MORGAN STANLEY
Form 424B2
September 11, 2018

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	*Maximum Aggregate Offering Price*	*Amount of Registration Fee*
Leveraged Index-Linked Notes due 2020	$8,435,000	$1,050.16

PROSPECTUS Dated November 16, 2017
PRODUCT SUPPLEMENT Dated November 16, 2017
INDEX SUPPLEMENT Dated November 16, 2017

Pricing Supplement No. 963 to
Registration Statement Nos. 333-221595; 333-221595-01
Dated September 7, 2018
Rule 424(b)(2)

Morgan Stanley Finance LLC

STRUCTURED INVESTMENTS

Opportunities in U.S. Equities
$8,435,000

Capped Leveraged Russell 2000® Index-Linked Notes due March 11, 2020

Fully and Unconditionally Guaranteed by Morgan Stanley

Principal at Risk Securities

The notes are unsecured obligations of Morgan Stanley Finance LLC ("MSFL") and are fully and unconditionally guaranteed by Morgan Stanley. The notes will not bear interest. The amount that you will be paid on your notes on the stated maturity date (March 11, 2020, subject to postponement) is based on the performance of the Russell 2000® Index as measured from the trade date (September 7, 2018) to and including the determination date (March 9, 2020, subject to postponement). If the final underlier level on the determination date is greater than the initial underlier level, the return on your notes will be positive, subject to the maximum settlement amount ($1,174.00 for each $1,000 face amount of your notes). **However, if the final underlier level is less than the initial underlier level, the return on your notes will be negative. You could lose your entire investment in the notes.** The notes are notes issued as part of MSFL's Series A Global Medium-Term Notes program.

All payments are subject to our credit risk. If we default on our obligations, you could lose some or all of your investment. These notes are not secured obligations and you will not have any security interest in, or otherwise have any access to, any underlying reference asset or assets.

To determine your payment at maturity, we will calculate the underlier return, which is the percentage increase or decrease in the final underlier level from the initial underlier level. On the stated maturity date, for each $1,000 face amount of your notes, you will receive an amount in cash equal to:

if the underlier return is *positive* (the final underlier level is *greater than* the initial underlier level), the *sum* of (i) $1,000 *plus* (ii) the *product* of (a) $1,000 *times* (b) 400% *times* (c) the underlier return, subject to the maximum

settlement amount; or

if the underlier return is *zero or negative* (the final underlier level is *equal to or less than* the initial underlier level), the *sum* of (i) $1,000 *plus* (ii) the *product* of (a) the underlier return *times* (b) $1,000.

If the underlier return is negative (the final underlier level is less than the initial underlier level), you will lose some or all of your investment.

You should read the additional disclosure herein so that you may better understand the terms and risks of your investment.

The estimated value on the trade date is $978.00 per note. See "Estimated Value" on page 2.

	Price to public[1]	*Agent's commissions*	*Proceeds to us*[2]
Per note	*$1,000*	*$16.70*	*$983.30*
Total	*$8,435,000*	*$140,864.50*	*$8,294,135.50*

(1) The price to public is 98.33% for certain investors; see "Summary Information — Supplemental information regarding plan of distribution; conflicts of interest" on page 7. Morgan Stanley & Co. LLC ("MS & Co.") will sell all of the notes that it purchases from us to an unaffiliated dealer. Investors that purchase and hold the notes in fee-based accounts may be charged fees based on the amount of assets held in those accounts, including the notes.

(2) See "Summary Information—Use of proceeds and hedging" beginning on page 5.

The notes involve risks not associated with an investment in ordinary debt securities. See "Risk Factors" beginning on page 12.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these notes, or determined if this document or the accompanying product supplement, index supplement and prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes are not deposits or savings accounts and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality, nor are they obligations of, or guaranteed by, a bank.

You should read this document together with the related product supplement, index supplement and prospectus, each of which can be accessed via the hyperlinks below. Please also see "Key Terms" on page 3.

MORGAN STANLEY

About Your Prospectus

The notes are notes issued as part of MSFL's Series A Global Medium-Term Notes program. This prospectus includes this pricing supplement and the accompanying documents listed below. This pricing supplement constitutes a supplement to the documents listed below and should be read in conjunction with such documents:

Prospectus dated November 16, 2017

Product Supplement dated November 16, 2017

Index Supplement dated November 16, 2017

The information in this pricing supplement supersedes any conflicting information in the documents listed above. In addition, some of the terms or features described in the listed documents may not apply to your notes.

ESTIMATED VALUE

The Original Issue Price of each note is $1,000. This price includes costs associated with issuing, selling, structuring and hedging the notes, which are borne by you, and, consequently, the estimated value of the notes on the Trade Date is less than $1,000. We estimate that the value of each note on the Trade Date is $978.00.

What goes into the estimated value on the Trade Date?

In valuing the notes on the Trade Date, we take into account that the notes comprise both a debt component and a performance-based component linked to the Underlier. The estimated value of the notes is determined using our own pricing and valuation models, market inputs and assumptions relating to the Underlier, instruments based on the Underlier, volatility and other factors including current and expected interest rates, as well as an interest rate related to our secondary market credit spread, which is the implied interest rate at which our conventional fixed rate debt trades in the secondary market.

What determines the economic terms of the notes?

In determining the economic terms of the notes, including the Upside Participation Rate, the Cap Level and the Maximum Settlement Amount, we use an internal funding rate, which is likely to be lower than our secondary market credit spreads and therefore advantageous to us. If the issuing, selling, structuring and hedging costs borne by you were lower or if the internal funding rate were higher, one or more of the economic terms of the notes would be more favorable to you.

What is the relationship between the estimated value on the Trade Date and the secondary market price of the notes?

The price at which MS & Co. purchases the notes in the secondary market, absent changes in market conditions, including those related to the Underlier, may vary from, and be lower than, the estimated value on the Trade Date, because the secondary market price takes into account our secondary market credit spread as well as the bid-offer spread that MS & Co. would charge in a secondary market transaction of this type and other factors. However, because the costs associated with issuing, selling, structuring and hedging the notes are not fully deducted upon issuance, for a period of up to 3 months following the issue date, to the extent that MS & Co. may buy or sell the notes in the secondary market, absent changes in market conditions, including those related to the Underlier, and to our secondary market credit spreads, it would do so based on values higher than the estimated value. We expect that those higher values will also be reflected in your brokerage account statements.

MS & Co. may, but is not obligated to, make a market in the notes, and, if it once chooses to make a market, may cease doing so at any time.

SUMMARY INFORMATION

The Capped Leveraged Russell 2000® Index-Linked Notes, which we refer to as the notes, are unsecured obligations of MSFL and are fully and unconditionally guaranteed by Morgan Stanley. The notes will pay no interest, do not guarantee any return of principal at maturity and have the terms described in the accompanying product supplement, index supplement and prospectus, as supplemented or modified by this document. The notes are notes issued as part of MSFL's Series A Global Medium-Term Notes program.

Capitalized terms used but not defined herein have the meanings assigned to them in the accompanying product supplement and prospectus. All references to "Cash Settlement Amount," "Closing Level," "Determination Date," "Face Amount," "Final Underlier Level," "Initial Underlier Level," "Maximum Settlement Amount," "Original Issue Price," "State Maturity Date," "Trade Date," "Underlier," "Underlier Return" and "Upside Participation Rate" herein shall be deemed to refer to "payment at maturity," "index closing value," "valuation date," "stated principal amount," "final index value," "init index value," "maximum payment at maturity," "issue price," "maturity date," "pricing date," "underlying index," "index re and "leverage factor," respectively, as used in the accompanying product supplement. References to "we," "us" and "our" refer to Morgan Stanley or MSFL, or Morgan Stanley and MSFL collectively, as the context requires.

If the terms described herein are inconsistent with those described in the accompanying product supplement or prospectus, the terms described herein shall control.

Key Terms

Issuer: Morgan Stanley Finance LLC

Guarantor: Morgan Stanley

Underlier: Russell 2000® Index

Underlier Publisher: FTSE Russell

Notes: The accompanying product supplement refers to the notes as the "PLUS."

Specified currency: U.S. dollars ("$")

Face Amount: Each note will have a Face Amount of $1,000; $8,435,000 in the aggregate for all the notes; the aggregate Face Amount of notes may be increased if the Issuer, at its sole option, decides to sell an additional amount of the notes on a date subsequent to the date hereof.

Denominations: $1,000 and integral multiples thereof

Purchase at amount other than Face Amount: The amount we will pay you on the Stated Maturity Date for your notes will not be adjusted based on the issue price you pay for your notes, so if you acquire notes at a premium (or discount) to the Face Amount and hold them to the Stated Maturity Date, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at the Face Amount. Additionally, the Cap Level would be triggered at a lower (or higher) percentage return than indicated below, relative to your initial investment. See "Risk Factors—If You Purchase Your Notes At A Premium To The Face Amount, The Return On Your Investment Will Be Lower Than The Return On Notes Purchased At The Face Amount, And The Impact Of Certain Key Terms Of The Notes Will Be Negatively Affected" beginning on page 12 of this document.

Cash Settlement Amount (on the Stated Maturity Date): For each $1,000 Face Amount of notes, we will pay you on the Stated Maturity Date an amount in cash equal to:

- if the Final Underlier Level is *greater than* or *equal to* the Cap Level, the Maximum Settlement Amount;

- if the Final Underlier Level is *greater than* the Initial Underlier Level but *less than* the Cap Level, the *sum* of (i) $1,000 *plus* (ii) the *product* of (a) $1,000 *times* (b) the Upside Participation Rate *times* (c) the Underlier Return; or

- if the Final Underlier Level is *equal to or less than* the Initial Underlier Level, the *sum* of (i) $1,000 *plus* (ii) the *product* of (a) $1,000 *times* (b) the Underlier Return.

You will lose some or all of your investment at maturity if the Final Underlier Level is less than the Initial Underlier Level. Any payment of the Cash Settlement Amount is subject to the credit of the Issuer.

Initial Underlier Level: 1,713.180

Final Underlier Level: The Closing Level of the Underlier on the Determination Date, except in the limited circumstances described under "Description of PLUS—Postponement of Valuation Date(s)" on page S-44 of the accompanying product supplement, and subject to adjustment as provided under "Description of PLUS—Discontinuance of Any Underlying Index or Basket Index; Alteration of Method of Calculation" on page S-47 of the accompanying product supplement.

Underlier Return: The *quotient* of (i) the Final Underlier Level *minus* the Initial Underlier Level *divided* by (ii) the Initial Underlier Level, expressed as a percentage

Upside Participation Rate: 400%

Cap Level: 1,787.70333, which is 104.35% of the Initial Underlier Level

Maximum Settlement Amount: $1,174.00 for each $1,000 Face Amount of notes

Trade Date: September 7, 2018

Original Issue Date (Settlement Date): September 14, 2018 (5 Business Days after the Trade Date)

Determination Date: March 9, 2020, subject to postponement as described in the accompanying product supplement on page S-44 under "Description of PLUS—Postponement of Valuation Date(s)."

Stated Maturity Date: March 11, 2020 (2 Business Days after the Determination Date), subject to postponement as described below.

Postponement of Stated Maturity Date: If the scheduled Determination Date is not a Trading Day or if a market disruption event occurs on that day so that the Determination Date as postponed falls less than two Business Days prior to the scheduled Stated Maturity Date, the Stated Maturity Date of the notes will be postponed to the second Business Day following that Determination Date as postponed.

No interest or dividends: The notes will not pay interest or dividends.

No listing: The notes will not be listed on any securities exchange.

No redemption: The notes will not be subject to any redemption right.

Closing Level: As described under "Description of PLUS—Some Definitions—index closing value" on page S-37 of the accompanying product supplement. Notwithstanding the definition of "index closing value" on page S-37 of the accompanying product supplement, Closing Level means, with respect to the Underlier, on any Trading Day, the closing level of the Underlier reported by Bloomberg Financial Services, or any successor reporting service the Calculation Agent may select, on such Trading Day, as determined by the Calculation Agent.

Business Day: As described under "Description of PLUS—Some Definitions—business day" on page S-36 of the accompanying product supplement

Trading Day: As described under "Description of PLUS—Some Definitions—index business day" on page S-37 of the accompanying product supplement. The product supplement refers to a Trading Day as an "index business day."

Market disruption event: The following replaces in its entirety the section entitled "Description of PLUS—Some Definitions—market disruption event" on page S-37 of the accompanying product supplement:

"Market disruption event" means, with respect to the Underlier:

(i) the occurrence or existence of:

a suspension, absence or material limitation of trading of securities then constituting 20 percent or more, by weight, (a) of the Underlier (or the successor index) on the relevant exchanges for such securities for more than two hours of trading or during the one-half

hour period preceding the close of the principal trading session on such relevant exchange, or

(b) a breakdown or failure in the price and trade reporting systems of any relevant exchange as a result of which the reported trading prices for securities then constituting 20 percent or more, by weight, of the Underlier (or the successor index), or futures or options contracts, if available, relating to the Underlier (or the successor index) or the securities then constituting 20 percent or more, by weight, of the Underlier during the last one-half hour preceding the close of the principal trading session on such relevant exchange are materially inaccurate, or

(c) the suspension, material limitation or absence of trading on any major U.S. securities market for trading in futures or options contracts or exchange-traded funds related to the Underlier (or the successor index), or in futures or options contracts, if available, relating to securities then constituting 20 percent or more, by weight, of the Underlier (or the successor index) for more than two hours of trading or during the one-half hour period preceding the close of the principal trading session on such market,

in each case as determined by the calculation agent in its sole discretion; and

(ii) a determination by the calculation agent in its sole discretion that any event described in clause (i) above materially interfered with our ability or the ability of any of our affiliates to unwind or adjust all or a material portion of the hedge position with respect to the notes.

For the purpose of determining whether a market disruption event exists at any time, if trading in a security included in the Underlier is suspended, absent or materially limited at that time, then the relevant percentage contribution of that security to the value of the Underlier shall be based on a comparison of (x) the portion of the value of the Underlier attributable to that security relative to (y) the overall value of the Underlier, in each case immediately before that suspension or limitation.

For the purpose of determining whether a market disruption event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange or market, (2) a decision to permanently discontinue trading in the relevant futures or options contract or exchange-traded fund will not constitute a market disruption event, (3) a suspension of trading in futures or options contracts or exchange-traded funds on the Underlier, or futures or options contracts, if available, relating to securities then constituting 20 percent or more, by weight, of the Underlier, by the primary securities market trading in such contracts or funds by reason of (a) a price change exceeding limits set by such securities exchange or market, (b) an imbalance of orders relating to such contracts or funds, or (c) a disparity in bid and ask quotes relating to such contracts or funds will constitute a suspension, absence or material limitation of trading in futures or options contracts or exchange-traded funds related to the Underlier and (4) a “suspension, absence or material limitation of trading” on any relevant exchange or on the primary market on which futures or options contracts or exchange-traded funds related to the Underlier are traded will not include any time when such securities market is itself closed for trading under ordinary circumstances.

Use of proceeds and hedging: The proceeds from the sale of the notes will be used by us for general corporate purposes. We will receive, in aggregate, $1,000 per note issued. The costs of the notes borne by you and described on page 2 comprise the cost of issuing, structuring and hedging the notes.

