, Ltd., and (ii) Robert Pohly as the principal of Samlyn Capital, LLC.

Samlyn Capital, LLC, Samlyn Partners and Robert Pohly disclaim beneficial ownership of the reported securities except to the extent of their respective pecuniary interests therein, and this report shall not be deemed an admission that any of them are the beneficial owners of the securities for purposes of Section 16 of the Exchange Act or for any other purpose. The address of Samlyn Capital, LLC is 500 Park Avenue, New York, N.Y. 10022.



- (10) James Berylson is the sole managing member of Berylson Capital Partners, LLC, which manages the Berylson Master Fund, L.P. Of the 13,636,982 shares owned by the Berylson Master Fund, L.P., 11,838,887 shares are issuable upon conversion of Series 2023 Notes owned by the Berylson Master Fund, L.P. and 1,798,095 shares are issuable upon the exercise of warrants owned by the Berylson Master Fund, L.P. The address of Berylson Capital Partners, LLC, 200 Clarendon Street, Boston, MA 02116.
- (11) Kingdon Capital Management, LLC, 152 West 57<sup>th</sup> Street, 50<sup>th</sup> Floor, New York, N.Y. 10019, is the beneficial owner of shares of the Company, which are held by funds it manages by virtue of the right to vote and dispose of the securities. M. Kingdon Offshore Mast Fund, L.P. owns (i) 19,963,607 shares through the conversion of its ownership of the Series 2023 and Series A Convertible PIK Notes, (ii) options to purchase 277,777 shares of common stock at \$0.12 per share and (iii) 2,082,588 shares upon the exercise of warrants at \$0.10 per share. Mark Kingdon is the President of Kingdon Capital Management, LLC and may be deemed to beneficially own these shares.
- (12) Mr. Katayama is the President of Fimatec, LTD (Japan) a producer and distributor of specialty minerals. In March, 2016 Applied Minerals, Inc. and Fimatec LTD entered into an agreement in which Fimatec LTD agreed to be the exclusive distributor of the Company's halloysite-based DRAGONITE for the Japanese market. In June, 2016 Fimatec LTD purchased 3,333,334 units from the Company in exchange for \$400,000. Each unit consisted of one share of common stock of the Company and a warrant to purchase 0.3 shares of the common stock of the Company with a whole share costing 3.3 warrants and \$0.25. In August, 2017, SK Logistics (Singapore) PTE LTD purchased 10,000,000 million units from the Company in exchange for \$400,000. Each unit consisted of one share of common stock of the Company and a warrant to purchase 0.25 shares of common stock of the Company exercisable at \$0.04 per share. In March and June of 2018, SK Logistics (Singapore) PTE LTD exercised warrants to purchase a total of 2,000,000 shares of common stock at \$0.04 per share. Mr. Katayama is deemed to beneficially own these shares. The address of each entity is Ochaanimizu Center Bldg, 5F 2-23-1 Kanda Awaji-cho Chiyoda-ku, Tokyo, Japan 101-0063.
- (13) Mr. Scott's holdings include: (i) warrants to purchase 210,210 shares of common stock at \$0.25 per share expiring in June 2021 and (ii) options to purchase 500,000 shares of common stock at \$0.04 per share expiring in April, 2029.
- (14) Executive officer.

## Equity Compensation Plans

### **Plans Approved by Stockholders**

Shareholders approved the 2012 Long-Term Incentive Plan (“2012 LTIP”) and the 2016 Incentive Plan. (“2016 IP”).

The number of shares subject to the 2012 LTIP for issuance or reference was 8,900,000. The number of shares subject to the 2016 IP was 15,000,000.

### **Plans Not Approved by Stockholders**

Prior to the adoption of the 2012 LTIP, the Company granted options to purchase 12,378,411 shares of common stock under individual arrangements. As of December 31, 2020, only 4,104,653 options under such individual arrangements are outstanding.

In May and August 2016, the Company adopted the 2016 Long-Term Incentive Plan (“2016 LTIP”). The number of shares of common stock for issuance or for reference purposes subject to the 2016 LTIP was 2,000,000. The Company granted options to purchase 1,993,655 shares of common stock under the 2016 LTIP.

In 2017, prior to the adoption of the 2017 Incentive Plan (“2017 IP”) in August 2017, the Company granted options to purchase 870,000 shares of common stock under individual arrangements.

The number of shares of common stock for issuance or for reference purposes subject to the 2017 IP was 40 million. The Company granted options to purchase 39,305,011 shares of common stock under the 2017 IP of which 35,389,958 were outstanding at December 31, 2020.