On or prior to the Trade Date, we hedged our anticipated exposure in connection with the notes, by entering into hedging transactions with our affiliates and/or third party dealers. We expect our hedging counterparties to have taken positions in stocks of the Underlier and in futures and options contracts on the Underlier, and any component stocks of the Underlier listed on major securities markets. Such purchase activity could have increased the level of the Underlier on the Trade Date, and therefore could have increased the level at or above which the Underlier must close on the Determination Date so that investors do not suffer a loss on their initial investment in the notes. In addition, through our affiliates, we are likely to modify our hedge position throughout the term of the notes, including on the Determination Date, by purchasing and selling the stocks constituting the Underlier, futures or options contracts on the Underlier or its component stocks listed on major securities markets or positions in any other available

securities or instruments that we may wish to use in connection with such hedging activities. As a result, these entities may be unwinding or adjusting hedge positions during the term of the notes, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the Determination Date approaches. We cannot give any assurance that our hedging activities will not affect the level of the Underlier, and, therefore, adversely affect the value of the notes or the payment you will receive at maturity, if any. For further information on our use of proceeds and hedging, see "Use of Proceeds and Hedging" in the accompanying product supplement.

Benefit Plan Investor Considerations: Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (a "Plan"), should consider the fiduciary standards of ERISA in the context of the Plan's particular circumstances before authorizing an investment in the notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

In addition, we and certain of our affiliates, including MS & Co., may each be considered a "party in interest" within the meaning of ERISA, or a "disqualified person" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to many Plans, as well as many individual retirement accounts and Keogh plans (such accounts and plans, together with other plans, accounts and arrangements subject to Section 4975 of the Code, also "Plans"). ERISA Section 406 and Code Section 4975 generally prohibit transactions between Plans and parties in interest or disqualified persons. Prohibited transactions within the meaning of ERISA or the Code would likely arise, for example, if the notes are acquired by or with the assets of a Plan with respect to which MS & Co. or any of its affiliates is a service provider or other party in interest, unless the notes are acquired pursuant to an exemption from the "prohibited transaction" rules. A violation of these "prohibited transaction" rules could result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

The U.S. Department of Labor has issued five prohibited transaction class exemptions ("PTCEs") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase or holding of the notes. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified professional asset managers). In addition, ERISA Section 408(b)(17) and Section 4975(d)(20) of the Code provide an exemption for the purchase and sale of securities and the related lending transactions, provided that neither the Issuer of the notes nor any of its affiliates has or exercises any discretionary authority or control or renders any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than "adequate consideration" in connection with the transaction (the so-called "service provider" exemption). There can be no assurance that any of these class or statutory exemptions will be available with respect to transactions involving the notes.

Because we may be considered a party in interest with respect to many Plans, the notes may not be purchased, held or disposed of by any Plan, any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") or any person investing "plan assets" of any Plan, unless such purchase, holding or disposition is eligible for exemptive relief, including relief available under PTCEs 96-23, 95-60, 91-38, 90-1, 84-14 or the service provider exemption or such purchase, holding or disposition is otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a Plan, transferee or holder of the notes will be deemed to have represented, in its corporate and its fiduciary capacity, by its purchase and holding of the notes that either (a) it is not a Plan or a Plan Asset Entity and is not purchasing such notes on behalf of or with "plan assets" of any Plan or with any assets of a governmental, non-U.S. or church plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code ("Similar Law") or (b) its purchase, holding and disposition of these notes will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any Similar Law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the notes on behalf of or with "plan assets" of any Plan consult with their counsel regarding the availability of exemptive relief.

The notes are contractual financial instruments. The financial exposure provided by the notes is not a substitute or proxy for, and is not intended as a substitute or proxy for, individualized investment management or advice for the benefit of any purchaser or holder of the notes. The notes have not been designed and will not be administered in a manner intended to reflect the individualized needs and objectives of any purchaser or holder of the notes.

Each purchaser or holder of any notes acknowledges and agrees that:

(i) the purchaser or holder or its fiduciary has made and shall make all investment decisions for the purchaser or holder and the purchaser or holder has not relied and shall not rely in any way upon us or our affiliates to act as a fiduciary or adviser of the purchaser or holder with respect to (A) the design and terms of the notes, (B) the purchaser or holder's investment in the notes, or (C) the exercise of or failure to exercise any rights we have under or with respect to the notes;

(ii) we and our affiliates have acted and will act solely for our own account in connection with (A) all transactions relating to the notes and (B) all hedging transactions in connection with our obligations under the notes;

(iii) any and all assets and positions relating to hedging transactions by us or our affiliates are assets and positions of those entities and are not assets and positions held for the benefit of the purchaser or holder;

(iv) our interests are adverse to the interests of the purchaser or holder; and

(v) neither we nor any of our affiliates is a fiduciary or adviser of the purchaser or holder in connection with any such assets, positions or transactions, and any information that we or any of our affiliates may provide is not intended to be impartial investment advice.

Each purchaser and holder of the notes has exclusive responsibility for ensuring that its purchase, holding and disposition of the notes do not violate the prohibited transaction rules of ERISA or the Code or any Similar Law. The sale of any notes to any Plan or plan subject to Similar Law is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by plans generally or any particular plan, or that such an investment is appropriate for plans generally or any particular plan. In this regard, neither this discussion nor anything provided in this pricing supplement is or is intended to be investment advice directed at any potential Plan purchaser or at Plan purchasers generally and such purchasers of these notes should consult and rely on their own counsel and advisers as to whether an investment in these notes is suitable.

However, individual retirement accounts, individual retirement annuities and Keogh plans, as well as employee benefit plans that permit participants to direct the investment of their accounts, will not be permitted to purchase or hold the notes if the account, plan or annuity is for the benefit of an employee of Morgan Stanley or Morgan Stanley Wealth Management or a family member and the employee receives any compensation (such as, for example, an addition to bonus) based on the purchase of the notes by the account, plan or annuity.

Additional considerations: Client accounts over which Morgan Stanley, Morgan Stanley Wealth Management or any of their respective subsidiaries have investment discretion are not permitted to purchase the notes, either directly or indirectly.

Supplemental information regarding plan of distribution; conflicts of interest: We have agreed to sell to MS & Co., and MS & Co. has agreed to purchase from us, the aggregate face amount of the offered notes specified on the cover of this pricing supplement. MS & Co. proposes initially to offer the notes to an unaffiliated securities dealer at the price to public set forth on the cover of this pricing supplement less a concession not in excess of 1.67% of the face amount. The price to public for notes purchased by certain fee-based advisory accounts is 98.33% of the face amount of the notes, which reduces the agent's commission specified on the cover of this pricing supplement with respect to such notes to 0.00%. MS & Co., the agent for this offering, is our affiliate. Because MS & Co. is both our

affiliate and a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"), the underwriting arrangements for this offering must comply with the requirements of FINRA Rule 5121 regarding a FINRA member firm's distribution of the securities of an affiliate and related conflicts of interest. In accordance with FINRA Rule 5121, MS & Co. may not make sales in offerings of the notes to any of its discretionary accounts without the prior written approval of the customer.

MS & Co. is an affiliate of MSFL and a wholly owned subsidiary of Morgan Stanley, and it and other affiliates of ours expect to make a profit by selling, structuring and, when applicable, hedging the notes.

MS & Co. will conduct this offering in compliance with the requirements of FINRA Rule 5121 of the Financial Industry Regulatory Authority, Inc., which is commonly referred to as FINRA, regarding a FINRA member firm's distribution of the notes of an affiliate and related conflicts of interest. MS & Co. or any of our other affiliates may not make sales in this offering to any discretionary account. See "Plan of Distribution (Conflicts of Interest)" and "Use of Proceeds and Hedging" in the accompanying product supplement.

Settlement: We expect to deliver the notes against payment for the notes on the Original Issue Date, which will be the fifth scheduled Business Day following the Trade Date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two Business Days, unless the parties to a trade expressly agree otherwise. Accordingly, if the Original Issue Date is more than two Business Days after the Trade Date, purchasers who wish to transact in the notes more than two Business Days prior to the Original Issue Date will be required to specify alternative settlement arrangements to prevent a failed settlement.

Trustee: The Bank of New York Mellon

Calculation Agent: MS & Co.

CUSIP no.: 61768DEF8

ISIN: US61768DEF87

HYPOTHETICAL EXAMPLES

The following table and chart are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that the various hypothetical Closing Levels of the Underlier on the Determination Date could have on the Cash Settlement Amount.

The examples below are based on a range of Final Underlier Levels that are entirely hypothetical; no one can predict what the level of the Underlier will be on any day during the term of the notes, and no one can predict what the Final Underlier Level will be on the Determination Date. The Underlier has at times experienced periods of high volatility — meaning that the level of the Underlier has changed considerably in relatively short periods — and its performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the notes assuming that they are purchased on the Original Issue Date at the Face Amount and held to the Stated Maturity Date. The value of the notes at any time after the Trade Date will vary based on many economic and market factors, including interest rates, the volatility of the Underlier, our creditworthiness and changes in market conditions, and cannot be predicted with accuracy. Any sale prior to the Stated Maturity Date could result in a substantial loss to you.

Key Terms and Assumptions	
Face Amount:	$1,000
Upside Participation Rate:	400.00%
Cap Level:	104.350% of the Initial Underlier Level
Maximum Settlement Amount:	$1,174.00 per $1,000 Face Amount of notes (117.400% of the Face Amount)
Minimum Cash Settlement Amount:	None

- *Neither a market disruption event nor a non-Trading Day occurs on the Determination Date.*
- *No discontinuation of the Underlier or alteration of the method by which the Underlier is calculated.*
- *Notes purchased on the Original Issue Date at the Face Amount and held to the Stated Maturity Date.*

The actual performance of the Underlier over the term of the notes, as well as the Cash Settlement Amount, if any, may bear little relation to the hypothetical examples shown below or to the historical levels of the Underlier shown elsewhere in this document. For information about the historical levels of the Underlier during recent periods, see "The Underlier" below.

The levels in the left column of the table below represent hypothetical Final Underlier Levels and are expressed as percentages of the Initial Underlier Level. The amounts in the right column represent the hypothetical Cash Settlement Amount, based on the corresponding hypothetical Final Underlier Level (expressed as a percentage of the

Initial Underlier Level), and are expressed as percentages of the Face Amount of notes (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical Cash Settlement Amount of 100% means that the value of the cash payment that we would deliver for each $1,000 Face Amount of notes on the Stated Maturity Date would equal 100% of the Face Amount of notes, based on the corresponding hypothetical Final Underlier Level (expressed as a percentage of the Initial Underlier Level) and the assumptions noted above. The numbers appearing in the table and chart below may have been rounded for ease of analysis.

Hypothetical Final Underlier Level (as Percentage of Initial Underlier Level)	**Hypothetical Cash Settlement Amount (as Percentage of Face Amount)**
200.000%	117.400%
175.000%	117.400%
150.000%	117.400%
125.000%	117.400%
120.000%	117.400%
115.000%	117.400%
110.000%	117.400%
105.000%	117.400%
104.350%	117.400%
103.000%	112.000%
101.000%	104.000%
100.000%	**100.000%**
90.000%	90.000%
75.000%	75.000%
50.000%	50.000%
25.000%	25.000%
0.000%	**0.000%**

If, for example, the Final Underlier Level were determined to be 25.000% of the Initial Underlier Level, the Cash Settlement Amount would be 25.000% of the Face Amount of notes, as shown in the table above. As a result, if you purchased your notes on the Original Issue Date at the Face Amount and held them to the Stated Maturity Date, you would lose 75.000% of your investment. If you purchased your notes at a premium to the Face Amount, you would lose a correspondingly higher percentage of your investment.

If the Final Underlier Level were determined to be 175.000% of the Initial Underlier Level, the Cash Settlement Amount would be capped at the Maximum Settlement Amount (expressed as a percentage of the Face Amount), or 117.400% of each $1,000 Face Amount of notes, as shown in the table above. As a result, if you purchased the notes on the Original Issue Date at the Face Amount and held them to the Stated Maturity Date, you would not benefit from any increase in the Final Underlier Level above the Cap Level of 104.350% of the Initial Underlier Level.

Payoff Diagram

The following chart shows a graphical illustration of the hypothetical Cash Settlement Amount (expressed as a percentage of the Face Amount of notes), if the Final Underlier Level (expressed as a percentage of the Initial Underlier Level) were any of the hypothetical levels shown on the horizontal axis. The chart shows that any hypothetical Final Underlier Level (expressed as a percentage of the Initial Underlier Level) of less than 100% (the section left of the 100% marker on the horizontal axis) would result in a hypothetical Cash Settlement Amount of less than 100% of the Face Amount of notes (the section below the 100% marker on the vertical axis), and, accordingly, in a loss of principal to the holder of the notes. The chart also shows that any hypothetical Final Underlier Level (expressed as a percentage of the Initial Underlier Level) of greater than 104.350% (the section right of the Cap Level of 104.350% marker on the horizontal axis) would result in a capped return on your investment and a Cash Settlement Amount equal to the Maximum Settlement Amount.

Hypothetical Payoff Diagram

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RISK FACTORS

The following is a non-exhaustive list of certain key risk factors for investors in the notes. For further discussion of these and other risks, you should read the section entitled "Risk Factors" in the accompanying product supplement and prospectus. We also urge you to consult your investment, legal, tax, accounting and other advisers in connection with your investment in the notes.

The Notes Do Not Pay Interest Or Guarantee The Return Of Any Of Your Principal

The terms of the notes differ from those of ordinary debt securities in that the notes do not pay interest and do not guarantee any return of principal at maturity. If the Final Underlier Level is less than the Initial Underlier Level, you will receive for each note that you hold a Cash Settlement Amount that is less than the Face Amount of each note by an amount proportionate to the full decline in the level of the Underlier over the term of the notes. As there is no minimum Cash Settlement Amount on the notes, you could lose your entire initial investment.

Also, the market price of your notes prior to the Stated Maturity Date may be significantly lower than the purchase price you pay for your notes. Consequently, if you sell your notes before the Stated Maturity Date, you may receive significantly less than the amount of your investment in the notes.

The Appreciation Potential Of The Notes Is Limited By The Maximum Settlement Amount

The appreciation potential of the notes is limited by the Maximum Settlement Amount of $1,174.00 per note, or 117.40% of the Face Amount. Although the Upside Participation Rate provides 400% exposure to any increase in the Final Underlier Level over the Initial Underlier Level, because the Cash Settlement Amount will be limited to 117.40% of the Face Amount for the notes, any increase in the Final Underlier Level over the Initial Underlier Level by more than 4.35% of the Initial Underlier Level will not further increase the return on the notes.

The Notes Are Linked To The Russell 2000® Index And Are Subject To Risks Associated With Small-Capitalization Companies

The Russell 2000® Index consists of stocks issued by companies with relatively small market capitalization. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies and therefore the underlying index may be more volatile than indices that consist of stocks issued by large-capitalization companies. Stock prices of small-capitalization companies are also more vulnerable than those of

large-capitalization companies to adverse business and economic developments, and the stocks of small-capitalization companies may be thinly traded. In addition, small capitalization companies are typically less well-established and less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of personnel. Such companies tend to have smaller revenues, less diverse product lines, smaller shares of their product or service markets, fewer financial resources and less competitive strengths than large-capitalization companies and are more susceptible to adverse developments related to their products.

If You Purchase Your Notes At A Premium To The Face Amount, The Return On Your Investment Will Be Lower Than The Return On Notes Purchased At The Face Amount, And The Impact Of Certain Key Terms Of The Notes Will Be Negatively Affected

The Cash Settlement Amount will not be adjusted based on the issue price you pay for the notes. If you purchase notes at a price that differs from the Face Amount of notes, then the return on your investment in such notes held to the Stated Maturity Date will differ from, and may be substantially less than, the return on notes purchased at the Face Amount. If you purchase your notes at a premium to the Face Amount and hold them to the Stated Maturity Date, the return on your investment in the notes will be lower than it would have been had you purchased the notes at the Face Amount or at a discount to the Face Amount. In addition, the impact of the Cap Level on the return on your investment will depend upon the price you pay for your notes relative to the Face Amount. For example, if you purchase your notes at a premium to the Face Amount, the Cap Level will reduce your potential percentage return on the notes to a greater extent than would have been the case for notes purchased at the Face Amount or at a discount to the Face Amount.

The Underlier Reflects The Price Return Of The Stocks Composing The Underlier, Not A Total Return

The return on the notes is based on the performance of the Underlier, which reflects the changes in the market prices of the stocks composing the Underlier. It is not, however, linked to a "total return" version of the Underlier, which, in addition to reflecting those price returns, would also reflect all dividends and other distributions paid on the stocks composing the Underlier. The return on the notes will not include such a total return feature.

The Market Price Will Be Influenced By Many Unpredictable Factors

Several factors, many of which are beyond our control, will influence the value of the notes in the secondary market and the price at which MS & Co. may be willing to purchase or sell the notes in the secondary market, including: the level of the Underlier, volatility (frequency and magnitude of changes in value) of the Underlier and dividend yield of the Underlier, interest and yield rates, time remaining to maturity, geopolitical conditions and economic, financial, political and regulatory or judicial events that affect the Underlier or equities markets generally and which may affect the Final Underlier Level of the Underlier and any actual or anticipated changes in our credit ratings or credit spreads. The level of the Underlier may be, and has been, volatile, and we can give you no assurance that the volatility will lessen. See "The Underlier" below. You may receive less, and possibly significantly less, than the Face Amount per note if you try to sell your notes prior to maturity.

The Notes Are Subject To Our Credit Risk, And Any Actual Or Anticipated Changes To Our Credit Ratings Or Credit Spreads May Adversely Affect The Market Value Of The Notes

You are dependent on our ability to pay all amounts due on the notes at maturity, and therefore you are subject to our credit risk. If we default on our obligations under the notes, your investment would be at risk and you could lose some or all of your investment. As a result, the market value of the notes prior to maturity will be affected by changes in the market's view of our creditworthiness. Any actual or anticipated decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the market value of the notes.

As A Finance Subsidiary, MSFL Has No Independent Operations And Will Have No Independent Assets

As a finance subsidiary, MSFL has no independent operations beyond the issuance and administration of its securities and will have no independent assets available for distributions to holders of the notes if they make claims in respect of such notes in a bankruptcy, resolution or similar proceeding. Accordingly, any recoveries by such holders will be limited to those available under the related guarantee by Morgan Stanley and that guarantee will rank *pari passu* with

all other unsecured, unsubordinated obligations of Morgan Stanley. Holders will have recourse only to a single claim against Morgan Stanley and its assets under the guarantee. Holders of the notes should accordingly assume that in any such proceedings they could not have any priority over and should be treated *pari passu* with the claims of other unsecured, unsubordinated creditors of Morgan Stanley, including holders of Morgan Stanley-issued securities.

The Amount Payable On The Notes Is Not Linked To The Level Of The Underlier At Any Time Other Than The Determination Date

The Final Underlier Level will be based on the Closing Level on the Determination Date, subject to adjustment for non-Trading Days and certain market disruption events. Even if the level of the Underlier appreciates prior to the Determination Date but then drops by the Determination Date, the Cash Settlement Amount may be less, and may be significantly less, than it would have been had the Cash Settlement Amount been linked to the level of the Underlier prior to such drop. Although the actual level of the Underlier on the Stated Maturity Date or at other times during the term of the notes may be higher than the Final Underlier Level, the Cash Settlement Amount will be based solely on the Closing Level on the Determination Date.

Investing In The Notes Is Not Equivalent To Investing In The Underlier

Investing in the notes is not equivalent to investing in the Underlier or its component stocks. Investors in the notes will not have voting rights or rights to receive dividends or other distributions or any other rights with respect to stocks that constitute the Underlier.

Adjustments To The Underlier Could Adversely Affect The Value Of The Notes

The publisher of the Underlier may add, delete or substitute the stocks constituting the Underlier or make other methodological changes that could change the level of the Underlier. The publisher of the Underlier may discontinue or suspend calculation or publication of the Underlier at any time. In these circumstances, the calculation agent will have the sole discretion to substitute a successor index that is comparable to the discontinued Underlier and is permitted to consider indices that are calculated and published by the calculation agent or any of its affiliates. If the calculation agent determines that there is no appropriate successor index, the Cash Settlement Amount on the notes will be an amount based on the closing prices at maturity of the securities composing the Underlier at the time of such discontinuance, without rebalancing or substitution, computed by the calculation agent in accordance with the formula for calculating the Underlier last in effect prior to discontinuance of the Underlier.

The Rate We Are Willing To Pay For Securities Of This Type, Maturity And Issuance Size Is Likely To Be Lower Than The Rate Implied By Our Secondary Market Credit Spreads And Advantageous To Us. Both The Lower Rate And The Inclusion Of Costs Associated With Issuing, Selling, Structuring And Hedging The Notes In The Original Issue Price Reduce The Economic Terms Of The Notes, Cause The Estimated Value Of The Notes To Be Less Than The Original Issue Price And Will Adversely Affect Secondary Market Prices

Assuming no change in market conditions or any other relevant factors, the prices, if any, at which dealers, including MS & Co., may be willing to purchase the notes in secondary market transactions will likely be significantly lower than the Original Issue Price, because secondary market prices will exclude the issuing, selling, structuring and hedging-related costs that are included in the Original Issue Price and borne by you and because the secondary market prices will reflect our secondary market credit spreads and the bid-offer spread that any dealer would charge in a secondary market transaction of this type as well as other factors.

The inclusion of the costs of issuing, selling, structuring and hedging the notes in the Original Issue Price and the lower rate we are willing to pay as issuer make the economic terms of the notes less favorable to you than they otherwise would be.

However, because the costs associated with issuing, selling, structuring and hedging the notes are not fully deducted upon issuance, for a period of up to 3 months following the issue date, to the extent that MS & Co. may buy or sell the notes in the secondary market, absent changes in market conditions, including those related to the Underlier, and to our secondary market credit spreads, it would do so based on values higher than the estimated value, and we expect

that those higher values will also be reflected in your brokerage account statements.

The Estimated Value Of The Notes Is Determined By Reference To Our Pricing And Valuation Models, Which May Differ From Those Of Other Dealers And Is Not A Maximum Or Minimum Secondary Market Price

These pricing and valuation models are proprietary and rely in part on subjective views of certain market inputs and certain assumptions about future events, which may prove to be incorrect. As a result, because there is no market-standard way to value these types of securities, our models may yield a higher estimated value of the notes than those generated by others, including other dealers in the market, if they attempted to value the notes. In addition, the estimated value on the Trade Date does not represent a minimum or maximum price at which dealers, including MS & Co., would be willing to purchase your notes in the secondary market (if any exists) at any time. The value of your notes at any time after the date hereof will vary based on many factors that cannot be predicted with accuracy, including our creditworthiness and changes in market conditions. See also "The Market Price Will Be Influenced By Many Unpredictable Factors" above.

The Notes Will Not Be Listed On Any Securities Exchange And Secondary Trading May Be Limited

The notes will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the notes. MS & Co. may, but is not obligated to, make a market in the notes and, if it once

chooses to make a market, may cease doing so at any time. When it does make a market, it will generally do so for transactions of routine secondary market size at prices based on its estimate of the current value of the notes, taking into account its bid/offer spread, our credit spreads, market volatility, the notional size of the proposed sale, the cost of unwinding any related hedging positions, the time remaining to maturity and the likelihood that it will be able to resell the notes. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Since other broker-dealers may not participate significantly in the secondary market for the notes, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which MS & Co. is willing to transact. If, at any time, MS & Co. were to cease making a market in the notes, it is likely that there would be no secondary market for the notes. Accordingly, you should be willing to hold your notes to maturity.

The Calculation Agent, Which Is A Subsidiary Of Morgan Stanley And An Affiliate of MSFL, Will Make Determinations With Respect To The Notes

As calculation agent, MS & Co. has determined the Initial Underlier Level, will determine the Final Underlier Level and will calculate the Cash Settlement Amount you receive at maturity, if any. Moreover, certain determinations made by MS & Co. in its capacity as calculation agent, may require it to exercise discretion and make subjective judgments, such as with respect to the occurrence or non-occurrence of market disruption events and the selection of a successor index or calculation of the Final Underlier Level in the event of a market disruption event or discontinuance of the Underlier. These potentially subjective determinations may adversely affect the Cash Settlement Amount at maturity, if any. For further information regarding these types of determinations, see “Description of PLUS—Postponement of Valuation Date(s)” and “—Calculation Agent and Calculations” in the accompanying product supplement. In addition, MS & Co. has determined the estimated value of the notes on the Trade Date.

Hedging And Trading Activity By Our Affiliates Could Potentially Adversely Affect The Value Of The Notes

One or more of our affiliates and/or third-party dealers have carried out, and will continue to carry out, hedging activities related to the notes, including trading in the stocks that constitute the Underlier as well as in other instruments related to the Underlier. As a result, these entities may be unwinding or adjusting hedge positions during the term of the notes, and the hedging strategy may involve greater and more frequent dynamic adjustments to the hedge as the Determination Date approaches. Some of our affiliates also trade the stocks that constitute the Underlier and other financial instruments related to the Underlier on a regular basis as part of their general broker-dealer and other businesses. Any of these hedging or trading activities on or prior to the Trade Date could have increased the Initial Underlier Level, and, therefore, could have increased the level at or above which the Underlier must close on the Determination Date so that investors do not suffer a loss on their initial investment in the notes. Additionally, such hedging or trading activities during the term of the notes, including on the Determination Date, could adversely affect the level of the Underlier on the Determination Date, and, accordingly, the Cash Settlement Amount an investor will receive at maturity, if any. Furthermore, if the dealer from which you purchase notes is to conduct trading and hedging activities for us in connection with the notes, that dealer may profit in connection with such trading and hedging activities and such profit, if any, will be in addition to the compensation that the dealer receives for the sale of the notes to you. You should be aware that the potential to earn a profit in connection with hedging activities may create a further incentive for the dealer to sell the notes to you, in addition to the compensation they would receive for

the sale of the notes.

We May Sell An Additional Aggregate Face Amount Of Notes At A Different Issue Price

At our sole option, we may decide to sell an additional aggregate Face Amount of notes subsequent to the date hereof. The issue price of the notes in the subsequent sale may differ substantially (higher or lower) from the issue price you paid as provided on the cover of this document.

Past Performance is No Guide to Future Performance

The actual performance of the Underlier over the term of the notes, as well as the amount payable at maturity, may bear little relation to the historical Closing Levels of the Underlier or to the hypothetical return examples set forth herein. We cannot predict the future performance of the Underlier.

The U.S. Federal Income Tax Consequences Of An Investment In The Notes Are Uncertain

Please read the discussion under "Tax Considerations" in this document and the discussion under "United States Federal Taxation" in the accompanying product supplement (together, the "Tax Disclosure Sections") concerning the U.S. federal income tax consequences of an investment in the notes. If the Internal Revenue Service (the "IRS") were successful in asserting an alternative treatment, the timing and character of income on the notes might differ significantly from the tax treatment described in the Tax Disclosure Sections. For example, under one possible treatment, the IRS could seek to recharacterize the notes as debt instruments. In that event, U.S. Holders would be required to accrue into income original issue discount on the notes every year at a "comparable yield" determined at the time of issuance and recognize all income and gain in respect of the notes as ordinary income. Additionally, as discussed under "United States Federal Taxation—FATCA" in the accompanying product supplement, the withholding rules commonly referred to as "FATCA" would apply to the notes if they were recharacterized as debt instruments. We do not plan to request a ruling from the IRS regarding the tax treatment of the notes, and the IRS or a court may not agree with the tax treatment described in the Tax Disclosure Sections.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the "constructive ownership" rule, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect. Both U.S. and Non-U.S. Holders should consult their tax advisers regarding the U.S. federal income tax consequences of an investment in the notes, including possible alternative treatments, the issues presented by this notice and any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

THE UNDERLIER

The Russell 2000® Index is an index calculated, published and disseminated by FTSE Russell, and measures the composite price performance of stocks of 2,000 companies incorporated in the U.S. and its territories. All 2,000 stocks are traded on a major U.S. exchange and are the 2,000 smallest securities that form the Russell 3000® Index. The Russell 3000® Index is composed of the 3,000 largest U.S. companies as determined by market capitalization and represents approximately 98% of the U.S. equity market. The Russell 2000® Index consists of the smallest 2,000 companies included in the Russell 3000® Index and represents a small portion of the total market capitalization of the Russell 3000® Index. The Russell 2000® Index is designed to track the performance of the small capitalization segment of the U.S. equity market. For additional information about the Russell 2000® Index, see the information set forth under "Russell 2000® Index" in the accompanying index supplement.

In addition, information about the Underlier may be obtained from other sources including, but not limited to, the Underlier Publisher's website (including information regarding (i) the Underlier's top ten constituents and (ii) the Underlier's top five sectors). We are not incorporating by reference into this document the website or any material it includes. Neither the issuer nor the agent makes any representation that such publicly available information regarding the Underlier is accurate or complete.

Information as of market close on September 7, 2018:

Bloomberg Ticker Symbol:	RTY
Current Index Value:	1,713.180
52 Weeks Ago:	1,398.674
52 Week High (on 8/31/2018):	1,740.753
52 Week Low (on 9/7/2017):	1,398.674

The following graph sets forth the daily Closing Levels of the Underlier for each quarter in the period from January 1, 2013 through September 7, 2018. The Closing Level of the Underlier on September 7, 2018 was 1,713.180. We obtained the information in the graph below from Bloomberg Financial Markets without independent verification. The Underlier has at times experienced periods of high volatility. The actual performance of the Underlier over the term of the notes, as well as the amount payable at maturity, may bear little relation to the historical Closing Levels of the Underlier or to the hypothetical return examples set forth herein. We cannot predict the future performance of the Underlier. You should not take the historical levels of the Underlier as an indication of its future performance, and no assurance can be given as to the Closing Level of the Underlier on the Determination Date.

Russell 2000® Index

Daily Index Closing Values

January 1, 2013 to September 7, 2018

The "Russell 2000® Index" is a trademark of FTSE Russell. For more information, see "Russell 2000® Index" in the accompanying index supplement.

TAX CONSIDERATIONS

Although there is uncertainty regarding the U.S. federal income tax consequences of an investment in the notes due to the lack of governing authority, in the opinion of our counsel, Davis Polk & Wardwell LLP, under current law, and based on current market conditions, a note should be treated as a single financial contract that is an "open transaction" for U.S. federal income tax purposes.

Assuming this treatment of the notes is respected and subject to the discussion in "United States Federal Taxation" in the accompanying product supplement, the following U.S. federal income tax consequences should result based on current law:

- A U.S. Holder should not be required to recognize taxable income over the term of the notes prior to settlement, other than pursuant to a sale or exchange.

- Upon sale, exchange or settlement of the notes, a U.S. Holder should recognize gain or loss equal to the difference between the amount realized and the U.S. Holder's tax basis in the notes. Such gain or loss should be long-term capital gain or loss if the investor has held the notes for more than one year, and short-term capital gain or loss otherwise.

In 2007, the U.S. Treasury Department and the Internal Revenue Service (the "IRS") released a notice requesting comments on the U.S. federal income tax treatment of "prepaid forward contracts" and similar instruments. The notice focuses in particular on whether to require holders of these instruments to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; whether short-term instruments should be subject to any such accrual regime; the relevance of factors such as the exchange-traded status of the instruments and the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. investors should be subject to withholding tax; and whether these instruments are or should be subject to the "constructive ownership" rule, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose an interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect.

As discussed in the accompanying product supplement, Section 871(m) of the Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder ("Section 871(m)") generally impose a 30% (or a lower applicable treaty rate) withholding tax on dividend equivalents paid or deemed paid to Non-U.S. Holders with respect to certain financial instruments linked to U.S your name with Atlas's transfer agent, Standard Registrar & Transfer (Draper, UT), you are the "shareholder of record" of those shares. This Notice of Annual Meeting and Proxy Statement and accompanying documents have been provided directly to you by Atlas.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of those shares. This Notice of Meeting and Proxy Statement and the accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following such shareholder's instructions for voting by telephone or the Internet.