### **Equity Compensation Information As of December 31, 2020**

	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	13,803,249	\$ 0.59	10,096,751
Equity compensation plans not approved by security holders (2)	42,858,266	\$ 0.18	4,116,387
<b>Total</b>	<b>56,661,515</b>	<b>\$ 0.28</b>	<b>14,213,138</b>

(1) Includes 7,140,000 options granted under the 2016 IP and 6,663,249 options granted under the 2012 LTIP.

(2) Includes 1,993,655 options granted under the 2016 LTIP, 35,389,958 options granted under the 2017 IP and 4,974,653 options granted under individual arrangements.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE****Review, approval or ratification of transactions with related persons.**

Our Board of Directors reviews any transaction, except for ordinary business travel and entertainment, involving the Company and a related party before the transaction or upon any significant change in the transaction or relationship. For these purposes, the term "related-party transaction" includes any transaction required to be disclosed pursuant to Item 404 of Regulation S-K of the SEC.

**Transactions with Related Persons**

On November 13, 2019, Overlook Investments, LLC ("Overlook"), whose managing member is Ali Zamani, who was a director of the Company during 2019 loaned \$200,000 to the Company under a loan agreement. The loan was unsecured. There was no interest rate specified in loan agreement. Upon execution of the loan, the principal amount due was \$250,000. Further details of the loan agreement are included in a Form 8-K filed on November 18, 2019. Mr. Zamani resigned as a director of the Company on April 30, 2020.

**Policy on Board of Directors' Pre-Approval of Audit and Non-Audit Services of Independent Auditors**

The Audit Committee has adopted a policy for the pre-approval of all audit, audit-related, tax, and other services provided by the Company's independent registered public accounting firm. The policy is designed to ensure that the provision of these services does not impair the registered public accounting firm's independence. Under the policy, any services provided by the independent registered public accounting firm, including audit, audit-related, tax and other services must be specifically pre-approved by the Board of Directors. The Board of Directors does not delegate responsibilities to pre-approve services performed by the independent registered public accounting firm to management. For the fiscal year ended December 31, 2019, all services provided by the Company's independent registered public accounting firm were pre-approved by the Board of Directors.

**Director Independence**

The directors who are deemed to be independent under the independence standards of NASDAQ (the independence standard used by the Company) are Messrs. Levy, Concha, Betz, and Scott. The members of the Audit Committee, Messrs. Levy, Scott and Carney are also independent under the enhanced independence standards of Section 10A-3 of the Securities Exchange Act.

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

MaloneBailey LLP (“MaloneBailey”) was selected by our Board of Directors as the Company’s independent registered public accounting firm for the years ending December 31, 2020 and 2019 and as our independent registered public accounting firm reviewed the interim financial statements for the three and nine months ended September 30, 2020 and 2019.

The following table presents fees for services rendered by MaloneBailey, the independent auditor for the audit of the Company’s annual consolidated financial statements for the years ended December 31, 2020 and 2019.

	January 1, 2020 through December 31, 2020	January 1 through December 31, 2019
Audit Fees (1)	\$ 97,500	\$ 97,500
Tax Fees	-0-	6,500
Total	<u>\$ 104,000</u>	<u>\$ 104,000</u>

- (1) Audit fees includes fees for the audit of the annual financial statements and the review of the financial statements for the quarters and represent the aggregate fees paid for professional services including: (i) audits of annual financial statements and (ii) reviews of quarterly financial statements

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

1. Financial Statements: See "Index to Consolidated Financial Statements" in Part II, Item 8 of this Form 10-K.
2. Financial Statement Schedule: See "Schedule II—Valuation and Qualifying Accounts" in this section of this Form 10-K.
3. Exhibits: The exhibits listed in the accompanying index to exhibits are filed, furnished, or incorporated by reference as part of this Form 10-K.

Certain of the agreements filed as exhibits to this Form 10-K contain representations and warranties by the parties to the agreements that have been made solely for the benefit of the parties to the agreement. These representations and warranties:

- may have been qualified by disclosures that were made to the other parties in connection with the negotiation of the agreements, which disclosures are not necessarily reflected in the agreements;
- may apply standards of materiality that differ from those of a reasonable investor; and accordingly, these representations and warranties may not describe the actual state of affairs as of the date that these representations and warranties were made or at any other time. Investors should not rely on them as statements of fact.