What is "Notice and Access"?

"Notice and Access" generally refers to rules of the Securities and Exchange Commission governing how companies must provide proxy materials. Under the notice and access model, a company may select either of the following two options for making proxy materials available to stockholders:

- the full set delivery option; or
- the notice only option.

A company may use a single method for all its stockholders, or use full set delivery for some while adopting the notice only option for others.

What is the Full Set Delivery Option?

Under the full set delivery option, a company delivers all proxy materials to its stockholders. This delivery can be by mail or, if a stockholder has previously agreed, by e-mail. In addition to delivering proxy materials to stockholders, the company must also post all proxy materials on a publicly accessible website and provide information to stockholders about how to access that website. In connection with its 2009 Annual Meeting of Stockholders, the Company has not elected to use the full set delivery option.

What is the Notice Only Option?

Under the notice only option, a company must post all its proxy materials on a publicly accessible website. However, instead of delivering its proxy materials to stockholders, the company instead delivers a "Notice of Internet Availability of Proxy Materials." The notice includes, among other matters:

- information regarding the date and time of the meeting of stockholders as well as the items to be considered at the meeting;
- information regarding the website where the proxy materials are posted; and
- various means by which a stockholder can request paper or e-mail copies of the proxy materials.

If a stockholder requests paper copies of the proxy materials, these materials must be sent to the stockholder within three business days. Additionally, paper copies must be sent via first class mail.

The Company has elected to use the Notice Only Option in connection with its 2009 Annual Meeting of Stockholders.

How do I vote?

You may vote using any of the following methods:

- By Mail:

Be sure to complete, sign and date the proxy card or voting instruction card and return it in the prepaid envelope. If you are a shareholder of record and you return your signed proxy card but do not indicate your voting preferences, the persons named in the proxy card will vote the shares represented by that proxy as recommended by the Board of Directors.

If you are a shareholder of record and you do not have the prepaid envelope, please mail your completed proxy card to:
Atlas Mining Company
110 Greene St – Ste 1101
New York, NY 10012

- Via The Internet:

The Internet voting procedures established by Atlas for shareholders of record are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that those instructions have been properly recorded.

The website for Internet voting is www.proxyvote.com. Please have your proxy card handy when you go online. You will be able to confirm that your instructions have been properly recorded. If you vote on the Internet, you also can request electronic delivery of future proxy materials.

Internet voting facilities for shareholders of record will be available 24 hours a day, and will close at 11:59 p.m., Eastern Time Zone, on October 26, 2009.

The availability of Internet voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. Therefore, we recommend that you follow the voting instructions in the materials you receive.

If you vote on the Internet, you do not have to return your proxy card or voting instruction card.

- By Telephone:

The telephone voting procedures established by Atlas for shareholders of record are designed to authenticate your identity, to allow you to give your voting instructions and to confirm that those instructions have been properly recorded.

Instructions for voting by telephone are included on your proxy card. Please have your proxy card handy when you dial in.

Telephone voting facilities for shareholders of record will be available 24 hours a day, and will close at 11:59 p.m. Eastern time on October 26, 2009.

The availability of telephone voting for beneficial owners will depend on the voting processes of your broker, bank or other holder of record. Therefore, we recommend that you follow the voting instructions in the materials you receive.

If you vote by telephone, you do not have to return your proxy card or voting instruction card.

- In Person At The Annual Meeting:

All shareholders may vote in person at the Annual Meeting. You may also be represented by another person at the Meeting by executing a proper proxy designating that person. If you are a beneficial and not a record owner of shares, you must obtain a legal proxy from your broker, bank or other holder of record and present it to the inspectors of election with your ballot to be able to vote at the Meeting.

Your vote is important. You can save us the expense of a second mailing by voting promptly.

What can I do if I change my mind after I vote my shares?

If you are a shareholder of record, you can revoke your proxy before it is exercised by:

- written notice to the President of the Company;
- timely delivery of a valid, later dated proxy or a later dated vote by telephone or on the Internet; or
- voting by ballot at the Annual Meeting.

If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other holder of record. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described in the answer to the previous question.

All proxies that have been properly completed and delivered and not revoked will be voted at the Annual Meeting.

Is there a list of shareholders entitled to vote at the Annual Meeting?

The names of shareholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Meeting for any purpose germane to the meeting by contacting the President of the Company between the hours of 9:00 a.m. and 4:30 p.m., Eastern Time Zone, at our principal executive offices located at 110 Greene Street, Suite 1101, New York, New York 10012.

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What are the voting requirements to elect the Directors and to approve each of the proposals discussed in this Proxy Statement?

Proposal	Vote Required	Discretionary Voting Allowed?
Election of Directors	Plurality	Yes
Change of the name of the Company to Applied Minerals, Inc.	Majority of votes cast *	No
Increase the authorized number of shares of Company common stock	Majority of votes cast *	No
Authorize flexible preferred stock	Majority of votes cast *	No
Number of directors determined by resolution of the board of directors	Majority of votes cast *	No
Reincorporation from Idaho to Delaware	Majority of votes cast *	No

* the tem “votes cast” include votes “for” and “against,” but does not include ballots marked “abstain” and do not include broker non-votes

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting, in person or represented by proxy, is necessary to constitute a quorum. Abstentions and “broker non votes” are counted as present and entitled to vote for purposes of determining a quorum. A “broker non vote” occurs when a bank, broker or other holder of record holding shares for a beneficial owner does not vote on a particular proposal because that holder does not have discretionary voting power under New York Stock Exchange (“NYSE”) rules governing discretionary voting by NYSE members for that particular item and has not received instructions from the beneficial owner.

If you are a beneficial owner, your bank, broker or other holder of record is permitted under NYSE rules to vote your shares on the election of Directors, even if the record holder does not receive voting instructions from you. The record holder may not vote on the other matters being submitted for a shareholder vote without instructions from you. Without your voting instructions on these matters, a broker non vote will occur.

- Election of Directors

The election is for directors of the Company. If the reincorporation is approved, the directors of the Delaware corporation will be the same as those elected to the Board of the Idaho corporation.

Directors are elected under a plurality voting standard, so that the candidates receiving a plurality of votes cast (the most “for” votes) are elected. Abstentions and “against” votes are not counted under a plurality voting standard.

- Change The Name of The Company to Applied Minerals, Inc.

The proposal is for an amendment to the Articles of Incorporation of the Company.

The votes cast “for” must exceed the votes cast “against” the amendment to the Articles of Incorporation to change the name of the Company. Abstentions and broker non-votes are not counted as votes “for” or “against” this proposal.

- Increase The Authorized Number of Shares of Company Common Stock

The proposal is for an amendment to the Articles of Incorporation of the Idaho corporation.

The votes cast "for" must exceed the votes cast "against" the amendment to the Articles of Incorporation to increase the authorized number of shares of Company Common Stock. Abstentions and broker non-votes are not counted as votes "for" or "against" this proposal.

- Authorize Flexible Preferred Stock

The proposal is for an amendment to the Articles of Incorporation of the Idaho corporation.

The votes cast "for" must exceed the votes cast "against" the amendment to the Articles of Incorporation to authorize flexible preferred stock. Abstentions and broker non-votes are not counted as votes "for" or "against" this proposal.

- Number of Directors Determined By Resolution of The Board of Directors

The proposal is for an amendment to the Articles of Incorporation of the Idaho corporation.

The votes cast "for" must exceed the votes cast "against" the amendment to the Articles of Incorporation to provide that the number of directors is determined from time to time by resolution of the Board of Directors. Abstentions and broker non-votes are not counted as votes "for" or "against" this proposal.

- Reincorporation From Idaho To Delaware

The votes cast "for" must exceed the votes cast "against" the merger with and into our wholly owned subsidiary (the "Delaware corporation" or "Atlas Delaware") for the purpose of changing our state of incorporation from Idaho to Delaware. Abstentions and broker non votes are not counted as votes "for" or "against" this proposal.

Because your bank, broker or other holder of record does not have discretionary voting authority to vote your shares on any proposal except the election of directors absent specific instructions from you, it is therefore important that you vote, or direct the holder of record to vote, on the proposals other than the election of directors.

What are the rights and the conditions to implement the reincorporation proposal?

Shareholders who follow specified procedures and do not vote for the reincorporation proposal may receive the fair value of such shareholder's shares. The Board of Directors may abandon and not implement the reincorporation proposal even if approved by shareholders if the holders of more than .5% of the outstanding shares deliver a written notice of such shareholder's intent to demand payment for such shareholder's shares.

What is the relationship between the reincorporation and the proposals to amend the Idaho Articles of Incorporation being voted on?

If the reincorporation is approved and implemented, the content of the certificate of incorporation of the Delaware corporation will depend on the outcome of the shareholder vote on proposals 2, 3, 4, 5, and 6. If the shareholders approve a particular proposal, the certificate of incorporation of the Delaware corporation will include language substantially the same as in the proposal. If the shareholders do not approve a particular proposal, the certificate of incorporation of the Delaware corporation will not include the language in the proposal, but will contain the language in the current Idaho Articles of Incorporation. The proposals to amend the Idaho Articles of Incorporation are not interdependent.

The proxy rules of the Securities and Exchange Commission require that if in a reincorporation, the certificate of incorporation of the surviving corporation (in this case, the Delaware corporation) is materially different from the

Articles of Incorporation of the disappearing corporation (the Idaho corporation), the shareholders of the disappearing corporation must be asked to approve the material and different provisions individually and separate and apart from the approval of the reincorporation.

Could other matters be decided at the Annual Meeting?

At the date this Proxy Statement went to press, we did not know of any matters to be raised at the Annual Meeting other than those referred to in this Proxy Statement.

If you have returned your signed and completed proxy card and other matters are properly presented at the Annual Meeting for consideration, the Proxy Committee appointed by the Board of Directors (the persons named in your proxy card if you are a shareholder of record) will have the discretion to vote on those matters for you.

Who will pay for the cost of this proxy solicitation?

We will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by Directors, officers or employees in person or by telephone, electronic transmission and facsimile transmission.

Who will count the votes?

A Company employee will tabulate the votes and act as inspector of election.

BOARD OF DIRECTOR ISSUES

The Nomination Process

The Board of Directors has not created a separate Nomination Committee or a Charter for such a committee. Rather, the Board as a whole performs such functions and each director is eligible to participate and has participated in the nomination process.

The general criteria that our Board uses to select nominees includes the following: individuals reputation for integrity, honesty and adherence to high ethical standards; such person's demonstrated business acumen, experience and ability to exercise sound judgment in matters that relate to the current and long-term objectives of the Company; such shareholder's willingness and ability to contribute positively to the decision making process of the Company; such person's commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its committees; such person's 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; such person's ability to act in the interests of all stakeholders; and no nominee should have, or appear to have, 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 nominees name and qualifications for Board membership and should be addressed in writing to the President, Atlas Mining Company, 110 Greene St., Suite 1101, New York, New York 10012. There have been no changes in the procedures by which shareholders may recommend candidates for director.

The Board has no set process for identifying and evaluating nominees for director, including shareholder nominees. Messrs. Levy and Weiss were originally recommended for election as directors by Mr. Taft, a beneficial shareholder. Mr. Taft was recommended by Messrs. Levy and Weiss, directors. Mr. Stone was recommended by Mr. Zeitoun, a director and CEO. Mr. Zeitoun was elected a director pursuant to the terms of the Management Agreement with Material Advisors LLC.

Meetings and Meeting Attendance

During the year ended December 31, 2008, there were 16 meetings of the Board of Directors. Each of the incumbent directors who were on the Board of Directors during 2008 attended at least 75% of the total number of meetings of the Board of Directors.

Members of the Board are expected to attend annual shareholder meetings, including the upcoming shareholder meeting. The meeting will be the first shareholder meeting since the company became a public company.

Committees

We do not have nominating, auditing or compensation committees and there were no procedures by which shareholders might recommend nominees to the Board of Directors. Rather the Board of Directors as a whole performed the functions which would otherwise be performed by the audit, compensation and nominating committees. Our board views the addition of standing audit, compensation and nominating committees as an unnecessary additional expense and process to the Company given its stage of development. In 2008, there was a Special Committee, initially consisting of Mr. Levy and later Mr. Weiss to (i) review and investigate the conduct of the prior management of the Company and any issues arising there from and (ii) review and evaluate the Company's business, financial condition, assets, strategy, prospects and management and recommend to the Board various

alternatives to improve the Company's performance and prospects. The Special Committee met approximately nine times in 2008.

Director Independence

The only directors deemed to be independent under the independence standards of Nasdaq are Messrs. Levy and Stone. They are also independent under the enhanced independence standards of Section 10A-3 of the Securities Exchange Act. Messrs. Zeitoun, Taft, and Weiss are not independent under the Nasdaq standards of independence. Mr. Zeitoun is an employee. Mr. Weiss was a consultant who served as Chief Restructuring Officer in 2008 and 2009 and continued to serve as a consultant in 2009. Mr. Taft is not independent because of the size if his security holdings. William Jacobson and Ronald Price, who served as directors during part of 2008, were not independent because they were employees.

Audit Committee Financial Expert

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

Audit Committee Report

The Board of Directors has not created a separate audit committee or a charter for such a committee. The Board of Directors acts as an audit committee. The Board believes that a separate audit committee is not needed in light of the size of the Company and the involvement of the Board of Directors in Company operations.

In the discharge of its responsibilities, the Board of Directors has reviewed and discussed with management and the independent auditors the Company's audited financial statements for fiscal year 2008. In addition,

A. The audit committee has reviewed and discussed the audited financial statements with management;

B. The audit committee has discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended;

C. 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

D. Based on the review and discussions referred to in paragraphs (A) through (C) above, 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 for the last fiscal year for filing with the Commission.

Directors performing the function of the Audit Committee:

John Levy
David Taft
Morris Weiss
Andre Zeitoun

(Note: Mr. Stone was not a member of the Board of Directors at the time that the Annual Report on Form 10-K was approved.)

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

The Board of Directors is responsible for appointing, setting compensation and overseeing the work of the independent auditors. The Board of Directors has established a policy regarding pre-approval of all audit and

non-audit services provided by the independent auditors. On an ongoing basis, management communicates specific projects and categories of services for which advance approval of the Board of Directors is requested. The Board of Directors reviews these requests and advises management if the Board of Directors approves the engagement of the independent auditors for specific projects. On a periodic basis, management reports to the Board of Directors regarding the actual spending for such projects and services compared to the approved amounts.

Management is responsible for the preparation and integrity of the Company's financial statements. The independent registered public accounting firm is responsible for performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. The Board of Directors has independently met and held discussions with management and the independent registered public accounting firm.

Director Compensation For The Year Ended December 31, 2008

The following table sets forth compensation to Directors in 2008.

Name	Fees Earned or Paid in Cash (1) (2)	Stock Awards (1) (3)	Total ($)
John Levy	$ 148,000	$ 52,000	$ 200,000
Morris D. Weiss	56,667	60,000	116,667
David A. Taft	10,000	- 0 -	10,000
William Jacobson	- 0 -	- 0 -	- 0 -
Ronald Price	- 0 -	- 0 -	- 0 -

(1) Directors fees are, except as noted below, $10,000 per quarter, except that Mr. Weiss was paid $30,000 for the third quarter of 2008. Directors can elect to receive shares in lieu of cash, valued at the market price as of the beginning of a quarter. Stock awards represent the value of shares issues as a result of elections to receive stock in lieu of cash.

(2) For service on a special committee, Mr. Levy received $160,000 and Mr. Weiss $76,667.

(3) As of December 31, 2008, aggregate stock awards for director-related work were as follows: Mr. Levy – 95,957 shares; Mr. Weiss - 112,744 shares.

(4) Mr. Weiss also received compensation as an employee and a consultant. See "Summary Compensation Table" and "Outstanding Equity Awards at Fiscal Year-End" under "Executive Compensation and Highly Paid Employees".

Mr. Levy was elected Chairman of the Board on August 20, 2009. Beginning with the fourth quarter of 2009, his fees for serving as director and Chairman will be $12,500 per quarter. As additional compensation for serving as Chairman, he will receive options to purchase 125,000 shares of Common Stock at an exercise price of $0.70 per share. Such options will vest quarterly beginning on October 1, 2009, provided he is a director and Chairman at the beginning of the relevant quarter.

Shareholder Communication to the Board of Directors.
Shareholders may communicate with the Board of Directors by sending an email or a letter to Atlas Mining Company Board of Directors, c/o President, 110 Greene Street, Suite 1101, New York, New York, 10012. 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 in not directed to one or more specifically.

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 can be obtained at no cost, by telephone at (208) 556-1181 or by mail

at: Atlas Mining Company, 110 Greene Street, Suite 1101, New York, New York, 10012. 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.

SECURITIES OWNERSHIP

The following discussion sets forth information regarding share ownership of certain shareholders and management.

Authorized Shares
As of August 28, 2009, the Company had:

- 60,000,000 authorized shares of Common Stock;
- 59,215,628 issued shares of common stock
- 17,937,234 shares of Common Stock issuable on the exercise of outstanding stock options and on the conversion of 10% PIK Election Convertible Notes “PIK Notes”.

The issuable shares in excess of 60 million cannot be issued until the Articles of Incorporation are amended to increase the number of authorized shares as requested by Proposal 3 in the proxy statement. The issuance of PIK Notes on December 30, 2008 put the Company in a position of having insufficient authorized shares to satisfy its obligations to issue shares.

Ownership Tables
The following table sets forth, as of August 28, 2009, 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 them, subject to community property laws, where applicable, except where otherwise noted. The percentage of common stock beneficially owned is based on 59,215,628 shares of common stock outstanding as of August 28, 2009 plus a person’s shares subject to options granted after December 30, 2008 that have vested and shares issuable on conversion of PIK Notes .

Name and Address (1)	Number of Shares of Common Stock Beneficially Owned (2)	Percentage of Common Stock Beneficially Owned
Andre Zeitoun (3) (4) (5)	2,492,727	4.1%
John Levy (4)	114,187	*
Morris D. Weiss (4) (6)	762,744	1.3%
David A. Taft (4) (7) (8)	13,969,915	23.6%
Evan Stone (9)	8,000	*
Christopher Carney (3) (5)	1,18,824	2.0%
Barbara Suveg (10)	100	*
William T. Jacobson (11) (12)	3,320,083	5.6%
Michael Lyon (13)	75,000	*
Ronald Short (14)	- 0 -	*
All Officers and Directors as a Group	21,931,580	37.6%
IBS Capital LLC (8)	16,969,915	25.6%
Material Advisors, LLC	6,654,706	10.0%

* Less than 1%

(1) Unless otherwise indicated, the address of the persons named in this column is c/o Atlas Mining Company, 110 Greene Street, Ste. 1101, New York, NY 10012.

(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 this report that would be required to be reported pursuant to Rule 13d-3 of the Securities Exchange Act of 1934. For purposes of this table, (i) shares issuable on conversion of the PIK Notes are not deemed acquirable within 60 days and (ii) options held by Material Advisors are not deemed to be exercisable within 60 days. Except as noted below, all shares are owned directly and the person has sole voting power.
(3) Executive Officer.
(4) Director.
(5) Number of shares includes shares issuable to Material Advisors LLC on the exercise of options vested as of September 1, 2009 and conversion of 10% PIK Election Convertible Notes held by Material Advisors LLC and Mr. Zeitoun even though until the articles of incorporation are amended to increase the authorized shares. Shares attributed to each of Messrs. Zeitoun and Carney reflect ownership interests in Material Advisors LLC.
(6) Number of shares includes an option to acquire 100,000 shares granted on May 1, 2009.
(7) Mr. Taft is the president of IBS Capital, LLC. He has beneficial ownership of shares owned by funds of which IBS Capital LLC is the general partner, having sole voting and investment power.
(8) IBS Capital LLC, Two International Place, 24th Floor, Boston, Massachusetts 02110, is the beneficial owner of shares held by funds it manages by virtue of the right to vote and dispose of the securities. One fund, the IBS Turnaround Fund (QP) (A Limited Partnership), owned 8,413,598 shares or 14.2% of outstanding shares at July 27, 2009. Another fund, IBS Turnaround Fund (A Limited Partnership), owned 3,131,042 or 5.3% of the outstanding shares at July 27, 2009. Mr. Taft is president of IBS Capital LLC. Ownership does not include shares issuable on conversion of PIK Notes.
(9) Nominee for Director.
(10) Functioned as principal accounting officer during 2008.
(11) Former Executive Officer and Director. President and CEO for part of 2008. Information derived from in a Form 4 filed July 27, 2007.
(12) The Company has entered to an agreement with Mr. Jacobson whereby he will transfer to the Company 3,044,083 shares of Common Stock upon settlement of certain litigation.
(13) Former Interim Chief Executive Officer for part of 2008.
(14) Operations Manager Contract Mining Division in 2008.

RELATED PARTY TRANSACTIONS

Review, approval or ratification of transactions with related persons.
Our Board of Directors has a written policy whereby it reviews any transaction involving the Company and a related party before the transaction or upon any significant change in the transaction or relationship. There are no limitations on the types of transactions, except for ordinary business travel and entertainment. There are no set standards other than fairness. For these purposes, a related party transaction includes any transaction required to be disclosed pursuant to Item 404 of Regulation S-K of the Securities and Exchange Commission.

Transactions with Related Persons

Stock Purchase Transactions
David A. Taft, a director, is the president of IBS Capital LLC ("IBS"), a Massachusetts limited liability company, whose principal business is investing in securities. IBS is the general partner of the IBS Turnaround Fund (QP), which is a Massachusetts limited partnership, and IBS Turnaround Fund (LP), which is a Massachusetts limited partnership. Set forth below are purchases of Common Stock from the Company by the funds since January 1, 2008:

Date of Purchase	IBS Turnaround Fund (QP)	IBS Turnaround Fund (LP)	Price Per Share

May 23, 2008	413,262	170,071	$ 0.60
June 27. 2008	1,538,685	461,315	0.50
September 23, 2008	1,019,265	680,735	0.50

The closing market prices on the purchase dates were $0.63, $0.62, and $0.50 per share, respectively. Mr. Taft was not a director at the time of the transactions.

PIK Note Transactions

Beginning on December 30, 2008, the Company has sold $3,850,000 of 10% PIK Election Convertible Notes due December 15, 2018 ("PIK Notes") in four tranches. The notes varied only as to the conversion price, which in each case was at or above the market price on the date of sale. The note is convertible into shares of Company common stock at the conversion price per share at any time after the Company has authorized sufficient shares to convey such amounts outstanding into common stock. The amount outstanding will be mandatorily converted into common stock at the conversion price per share when (i) Company has authorized a sufficient number of shares to convert amounts outstanding under all of the 10% PIK Election Convertible Notes into common stock, (ii) the average market price for the common stock is in excess of the conversion price and (iii) either (a) the Company has filed and caused to become effective a registration statement for the resale of the number of shares of common stock into which the outstanding amount of the note is convertible, or (b) such shares are resalable under Rule 144. Interest on notes of such series may be paid by issuance of additional notes, by increasing the principal amounts under such notes, or in cash. Interest payable on such note through June 15, 2009 has been paid by the issuance of additional PIK Notes.

The following table sets forth purchases of PIK Notes by Mr. Zeitoun personally.

Date of Purchase	Principal Amount	Conversion Price per Share
December 31, 2008	$ 50,000	$ 0.35
May 4, 2009	15,000	0.50

The closing market prices on the trading day immediately before the purchases were $0.14 and $0.55 per share, respectively.

The following table sets forth purchases of PIK Notes by Material Advisors LLC, of which Mr. Zeitoun is Manager.

Date of Purchase	Principal Amount	Conversion Price per Share
May 8, 2009	$ 25,000	$ 0.35

The closing market prices on the trading day immediately before the purchase were $0.25 per share.

Set forth Below is information about purchases of 10% PIK Election Notes by IBS Turnaround Fund (QP) and IBS Turnaround Fund (LP).

	Purchaser and Principal Amount		Conversion
Date of Purchase	IBS Turnaround Fund (QP)	IBS Turnaround Fund (LP)	Price Per Share
December 30, 2008	$ 360,000	$ 140,000	$ 0.35
May 4, 2009	320,000	180,000	0.50

The closing market prices on the trading day immediately before the purchases were $0.14 and $0.55 per share, respectively.

Agreement with William Jacobson

On April 26, 2009, the Company entered into a release and settlement agreement with William T. Jacobson, formerly Chairman and CEO of the Company and certain members of his family. The Company agreed to pay (i) up to $293,000 in defense of the class action litigation, Benson v. Atlas Mining Company ("Class Action Litigation") and (ii) $170,000 upon complete resolution of the Class Action Litigation, the amounts are expected to be funded by the proceeds of the Company's insurance policies. William Jacobson waived all claims under any potentially applicable insurance policy issued to the Company and agreed to transfer to the Company 3,044,083 shares of Company common stock within three business days of approval by the court of the settlement of certain class action litigation, which is still pending. The agreement provides for mutual releases of all claims.

Agreement with Ronald Price

On December 12, 2008, Ronald Price resigned as a director of the Company and as an officer and director of one of the Company's subsidiaries pursuant to the terms of a separation agreement (the "Separation Agreement"). Pursuant to the Separation Agreement, Mr. Price is to render certain cooperation and services. Pursuant to the Separation Agreement, until March 1, 2009, he was paid amounts equal to the compensation under his employment agreement with the subsidiary, which employment agreement was terminated by the Separation Agreement (at the rate of $200,000 per year). For the period from March 1, 2009 to February 28, 2010, he is being paid $50,000, such amount to be paid in monthly installments of $4,167.

Management Agreement With Material Advisors, LLC

Messrs. Zeitoun and Carney were appointed to positions with the Company pursuant to an agreement with Management Advisors LLC, of which they are members and owners.

On December 30, 2008, the Company entered into a Management Agreement with Material Advisors LLC, a management services company ("Manager"). The Management Agreement has a term ending on December 31, 2010 with automatic renewal for successive one year periods unless either Manager or Company provides 90 days prior notice of cancellation to the other party or pursuant to the termination provisions of the Management Agreement. Under the Management Agreement, Manager is to perform or engage others, including Andre Zeitoun, a principal of Manager, Christopher Carney and Eric Basroon ("Management Personnel") to perform senior management services including such services as are customarily provided by a chief executive officer but not (unless otherwise agreed) services customarily provided by a chief financial officer (it was subsequently agreed to have Mr. Carney perform as Interim Chief Financial Officer). Pursuant to the Management Agreement, Andre Zeitoun is serving as the Company's Chief Executive Officer and as a member of the Company's Board of Directors.

The services provided by Manager include, without limitation, consulting with the Board of Directors of the Company and the Company's management on business and financial matters, including matters related to (i) new business development, creating and implementing the Company's business plan and overseeing and supervising the Company's operations, (ii) preparation of operating budgets and business plans, (iii) Company's corporate and financial structure, (iv) formulation of long term business strategies, (v) recruiting senior management, (vi) financing, (vii) transactions with third parties, including mergers and acquisitions, (viii) evaluating potential sale or exit opportunities, structuring and negotiating a sale of the Company, or leveraged recapitalization, and (ix) resolving investigations and litigation involving the Company.

Manager is paid an annual fee of $1,000,000 per year for the three year term of the Management Agreement, payable in equal monthly installments of $83,333. Manager will be solely responsible for the compensation of the Management Personnel and the Management Personnel will not be entitled to any direct compensation or benefits from the Company (including in the case of Mr. Zeitoun, for service on the Board). The Management Agreement does not specify the levels of compensation to Messrs. Zeitoun or Carney. Additionally, the Company granted Manager non-qualified stock options to purchase, for $0.70 per share (the "$0.70 Option") a number of shares of the Company equal to 10% of the outstanding common stock of the Company on a fully diluted basis (which shall vest in equal monthly installments over three years). On December 31, 2008, the closing stock price of the Company's Common Stock was $0.15. The following sets forth the treatment of the $0.70 Option in the event of a "going private transaction." Upon the consummation of a transaction resulting in (i) the Company ceasing to be a SEC reporting company, or having less than 300 shareholders of record and (ii) David A. Taft, IBS Capital LLC, The IBS Turnaround Fund L.P., The IBS Turnaround Fund (QP), The IBS Opportunity Fund (BVI). Ltd., or any of their affiliates or related entities own in the aggregate more than 50% of the outstanding equity capital of the Company immediately following such transaction (a "Going Private Transaction"), the $0.70 option will be cancelled and replaced by a non-qualified option (the "Going Private Option"), accompanied by a tandem stock appreciation right (the "SAR"). The Going Private Option will provide Manager the right to purchase the same percentage of Company's(or its successor's) outstanding shares of common stock after giving effect to the going private transaction that were subject to the $0.70 Option. The SAR will entitle Manager to receive either shares of common stock or cash equal in value to the excess of the fair market value of a share of common stock on the date of exercise over the base price per share under the SAR. The exercise price of the Going Private Option and the base price under the SAR will be the fair market value per share to be paid in the Going Private Transaction to shareholders who are not investing in the going private vehicle. The term of the $0.70 Option, the Going Private Option and the SAR will be 10 years. During such periods, the Going Private Option and the SAR will be fully exercisable.

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. During 2008, certain of our directors and executive officers who own our stock filed Forms 3 or Forms 4 with the Securities and Exchange Commission. The information on these filings reflects the current ownership position of all such individuals. To the best of our knowledge, during 2008 all such filings by our officers and directors were made timely, except (i) due to an administrative error in each instance, Ronald Price (former director) did not file required Form 5, and Morris Weiss filed required Forms 3 and 4 late (attributable to delay in advisor obtaining Edgar Codes) and (ii) for voluntary filings reflecting ownership in Material Advisors LLC by Mr. Carney and Mr. Zeitoun.

PROPOSALS REQUIRING YOUR VOTE

PROPOSAL 1: ELECTION OF DIRECTORS

Nominees for Directors

The Board of Directors currently consists of five members. The Company's directors are to be elected at each annual meeting of shareholders. At this Annual Meeting, five directors are to be elected to serve until the next annual meeting of shareholders and until such director's successors are elected and qualified. The nominees for the Board of Directors are John F. Levy, David A. Taft, Morris D. Weiss, Andre Zeitoun, and Evan D. Stone as set forth in the table below describing Company Officers and Directors. Each of Mr. Levy, Mr. Taft, Mr. Weiss, Mr. Zeitoun and Mr. Stone are recommended by the Board of Directors of the Company. In the event that any of the nominees for director should become unable to serve if elected, it is intended that shares represented by proxies which are executed and returned will be voted for such substitute nominee(s) as may be recommended by the Company's existing Board of Directors.

The five nominees receiving the highest number of votes cast at the Annual Meeting will be elected as the Company's directors to serve until the next annual meeting of shareholders or until their successors are elected and qualified.

The Articles of Incorporation of the Company fix the number of directors at five. The current number of directors is five. Proxies cannot be voted for a greater number of persons than the number of nominees named.

The terms of all directors expire at the Annual Meeting. Directors are elected to serve until the next annual meeting of shareholders. Officers are appointed annually by the Board of Directors and serve at the pleasure of the Board.