## ITEM 16. INDEX TO EXHIBITS

Exhibit Number	Description of Exhibit	
<u>3.2</u>	<u>Bylaws, as amended</u>	(1)
<u>4.1</u>	<u>Form of 10% PIK Election Convertible Note due 2023 used in connection with August, 2013 capital raise</u>	(2)
<u>4.2</u>	<u>Form of 10% PIK Election Convertible Note due 2018 used in connection with November, 2014 capital raise</u>	(3)
<u>10.1</u>	<u>Form of Investment Agreement used in connection with November, 2014 capital raise</u>	(4)
<u>10.2</u>	<u>Form of Warrant Cancellation Agreement used in connection with November, 2014 capital raise</u>	(5)
<u>10.3</u>	<u>2012 Long Term Option Plan</u>	(6)
<u>10.4</u>	<u>Form of Stock Option Agreement</u>	(7)
<u>10.5</u>	<u>2012 Short Term Incentive Plan</u>	(8)
<u>10.6</u>	<u>Form of Stock Grant</u>	(9)
<u>10.7</u>	<u>2016 Long Term Incentive Plan and form of option agreement</u>	(10)
<u>10.8</u>	<u>2016 Incentive Plan and form of option agreement</u>	(11)
<u>10.9</u>	<u>Form of warrant issued in June, 2016</u>	(12)
<u>10.10</u>	<u>Form of loan agreement with Overlook Investments, LLC</u>	*
<u>10.11</u>	<u>Exclusivity and Collaboration Agreement</u>	*
<u>10.13</u>	<u>2017 Incentive Plan</u>	(13)
<u>31.1</u>	<u>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 Principal Executive Officer</u>	*
<u>31.2</u>	<u>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 Principal Financial Officer</u>	*
<u>32.1</u>	<u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Principal Executive Officer</u>	*
<u>32.2</u>	<u>Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Principal Financial Officer</u>	*
<u>95</u>	<u>Mine Safety Disclosure</u>	*
101.INS	XBRL Instance	**
101.SCH	XBRL Taxonomy Extension Schema	**
101.CAL	XBRL Taxonomy Extension Calculation	**
101.DEF	XBRL Taxonomy Extension Definition	**
101.LAB	XBRL Taxonomy Extension Labels	**
101.PRE	XBRL Taxonomy Extension Presentation	**

\* filed herewith

\*\* XBRL information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

- (1) Incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K filed March 30, 2016
- (2) Incorporated by reference to Exhibit 99.2 included in the Registrant's Current Report on Form 8-K, filed on August 5, 2013
- (3) Incorporated by reference to Exhibit 99.2 included in the Registrant's Current Report on Form 8-K, filed on November 5, 2014
- (4) Incorporated by reference to Exhibit 99.1 included in the Registrant's Current Report on Form 8-K, filed on November 5, 2014
- (5) Incorporated by reference to Exhibit 99.4 included in the Registrant's Current Report on Form 8-K, filed on November 5, 2014
- (6) Incorporated by reference to Exhibit 99.1 included in the Registrant's Current Report on Form 8-K, filed on November 26, 2012
- (7) Incorporated by reference to Exhibit 99.2 included in the Registrant's Current Report on Form 8-K, filed on November 26, 2012
- (8) Incorporated by reference to Exhibit 99.3 included in the Registrant's Current Report on Form 8-K, filed on November 26, 2012
- (9) Incorporated by reference to Exhibit 10.10 included in the Registrant's Annual Report of Form 10-K, filed on March 27, 2015
- (10) Incorporated by reference to Exhibit 10.12 included in Registrant's Registration Statement No. 213752 filed on July 24, 2108
- (11) Incorporated by reference to Exhibit 10.14 included in Registrant's Registration Statement No. 213752 filed on July 24, 2018
- (12) Incorporated by reference to Exhibit 99.2 included in the Registrant's Current Report on Form 8-K, filed on June 28, 2016
- (13) Incorporated by reference to Exhibit 10.14 included in Registrant's Registration Statement No. 213752 filed on July 24, 2018

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 31st day of March 2021.

**APPLIED MINERALS, INC.**

By: /s/ CHRISTOPHER T. CARNEY

Christopher T. Carney  
Chief Executive Officer

By: /s/ CHRISTOPHER T. CARNEY

Christopher T. Carney  
Chief Financial Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ ROBERT BETZ</u> Robert Betz	Director	April 15, 2021
<u>/s/ MARIO CONCHA</u> Mario Concha	Director	April 15, 2021
<u>/s/ JOHN LEVY</u> John F. Levy	Director	April 15, 2021
<u>/s/ GEOFFREY SCOTT</u> Geoffrey Scott	Director	April 15, 2021
<u>/s/ CHRISTOPHER T. CARNEY</u> Christopher T. Carney	Director	April 15, 2021