OUR BOARD RECOMMENDS A VOTE FOR THE ELECTION TO THE BOARD OF EACH OF THE FOUR NOMINEES.

Information About Nominees

The following table provides the names, positions, ages and principal occupations of our current directors, and those who are nominated for election as a director at the Annual Meeting:

Name and Position with the Company	Age	Director/Officer Since	Principal Occupation
Andre Zeitoun	36	Chief Executive Officer, President and Director since January 2009	President, Chief Executive Officer and Director of Company
John Levy	53	Director since January 2008	CEO of Board Advisory
David A. Taft	51	Director since October 2008	President, IBS Capital LLC
Morris D. Weiss	50		

		Director since January 2008	Managing Director Investment Banking at MDB Capital Group LLC
Evan D. Stone (nominee for director)	37	Director nominee	Vice President and General Counsel of Newcastle Capital Management, L.P.

Andre Zeitoun, Chief Executive Officer, President, Director. Mr. Zeitoun is manager of Material Advisors LLC ("Material Advisors") which provides managerial services to the Company pursuant to a Management Agreement entered into as of January 1, 2009. Mr. Zeitoun was elected as a director and as CEO pursuant to the terms of the Management Agreement as described in "Related Party Transactions."

Mr. Zeitoun was a Portfolio Manager at SAC Capital/CR Intrinsic Investors from March 2007 through December 2008. At SAC, he led a team of six professionals and managed a several hundred million dollar investment portfolio focused on companies that required a balance sheet recapitalization and/or operational turnaround. Many of these investments required Mr. Zeitoun to take an active role in the turnaround process. From 2003 to 2006, Mr. Zeitoun headed the Special Situations Group at RBC Dain Rauscher as a Senior Vice President and head of the division. He managed all group matters related to sales, trading, research and the investment of the firm's proprietary capital. From 1999 to 2003 Mr. Zeitoun was a Senior Vice President at Solomon Smith Barney. In this role, Mr. Zeitoun led a Special Situations sales trading research team serving middle market institutions. Mr. Zeitoun is a graduate of Canisius College.

John Levy, Director. Since May 2005, Mr. Levy has served as the Chief Executive Officer of Board Advisory, a consulting firm that advises companies in the areas of corporate governance, corporate compliance, financial reporting and financial strategies. From November 2005 to March 2006, Mr. Levy served as Interim Chief Financial Officer of Universal Food & Beverage Company, which filed a voluntary petition under the provisions of Chapter 11 of the United States Bankruptcy Act on August 31, 2007. From November 1997 to May 2005, Mr. Levy served as Chief Financial Officer of MediaBay, Inc., a NASDAQ company and provider of spoken word audio content. While at MediaBay, he also served for a period as its Vice Chairman.

Mr. Levy is a director and Chairman of the Audit Committee of Take-Two Interactive Software, Inc., a publicly traded company that develops, markets, distributes and publishes interactive entertainment software games; Lead Director and Audit Committee Chairman of Gilman Ciocia, Inc, a financial planning and tax preparation firm; a director of PNG Ventures, Inc., which, through its subsidiaries, engages in the production and wholesale distribution of vehicle-quality liquid natural gas in the western United States serving airports, public transit, refuse, seaports, regional trucking, taxis, and government fleets markets; and a director and a member of the Audit Committee of Applied Energetics, Inc, which specializes in the development and application of high power lasers, high voltage electronics, advanced optical systems, and energy management systems technologies.

Mr. Levy is a Certified Public Accountant with nine years experience with the national public accounting firms of Ernst & Young, Laventhol & Horwath and Grant Thornton. Mr. Levy has a B.S. degree in economics from the Wharton School of the University of Pennsylvania and received his M.B.A. from St. Joseph's University in Philadelphia.

David A. Taft, Director. Mr. Taft is the President of IBS Capital, LLC, a private investment company based in Boston, Massachusetts which he founded in 1990. Prior to founding IBS Capital, Mr. Taft spent ten years working in corporate finance with Drexel Burnham Lambert, Winthrop Financial and Merrill Lynch. Mr. Taft is a graduate of Amherst College and Amos Tuck School of Business Administration at Dartmouth College.

Morris D. Weiss, Director. During the period from November 1, 2008 until April 30, 2009, Mr. Weiss served as Chief Restructuring Officer of the Company and since then has served as a consultant with respect to the settlement of certain litigation.

Since May 2009, Mr. Weiss has been Managing Director of Investment Banking at MDB Capital Group. From 2002 to2008, Mr. Weiss was Managing Director and Head of Investment Banking for Tejas Securities Group, Inc., a subsidiary of Tejas Incorporated. He co-founded the investment banking department at Tejas in 2004, which raised capital in excess of $1.3 billion for private and public companies in a variety of industries. Mr. Weiss is a member of the Board of Directors of Trenwick America LLC, a private insurance holding company. From 1997 to 2001, he served as Senior Vice President and General Counsel for National Bancshares Corporation of Texas (AMEX: NBT), which was sold in a $100 million transaction at the end of 2001. Before that Mr. Weiss was a partner at the law firm of Weil, Gotshal & Manges, LLP in the Business Finance and Restructuring Department, where he practiced for more than 11 years, the last three as a partner.

Mr. Weiss holds a BS in Finance from Babson College and a JD from South Texas College of Law, and is licensed to practice law in Texas, New York and Florida. He also holds the series 7, 24 and 63 securities licenses.

Evan D. Stone, Director. Mr. Stone has represented hedge funds, private equity funds, venture capital funds and public and private corporations on a wide range of sophisticated corporate and securities matters. Mr. Stone is co-founder of Lee & Stone LLP, a Dallas based law firm specializing in services for the investment community. Prior to co-founding Lee & Stone in 2009, Mr. Stone served as Vice President and General Counsel for Dallas-based activist and control investment manager, Newcastle Capital Management, L.P., which Mr. Stone joined in 2006. Prior to Newcastle, from 2003 through 2006, Mr. Stone worked in the mergers and acquisitions department of the international law firm Skadden Arps Slate Meagher & Flom LLP in New York. Prior to Skadden, Mr. Stone served as a member of the investment banking department at Merrill Lynch & Co. and Vice President, Corporate Development at Borland Software, Inc. In addition to his work on behalf of investors at Lee & Stone, Mr. Stone currently serves as General Counsel and Secretary of Wilhelmina International, Inc., a leading model and artist management firm, where he was appointed in 2009. Mr. Stone is also a director of Wilhelmina.

Mr. Stone received his BA from Harvard University and a joint JD/MBA from the University of Texas at Austin.

OVERVIEW OF PROPOSALS 2 THROUGH 6

PROPOSALS 2, 3, 4, AND 5 ARE PROPOSALS FOR AMENDMENTS TO ARTICLES OF INCORPORATION ("IDAHO ARTICLES") OF THE COMPANY (THE "COMPANY" OR "ATLAS"). THE PROPOSALS ARE INDEPENDENT AND NOT INTERDEPENDENT SO THAT THE APPROVAL OR FAILURE TO APPROVE A PARTICULAR PROPOSAL DOES NOT AFFECT ANY OTHER PROPOSAL TO AMEND THE ARTICLES OF INCORPORATION OF THE COMPANY.

PROPOSAL 6 IS A PROPOSAL TO REINCORPORATE THE COMPANY IN DELAWARE ("REINCORPORATION PROPOSAL"), WHICH WOULD BE EFFECTED BY A MERGER OF THE COMPANY INTO THE COMPANY'S WHOLLY-OWNED DELAWARE SUBSIDIARY ORGANIZED FOR THE PURPOSE OF THE MERGER, WITH THE DELAWARE CORPORATION BEING THE ONLY ENTITY SURVIVING THE MERGER ("ATLAS DELAWARE").

IF THE REINCORPORATION IS APPROVED AND IMPLEMENTED, THE PROVISIONS OF THE CERTIFICATE OF INCORPORATION OF ATLAS DELAWARE ("DELAWARE CERTIFICATE") WILL DEPEND ON WHETHER ANY OR ALL OF PROPOSALS 2, 3, 4, AND 5 ARE APPROVED. IF A PROPOSAL TO AMEND THE IDAHO ARTICLES IS APPROVED, THE DELAWARE CERTIFICATE WILL CONTAIN A PROVISION SUBSTANTIALLY THE SAME AS THE LANGUAGE IN THE PROPOSAL. IF A PROPOSAL TO AMEND THE IDAHO ARTICLES IS NOT APPROVED, THE PROVISION CURRENTLY IN THE IDAHO ARTICLES WILL BE CARRIED OVER TO THE DELAWARE CERTIFICATE.

PROPOSAL 2: APPROVAL OF AN AMENDMENT TO THE IDAHO ARTICLES TO CHANGE THE NAME OF THE COMPANY TO APPLIED MINERALS, INC.

Proposal 2 is an amendment to the articles of incorporation of the Company to change the name of the corporation to Applied Minerals, Inc.

Exact language of the current and proposed provision, the Idaho Articles currently provide:

The name of this corporation is: Atlas Mining Company

If the Proposal 2 is approved, the Idaho Articles will be amended to provide:

The name of this corporation is Applied Minerals, Inc.

Consequences of Shareholder Vote

If Proposal 2 is not approved, the name will remain Atlas Mining Company.

Proposal 2 is not dependent on the vote with respect to any other proposal.

If Proposal 6, the Reincorporation Proposal is approved and implemented, the name of Atlas Delaware will depend on whether or not Proposal 2 is approved. If it is approved, the name will be Applied Minerals, Inc.. If it is not approved, the name will be Atlas Mining Company.

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Reason for the Recommended Change

The Company was incorporated in 1924 to engage in silver mining activities at a mine known as the Atlas Mine in the Coeur d'Alene Mining District in Idaho. The mining activities were unsuccessful and while the Company still owns the Atlas Mine property, there are no plans to exploit the property.

The Board of Directors believes that the name Applied Minerals, Inc. better describes the Company's business and intended business.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSAL 2, AN AMENDMENT TO THE IDAHO ARTICLES TO CHANGE THE NAME OF THE COMPANY TO APPLIED MINERALS INC.

PROPOSAL 3: APPROVAL OF AN AMENDMENT TO THE IDAHO ARTICLES TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMPANY COMMON STOCK

Proposal 3 is an amendment to the articles of incorporation of the Company to increase the number of authorized shares of Common Stock

Exact language of the current and proposed provision:

The Idaho Articles currently provide:

The total authorized capital stock of this corporation shall be sixty million (60,000,000) no par, common shares...

If the amendment is approved, the Idaho Articles will be amended to provide:

The total authorized capital stock of this corporation shall be one hundred twenty million (120,000,000) par value $.001, common shares...

Consequences of Shareholder Vote

If Proposal 3 is not approved, the number of authorized shares and the par value of the Common Stock will not be changed.

Proposal 3 is not dependent on the vote with respect to any other proposal.

If Proposal 6, the Reincorporation Proposal, is approved and implemented, the terms of the Delaware Certificate relating to the Common Stock will depend on whether Proposal 3 is approved. If Proposal 3 is approved, the Delaware Certificate will provide for one hundred twenty million shares and $.001 par value. If it is not approved, the number of authorized shares and the par value of the Common Stock of Atlas Delaware will be sixty million and no par value.

Reason for the Recommended Change

Beginning in mid-2008, the Company's contract mining business, the Company's sole source of operating revenue in 2007 and 2008, began to feel the effects of the recession as mining activities slowed down. By the end of 2008, the Board of Directors determined to terminate the contract mining business. The Company, however, continued to have

significant on-going expenses related to “legacy” issues (defending a securities class action and other litigation and amending certain reports filed with the SEC and preparing financial statements and disclosures so that it could file delinquent reports with the SEC, among other things) and to on-going business (such as management compensation, the costs of an appraisal of the Dragon Mine, and marketing and related expenses).

The Company would have preferred to finance the on-going expenses through the sale of Common Stock but by the end of December 2008 there were only 784,372 shares of authorized but unissued shares. Until the Company became current in its SEC filings, calling a shareholder meeting to approve an increase in the number of authorized shares created a risk of an enforcement action by the SEC. In order to finance on-going expenses, the Company, beginning on December 30, 2008, has sold $4,050,000 of 10% PIK Election Convertible Notes Due 2018 ("PIK Notes") which, after the Company has sufficient authorized shares of Common Stock, are convertible into 10,150,549 shares of Common Stock. The holders of the notes can put them to the Company at any time after January 1, 2010. There are not at this time sufficient authorized shares so that all of the PIK Notes are convertible into Common Stock.

To secure the management services of Material Advisors LLC, the Company entered into a management agreement effective January 1, 2009 pursuant to which it granted Material Advisors options to purchase 6,583,277 shares of Common Stock. Pursuant to the management agreement, the principals of Material Advisors now serve in the following positions with the Company: Andre Zeitoun, President and Chief Executive Officer and; Christopher T. Carney, Interim Chief Financial Officer.

In 2009, the Company granted or took action to confirm the grant to Morris Weiss, a director, options to purchase 400,000 shares of Common Stock for his services as Chief Restructuring officer and as a consultant.

As a result of the issuance of the foregoing convertible notes and options and other outstanding options to purchase Common Stock, the Company has outstanding obligations to issue 17,937,234 shares of Common Stock, 17,152,862 shares in excess of the currently authorized 60,000,000 shares. If the Company were to issue Common Stock in excess of the authorized number of shares, the issuance of such shares would be void or voidable. If the Company fails to authorize sufficient shares of Common Stock to satisfy outstanding options, the holders of the options would have a cause of action against the Company.

In order to satisfy the obligations to issue shares of Common Stock, it is necessary to amend the certificate of incorporation to increase the number of authorized shares. The Board of Directors believes that authorized shares of Common Stock in the amount of one hundred million are appropriate in light of outstanding obligations to issue Common Stock and current and anticipated financing needs. The Company does not have any current specific plans to raise additional funds in the future, but its business plan makes it likely that it will be required to raise additional funding. There are no plans other than as set forth above for the issuance of shares. There are no plans to seek shareholder approval for the issuance of additional shares if the number of authorized shares is increased.
The effect of issuing shares to satisfy the above obligations after an increase in the number of authorized shares will be dilutive to existing shareholders.

The change in par value has no material effect on the Company.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSAL 3, APPROVAL OF AN AMENDMENT TO THE IDAHO ARTICLES TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMPANY COMMON STOCK

PROPOSAL 4: APPROVAL OF AN AMENDMENT TO THE IDAHO ARTICLES TO AUTHORIZE FLEXIBLE PREFERRED STOCK

Proposal 4 is an amendment to the articles of incorporation of the Company to authorize flexible Preferred Stock.

Exact language of the Current and Proposed Provision:

The Idaho Articles currently provide:

The total authorized capital stock of this corporation shall be...ten million (10,000,000) of one dollar ($1.00) par value noncumulative, nonvoting, nonconvertible, preferred shares.

If the amendment is approved, the Idaho Articles will be amended to provide:

The total authorized capital stock of this corporation shall be...ten million (10,000,000) of par value $.001.

Further, the following language would be added to the Idaho Articles immediately after the amended language above.

Designations, Powers, Preferences and Rights, in Respect of the Shares of Preferred Stock.

(1) Shares of the Preferred Stock may be issued in one or more series at such time or times and for such consideration or considerations as the Board of Directors may determine. All shares of any one series shall be of equal rank and identical in all respects.

(2) Authority is hereby expressly granted to the Board of Directors to fix from time to time, by resolution or resolutions providing for the issue of any series of Preferred Stock, the designation of such series, and the powers, preferences and rights of the shares of such series, and the qualifications, limitations or restrictions thereof, including the following:

(a) The distinctive designation and number of shares comprising such series, which number may (except where otherwise provided by the Board of Directors in creating such series) be increased or decreased (but not below the number of shares then outstanding) from time to time by like action of the Board of Directors;

(b) The dividend rate or rates on the shares of such series and the preferences, if any, over any other series (or of any other series over such series) with respect to dividends, the terms and conditions upon which and the periods in respect of which dividends shall be payable, whether and upon what conditions such dividends shall be cumulative and, if cumulative, the date or dates from which dividends shall accumulate;

(c) Whether or not the shares of such series shall be redeemable, the limitations and restrictions with respect to such redemptions, the time or times when, the price or prices at which and the manner in which such shares shall be redeemable, including the manner of selecting shares of such series for redemption if less than all shares are to be redeemed;

(d) The rights to which the holders of shares and such series shall be entitled, and the preferences, if any, over any other series (or of any other series over such series), upon the voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, which rights may vary depending on whether such liquidation, dissolution, distribution or winding-up is voluntary or involuntary, and, if voluntary, may vary at different dates;

(e) Whether or not the shares of such series shall be subject to the operation of a purchase, retirement or sinking fund, and, if so, whether and upon what conditions such purchase, retirement or sinking fund shall be cumulative or noncumulative, the extent to which and the manner in which such fund shall be applied to the purchase or redemption of the shares of such series for retirement or to other corporate purposes and the terms and provisions relative to the operation thereof;

(f) Whether or not the shares of such series shall be convertible into or exchangeable for shares of stock of any other class or classes, or any other series of the same class and, if so convertible or exchangeable, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of such conversion or exchange;

(g) The voting powers, full and/or limited, if any, of the shares of such series; and whether or not and under what conditions the shares of such series (alone or together with the shares of one or more other series having similar provisions) shall be entitled to vote separately as a single class, for the election of one or more additional directors of the Corporation in case of dividend arrearages or other specified events, or upon other matters;

(h) Whether or not the issuance of any additional shares of such series, or of any shares of any other series, shall be subject to restrictions as to issuance, or as to the powers, preferences or rights of any such other series;

(i) Whether or not the holders of shares of such series shall be entitled, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class or of securities convertible into stock of any class and, if so entitled, the qualifications, conditions, limitations and restrictions of such right; and

(j) Any other preferences, privileges and powers, and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of such series, as the Board of Directors may deem advisable and as shall not be inconsistent with the provisions of this Certificate of Incorporation.

Consequences of Shareholder Vote

If Proposal 4 is not approved, the current provisions relating to Preferred Stock will not be changed.

Proposal 4 is not dependent on the vote with respect to any other proposal.

If Proposal 6, the Reincorporation Proposal is approved and implemented, the provisions on the Delaware Certificate relating to Preferred Stock will depend on whether Proposal 4 is approved. If Proposal 4 is approved, the Delaware Certificate will contain provisions substantially the same as to the provisions in Proposal 4. If Proposal 4 is not approved, the terms of the Preferred Stock of the Atlas Delaware will be substantially the same as the Company's current provision.

Reason for the Recommended Change

In the current Idaho Articles, the shares of Preferred Stock are designated "noncumulative nonvoting nonconvertible preferred" shares. Under Idaho law and the Idaho Articles, the Board of Directors does not have power to fix any terms of the Preferred other than that the shares are "noncumulative nonvoting nonconvertible preferred," so any Preferred Stock that might be issued could have no economic terms. For example, the Preferred could have no terms relating to a dividend or liquidation rights. In effect, the Preferred Stock is useless for most purposes for which the Company would issue Preferred Stock.

It is proposed to make the Preferred Stock "flexible preferred." The designations as "noncumulative nonvoting nonconvertible" would be eliminated and the Preferred Stock could be issued by the Board of Directors from time to time on any number of occasions, without stockholder approval, as one or more separate series of shares comprised of any number of the authorized but unissued shares of Preferred Stock, designated by resolution of the Board of Directors, stating the name and number of shares of each series and setting forth separately for such series the relative rights, privileges and preferences thereof, including, if any, the: (i) rate of dividends payable thereon; (ii) price, terms and conditions of redemption; (iii) voluntary and involuntary liquidation preferences; (iv) provisions of a sinking fund for redemption or repurchase; (v) terms of conversion to Common Stock, including conversion price; and (vi) voting rights.

Accordingly, the Board of Directors would have increased flexibility in taking prompt advantage of future potential acquisition and equity financing transactions without the expense and delay of calling meetings of the stockholders to authorize increases in authorized capital.

The Preferred Stock could be issued under circumstances and in a manner so that the effects could include the dilution of ownership interests of the holders of Common Stock in the Company, the continuation of the current management of the Company, prevention of mergers with or business combinations by the Company and the discouragement of possible tender offers for shares of Common Stock. If convertible into Common Stock, on the conversion into Company Common Stock the voting power and percentage ownership of holders of the Company's Common Stock would be diluted and such issuances could have an adverse effect on the market price of the Company's Common Stock. The Preferred Stock could also be used in connection with the implementation by the Board of Directors of a

shareholder rights plan, sometimes referred to as a "poison pill." For example, a class or series of the Preferred Stock could be designated that would be convertible into Company Common Stock upon the acquisition by a third party of a specified percentage of the Company's voting stock.

Additionally, the issuance of shares of Preferred Stock with certain rights, preferences and privileges senior to those held by the Company's Common Stock could diminish the rights of holders of Company Common Stock to receive dividends if declared by the Board and to receive payments upon the liquidation of the Company. If shares of Preferred Stock are issued, approval by holders of such shares, voting as a separate class, could be required prior to certain mergers with or business combinations by the Company.

These factors could discourage attempts to purchase control of the Company even if such change in control may be beneficial to holders of Common Stock. Moreover, the issuance of Preferred Stock having general voting rights together with the Common Stock to persons friendly to the Board could make it more difficult to remove incumbent management and directors from office even if such changes would be favorable to shareholders generally. If shares of Preferred Stock are issued with conversion rights, the attractiveness of the Company to a potential tender offeror for the Common Stock may be diminished. The purchase of the additional shares of Common Stock or Preferred Stock necessary to gain control of the Company may increase the cost to a potential tender offeror and prevent the tender offer from being made even though such offer may have been desirable to many of the Common Stockholders. The ability of the Board, without any additional shareholder approval, to issue shares of the Company Preferred Stock with such rights, preferences, privileges and restrictions as determined by the Board could be employed as an antitakeover device.

The proposal for the authorization of flexible Preferred Stock does not reflect knowledge on the part of the Board of Directors or management of any proposed takeover or other attempt to acquire control of the Company. Management may in the future propose other measures designed to address hostile takeovers apart from those proposed in this Proxy Statement, if warranted from time to time in the judgment of the Board of Directors.

The Board believes that the financial flexibility offered by flexible Preferred Stock outweighs any of its disadvantages. To the extent issuance of flexible Preferred Stock may have antitakeover effects, such issued Preferred Stock may encourage persons seeking to acquire the Company to negotiate directly with the Board, enabling the Board to consider the proposed transaction and other strategic alternatives with adequate time and flexibility in order to discharge effectively its obligation to act on the proposed transaction in a manner that best serves all the shareholders' interests. It is also the Board's view that the existence of flexible Preferred Stock should not discourage anyone from proposing a merger or other transaction at a price reflective of the true value of the Company and which is in the best interests of its shareholders.

There are no present plans, understandings or agreements for, and the Company is not engaged in any negotiations that will involve, the issuance of flexible Preferred Stock. There are no plans to seek shareholder approval for the issuance of shares if the number of authorized shares is increased.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE PROPOSAL 4, APPROVAL OF AN AMENDMENT TO THE IDAHO ARTICLES TO AUTHORIZE FLEXIBLE PREFERRED STOCK

PROPOSAL 5: APPROVAL OF AN AMENDMENT TO THE IDAHO ARTICLES TO PROVIDE THAT THE NUMBER OF DIRECTORS IS TO BE FIXED FROM TIME TO TIME BY RESOLUTION OF THE BOARD OF DIRECTORS PURSUANT TO A RESOLUTION.

Proposal 5 is an amendment to the articles of incorporation of the Company to provide that the number of directors is to be fixed from time to time by resolution of the Board of Directors pursuant to a resolution.

Exact language of the Current and Proposed Provision:

The certificate of incorporation currently provides:

The number of directors shall be five.

If the amendment is approved, the certificate of incorporation will be amended to provide:

The number of directors shall be fixed from time to time solely by resolution of the Board of Directors, acting by not less than a majority of the directors then in office.

Consequences of Shareholder Vote

If Proposal 5 is not approved, the current provision fixing the number of directors at five will remain unchanged.

Proposal 5 is not dependent on the vote with respect to any other proposal.

If Proposal 6, reincorporation in Delaware is approved and implemented, the provision in the Delaware certificate relating to the number of directors will depend on whether Proposal 5 is approved. If Proposal 5 is approved, the Delaware Certificate will contain a provision substantially the same as the language of Proposal 5. If it is not approved, the Delaware Certificate will contain a provision substantially the same as the current provision fixing the number at five.

Reason for the Recommended Change

The current provision fixes the number of directors at five. It does not allow the directors to increase the number of directors or decrease the number of directors. Under Idaho law, a vacancy in the Board of Directors does not impair the ability of the remaining board members to act as a board, although under Idaho law, if the number of directors is fixed in the bylaws, a quorum is a majority of such number. If the number is not fixed, a quorum is a majority of the directors then in office.

The Board of Directors believes that it would be a better practice to allow the directors to set the number of directors from time to time, expanding the size of the board if appropriate to bring on directors with knowledge and experience that could be useful to the Company and decreasing the size of the board as necessary on the creating of vacancies that will not soon be filled, thereby avoiding situations in which a quorum constitutes more than a simple majority of the directors then in office.

If Proposal 5 is approved, the Board of Directors currently intends to adopt a resolution fixing the number of directors at four.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE PROPOSAL 5, APPROVAL OF AN AMENDMENT TO THE IDAHO ARTICLES TO PROVIDE THAT THE NUMBER OF DIRECTORS IS TO BE FIXED FROM TIME TO TIME BY RESOLUTION OF THE BOARD OF DIRECTORS PURSUANT TO A RESOLUTION.

PROPOSAL 6: REINCORPORATION IN DELAWARE.

Proposal 6 is the merger of the Company with and into our wholly-owned subsidiary, Atlas Delaware, which was created for the merger. The purpose of the merger is to change our state of incorporation from Idaho to Delaware.

Consequences of Shareholder Vote

If Proposal 6 is approved and implemented, the terms of the certificate of incorporation for the Delaware corporation will depend on which if any of Proposals 2 through 5 which are approved.

If Proposal 6 is not approved, the Company will remain an Idaho corporation.

Proposal 6 is not dependent on the vote with respect to any other proposal, except as set forth above.

The address and telephone of principal executive offices of Atlas Delaware will be the same as the Company's.

At the effective time of the merger, the Company would file with the Delaware Secretary of State a certificate of incorporation that would govern the Company as a Delaware corporation, in substantially the form attached, with variations indicating alternative provisions as any or all proposals 2, 3, 4, and 5 are approved.

In addition, if Proposal 6 is approved, the bylaws of Atlas Delaware, the surviving Delaware corporation, will be in substantially the form attached hereto as Appendix C (the "Delaware Bylaws").

Copies of the Articles of Incorporation of the Company, as amended to date (the "Idaho Articles"), and the Bylaws of the Company, as amended to date (the "Idaho Bylaws"), are filed as Exhibits to our periodic reports with the U.S. Securities and Exchange Commission and are also available for inspection at the principal office of the Company. The Idaho Articles were filed as Exhibit 3.1 to Amendment No. 4 to Form SB-2 filed with the Commission on June 11, 2002. The Idaho Bylaws were filed as Exhibit 3(ii)1 to From 8-K files on April 1, 2008. Copies will be sent to shareholders free of charge upon written request to the Company at 110 Greene Street, Suite 1101, New York, NY 10012.

Atlas Delaware was incorporated under Delaware law in August 2009, under the name of Atlas Mining Sub, Inc., as a wholly-owned subsidiary of the Company. As of the date and time immediately prior to the effective date of the reincorporation merger, if the reincorporation merger is effected, Atlas Delaware will not have any material assets or liabilities and will not have carried on any material business.

Management believes that reincorporation in Delaware is beneficial to the Company because Delaware corporate law is more comprehensive, widely used and extensively interpreted than other state corporate laws, including Idaho corporate law.

The Reincorporation Merger

The reincorporation merger would be effected pursuant to the Merger Agreement in substantially the form attached as Appendix A.

Upon completion of the reincorporation merger, the Company would cease to exist as a corporate entity and Atlas Delaware would continue to operate the business of the Company. The discussion of the reincorporation merger set forth below is qualified in its entirety by reference to the attached Merger Agreement.

Pursuant to the Merger Agreement, each outstanding share of Common Stock, no par value per share, of Atlas Mining Company would be converted automatically into one share of Common Stock of Atlas Delaware upon the effective date of the reincorporation merger. The par value of the Common Stock would be no par value if Proposal 2 is not approved and $.001 par value if Proposal 3 is approved. Each stock certificate representing issued and outstanding shares of Common Stock of Atlas would continue to represent the same number of shares of Common Stock of Atlas Delaware. If the Company and Atlas Delaware effect the reincorporation merger, stockholders of the Company would not need to exchange such shareholder's existing stock certificates of the Company for stock certificates of Atlas Delaware. Stockholders may, however, exchange such shareholder's certificates if they choose to do so. Assuming that the Company and Atlas Delaware effect the reincorporation merger, Atlas Delaware may decide to issue substitute stock certificates in the future to replace the current certificates that are outstanding. If Atlas Delaware were to decide to issue substitute stock certificates, Atlas Delaware would notify its stockholders.

Pursuant to the Merger Agreement, the Company and Atlas Delaware agree to take all actions that Delaware law and Idaho law require for the Company and Atlas Delaware to effect the reincorporation merger.

The Merger Agreement provides that the respective obligations of the Company and Atlas Delaware under the Merger Agreement are subject to the following conditions:

- The stockholders of the Company have approved, the Merger Agreement;

- Notices of the shareholder's intent to demand payment if the proposed action is effectuated have not been delivered with respect to more than 0.5% of the outstanding shares of Common Stock; and

- No court or governmental authority, whether by statute, rule, regulation, executive order, decree, ruling, injunction or other order, has prohibited, restrained, enjoined or restricted the consummation of the reincorporation merger.

If the Company and Atlas Delaware effect the reincorporation merger, (i) all employee benefit plans of the Company would be continued by Atlas Delaware, (ii) each stock option issued and outstanding whether pursuant to such plans or otherwise would be converted automatically into a stock option with respect to the same number of shares of Common Stock of Atlas Delaware, upon the same terms and subject to the same conditions as set forth in the applicable plan under which the award was granted and in the agreement reflecting the award, and (iii) each PIK Note would be assumed and the conversion rights would be converted automatically conversion rights with respect to the same number of shares of Common Stock of Atlas Delaware, upon the same terms and subject to the same conditions as set forth in the PIK Notes.

If the stockholders of the Company approve the reincorporation merger, the Company and Atlas Delaware plan to effect the reincorporation merger as soon as practicable after the 2009 Annual Meeting.

The Merger Agreement provides that the Board of Directors of either the Company or Atlas Delaware may abandon the reincorporation merger for any reason, notwithstanding shareholder approval.

If the stockholders do not approve the reincorporation merger, the Company and Atlas Delaware would not consummate the merger and the Company would continue to operate as an Idaho corporation.

Under Idaho law, stockholders of the Company may have appraisal rights with respect to the reincorporation proposal. See Dissenters or Appraisal Rights below.

Vote Required for the Reincorporation Proposal

Idaho law requires that the votes cast "for" must exceed the votes cast "against" to approve the Merger Agreement. Abstentions and broker non votes will not be counted. A vote in favor of the reincorporation proposal is a vote to approve the Merger Agreement and therefore the reincorporation merger. A vote in favor of the reincorporation proposal is also effectively a vote in favor of the Certificate of Incorporation of Atlas Delaware as set forth in Appendix B, subject as to alternative provisions as to whether any or all of proposals 2, 3, 4, or 5 are approved, and the Bylaws of Atlas Delaware, as set forth in Appendix C.

Principal Reasons for the Reincorporation Proposal

The Company was originally incorporated in Idaho on January 24, 1925. The laws of Idaho were apparently suitable for the Company's operations at the time.

The Board of Directors has determined that the legal structures of, and case law construing, Delaware law would better suit the current needs of the Company and its stockholders than Idaho law does. In particular, in the opinion of the Board of Directors,

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More so than most states, including Idaho, Delaware has established progressive principles of corporate governance that the Company could draw upon when making business and legal decisions;

- Delaware provides a more appropriate and flexible corporate and legal environment in which to operate than currently exists in the State of Idaho and that the Company and its stockholders would benefit from such an environment; and

- The well-established body of case law construing Delaware law, which has developed over the last century, provides businesses with a greater degree of predictability than Idaho provides.

Additionally, management believes that, as a Delaware corporation, the Company would be better able to continue to attract and retain qualified directors and officers than it would be able to as an Idaho corporation, in part, because Delaware law provides more predictability with respect to the issues of what constitutes an actionable breach of fiduciary duties and the liability of directors and officers than Idaho law does. The increasing frequency of claims against directors and officers that are litigated has greatly expanded the risks to directors and officers of exercising their respective duties. The amount of time and money required to respond to and litigate such claims can be substantial. Although Idaho law and Delaware law both permit a corporation to include a provision in the corporation's articles of incorporation or certificate, as the case may be, that in certain circumstances reduces or limits the monetary liability of directors for breaches of fiduciary duty of care, Delaware law, as stated above, provides to directors and officers more predictability than Idaho does and, therefore, provides directors and officers of a Delaware corporation a greater degree of comfort as to such director's risk of liability than that afforded under Idaho law.

Antitakeover Implications

The Company is subject to the Idaho Control Share Acquisition Law, which is designed to protect minority shareholders in the event that a person acquires or proposes to acquire, directly or indirectly, by tender offer or otherwise, shares giving it at least 20%, at least 33 1/3% or more than 50% of the voting power in the election of directors. This law applies to a publicly held Idaho corporation which has at least 50 shareholders unless a provision in the corporation's bylaws or articles, adopted in accordance with this law, makes an express election not to be subject to this law. We do not have any such provisions in our articles or bylaws.

Under the Idaho Control Share Acquisition Law, an acquiring person is required to deliver to the corporation an information statement disclosing, among other things, the identity of the person, the terms of the acquisition or proposed acquisition, and the financing of this acquisition. An acquiring person cannot vote those shares acquired in a control share acquisition that exceed one of the cited thresholds unless a resolution approved by 66 2/3% of the voting power of all shares entitled to vote thereon, excluding shares held by the acquirer or an officer or director, approves of such voting power. At the request of the acquiring person, such a resolution must be put forth before shareholders at a special meeting held within 55 days after receipt of the information statement, provided that the acquiring person undertakes to pay the costs of the special meeting and delivers to the corporation copies of definitive financing agreements with responsible entities for any required financing of the acquisition. If an information statement has not been delivered to the corporation by the 10th day after the acquirer obtains shares in excess of one of the above thresholds, or the shareholders of the corporation have voted not to accord voting rights to the acquirer's shares, the corporation may redeem all, but not less than all, of the acquirer's shares at fair market value. Shares that are not accorded voting rights pursuant to this law regain their voting rights when acquired by another person in an acquisition that is not subject to this law.

The Company is also subject to the Idaho Business Combination Act, which prohibits a publicly held corporation from engaging in certain business combinations with an "interested shareholder" for a period of three years after the date of the transaction in which the person became an interested shareholder unless, among other things, (i) the corporation's articles of incorporation or bylaws include a provision, adopted in accordance with this law, that expressly provides that the corporation is not subject to the statute (we do not have any such provisions in our articles or bylaws), or (ii) a committee of the corporation's Board of Directors approves of the business combination or the acquisition of the shares before the date such shares were acquired. After the three year moratorium period, the corporation may not consummate a business combination unless, among other things, it is approved by the affirmative vote of the holders of at least two-thirds of the outstanding shares, other than those beneficially owned by the interested shareholder or an affiliate or associate thereof, entitled to vote or the business combination meets certain minimum price and form of payment requirements. An interested shareholder is defined to include, with certain

exceptions, any person who is the beneficial owner of 10% or more of the voting power of the outstanding voting shares of the corporation. Business combinations subject to this law include certain mergers, consolidations, recapitalizations, and reverse share splits.

The application of the Idaho Control Share Acquisition Law and the Idaho Business Combination Law may have the effect of delaying, deferring or preventing a change of control of the Company.

The Delaware GCL has a provision called "Business Combinations with Interested Stockholders Act." The Delaware provision is not applicable to corporations with less than 2,000 record stockholders, unless the corporation elects to be covered. Atlas Delaware has only about 1,560 record stockholders. Atlas Delaware has elected to be governed by the Business Combinations with Interested Stockholders Act. The Delaware GCL has no provision similar to the Idaho's Control Share Acquisition Act.

The Delaware Business Combinations with Interested Stockholders Act generally operates to prevent a wide variety of transactions between the corporation, on one hand, and an "interested shareholder" and its affiliates, on the other hand. It generally prohibits a publicly held Delaware corporation from engaging in a "business combination" with an" interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless (i) prior to such date the Board of Directors of the corporation approved either the business combination or the transaction in which the person became an interested stockholder, (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owns at least 85% of the outstanding voting stock of the corporation excluding shares owned by officers or directors of the corporation and by certain employee stock plans, or (iii) on or after such date the business combination is approved by the Board of Directors of the corporation and by the affirmative vote of at least 66 2/3% of the outstanding voting stock of the corporation that is not owned by the interested stockholder. A "business combination" generally includes mergers, asset sales and similar transactions between the corporation and the interested stockholder, and other transactions resulting in a financial benefit to the stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns 15% or more of the corporation's voting stock or who is an affiliate or associate of the corporation and, together with his affiliates and associates, has owned 15% or more of the corporation's voting stock within three years.

Accordingly, the Delaware Business Combinations with Interested Stockholders Act can serve to provide Atlas Delaware with significantly more protections against unwanted takeovers than the Company has. The Board of Directors of the Company, however, is not proposing the reincorporation in order to prevent any known or suspected change in control of the Company and is not aware of any present attempt by any person to acquire control of the Company or to obtain representation on the Company's Board of Directors.

No Change in the Board Members, Business, Management, or Employee Benefit Plans

The reincorporation proposal would affect only a change in the legal domicile of the Company and certain other changes of a legal nature, the most significant of which are described in this proxy statement. The proposed reincorporation merger would NOT result in any change in the business, management, fiscal year, assets or liabilities, or employee benefit plans. Assuming that the Company and Atlas Delaware effect the reincorporation merger, the directors and officers of the Company immediately prior to the effective date of the reincorporation merger will continue to be the directors and officers of Atlas Delaware. All stock options and convertible securities issued and outstanding would automatically be converted into a stock option or convertible securities with respect to the same number of shares of Atlas Delaware, upon the same terms and subject to the same conditions under which the award was granted and in the agreement reflecting the award. Approval of the reincorporation proposal would constitute approval of the assumption of these plans by Atlas Delaware. Assuming the Company and Atlas Delaware effect the reincorporation merger, Atlas Delaware would continue other employee benefit arrangements of the Company upon the terms and subject to the conditions currently in effect.

Comparison of Shareholder Rights Before and After the Reincorporation Merger

There are significant differences between the rights of our stockholders under,

- on one hand, the Delaware General Corporation Law ("Delaware GCL"), the Delaware Certificate of Incorporation ("Delaware Certificate") and the Bylaws of the Delaware company ("Delaware Bylaws") (collectively, such rights, the "Delaware Rights"); and,

- on the other hand, the Idaho Business Corporation Act (the "Idaho BCA") and Company's Amended Articles of Incorporation ("Idaho Articles") and the current Bylaws ("Idaho Bylaws") (collectively, such rights, the "Idaho Rights").

Set forth below is a description that summarizes some significant differences in the Delaware Rights and the Idaho Rights.

The summary of the differences is significant because if the stockholders of the Company approve the reincorporation proposal and the reincorporation merger becomes effective, the Delaware Certificate and the Delaware Bylaws in effect immediately prior to the effective date of the reincorporation merger would become the certificate of incorporation and bylaws of Atlas Delaware. The Delaware Certificate with possible variations (depending on which, if any, of Proposals 2, 3, 4, or 5 are adopted) is attached as Appendix B. The Delaware Bylaws are attached as Appendix C. All statements in this proxy statement concerning such documents are qualified by reference to the complete provisions of the documents.

In addition to the differences described below, the Delaware Certificate and the Delaware Bylaws include certain technical differences from the Idaho Articles and Idaho Bylaws that constitute, in the opinion of the Board of Directors, insignificant differences between Delaware law and Idaho law.

The description below is not intended to be relied upon as a complete description of the differences, and is qualified in its entirety by reference to Idaho BCA, Delaware GCL, the Idaho Articles and Idaho Bylaws, and the Delaware Certificate and Delaware Bylaws.

The discussion below discusses the Idaho Rights as they currently exist and the Delaware Rights as they would exist if the reincorporation merger is approved. The discussion does not refer to such rights as they could be amended by amendments to, on one hand, the Delaware Certificate or Delaware Bylaws or, on the other hand, the Idaho Articles or Idaho Bylaws or by other factors not in existence or contemplated by the Board of Directors. Such amendments could include, among other things, a classified Board of Directors, cumulative voting, or changes from, or back to, default rules in the statute. Other factors not in existence or contemplated include the issuance of Preferred Stock. None of such amendments or other factors is currently contemplated by the Board of Directors.

	Idaho Rights	Delaware Rights
	References below are to the Idaho Articles of Incorporation, the Bylaws of the Company, and the Idaho Business Corporation Act.	References below are to the Idaho Certificate of Incorporation, the Bylaws of Delaware, and the Delaware General Corporation Law.
	ISSUES RELATING TO DIRECTORS	
Number of directors	The number is fixed at five. (Article VI of the Idaho Articles)	The Delaware rights will depend on whether Proposal 5 is approved. If Proposal 5 is approved, the number can be fixed from time to time solely by resolution of the Board of Directors, acting by not less than a majority of the directors then in office. If Proposal 5 is not approved, the number will remain fixed at five. If Proposal 5 is approved, the Board of Directors currently intends to adopt a resolution fixing the number of directors at four.
Quorum for a meeting of the Board of Directors	Three. (Based on Section 30-1-825(1)(a) of the Idaho BCA)	1/3 of total number. (Article II, Section 7 of the Delaware By-Laws)
Vote Required for removal of a director by shareholders	The number of votes cast to remove the director exceeds the number of votes cast not to remove (Section 30-1-725(3) of the Idaho BCA)	A majority in voting power of outstanding shares (Section 141(j) of the Delaware GCL)
Personal liability of directors for monetary damages	The Idaho Articles provide: “A director shall not be held liable to the company or its shareholders for monetary damages for any action taken or any failure to take any action as a director except to the minimum degree required	The articles provide, in accordance with Section 102(b)(7) of the Delaware GCL, that A director shall have no personal liability to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a

under Idaho law as it now exists or hereafter may be amended.” (Article VII of the Idaho Articles)	director, provided that such provision shall not eliminate or limit the liability of a director: (i) For any breach of the director's duty of loyalty to the corporation or its stockholders;

Personal liability of directors for monetary damages (continued)	Based on the timing of the adoption of this provision, it is appears intended to implement Section 30-1-202(d) of the Idaho BCA which permits the articles to be amended to eliminate monetary damages under certain circumstances. A provision eliminating or limiting the liability of a director to the corporation or its shareholders for money damages for any action taken, or any failure to take any action, as a director, except liability for: (i) The amount of a financial benefit received by a director to which he is not entitled, (ii) An intentional infliction of harm on the corporation or the shareholders, (iii) For unlawful dividends, stock purchases, or redemptions, or (iv) An intentional violation of criminal law.	(ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) for unlawful dividends, stock purchases, or redemptions; or (iv) for any transaction from which the director derived an improper personal benefit. (Article Fifth, Section 6 of the Delaware Certificate)
	SHAREHOLDER ACTIONS ISSUES	
Shareholder vote required to amend articles/certificate	The votes cast favoring the amendment exceed the votes cast opposing the amendment, unless the Board of Directors conditions approval of the amendment on a higher percentage (Section 30-1-725(3) of the Idaho BCA)	A majority of the outstanding stock entitled to vote (Section 242(b)(1) of the Delaware GCL)
Shareholder vote required to amend bylaws	The votes cast favoring the amendment exceed the votes cast opposing the amendment. (Section 30-1-725(3) of the Idaho BCA)	Affirmative vote of the majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter. (Section 216(3) of the Delaware GCL)

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An asset sale that requires shareholder approval	If the disposition would leave the corporation without a significant continuing business activity. If a corporation retains a business activity that represented at least twenty-five percent (25%) of total assets at the end of the most recently completed fiscal year, and twenty-five percent (25%) of either income from continuing operations before taxes or revenues from continuing operations for that fiscal year, in each case of the corporation and its subsidiaries on a consolidated basis, the corporation will conclusively be deemed to have retained a significant continuing business activity. (Section 30-1-1202(2)) of the Idaho BCA)	The sale of all or substantially all of the assets. (Section 271(a) of the Delaware GCL)
Shareholder vote required to approve merger, share exchange, or asset sale that requires shareholder approval	A majority of the votes entitled to be cast, unless the board conditions approval on a higher percentage (Section 30-1-725(3) of the Idaho BCA)	A majority of the outstanding stock entitled to vote (Section 251(c) of the Delaware GCL)
Exceptions to the requirement for shareholder approval of mergers	Approval by shareholders of a subsidiary is not required in “short-form mergers” (where parent owns 90% or more of the voting securities of the subsidiary) (Section 30-1-725(3) of the Idaho BCA)	1. Short-form mergers (where parent owns 90% or more of the voting securities) (Section 253(a) of the Delaware GCL) 2. No vote required by shareholders in a merger if (a) the merger agreement does not amend the existing certificate of incorporation, (b) each share of the stock of outstanding immediately before the effective date of the merger is an identical outstanding

or treasury share after the merger, and (c) either no shares of Common Stock and no shares, securities or obligations convertible into such stock are to be issued or delivered under the plan of merger, or the authorized and unissued shares or the treasury shares of Common Stock to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered under such plan do not exceed 20% of the shares of Common Stock of such constituent corporation outstanding immediately prior to the effective date of the merger.

(Section 251(f) of the Delaware GCL)

Whether action of shareholders by written consent is permitted	Permissible only if all shareholders consent (Section 30-1-704 of the Idaho BCA)	Prohibited by Delaware Certificate (Article Fifth, Section 7 of the Delaware Certificate)
Terms of the advance notice bylaws	Advance notice bylaws are contained in the Idaho Bylaws and the Delaware Bylaws. There are three major bases for comparing the Bylaws: the timing of shareholder notice, the content of the notice, and information to be provided by a person nominated as a director by a shareholder.	
	1. Timing of the shareholder's notice In order to be timely, a shareholder's notice shall be delivered not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice must be delivered not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made.	1. Timing of the shareholder's notice In order to be timely, a shareholder's notice shall be delivered not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice must be delivered not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made.
	2. Content of the Shareholder Notice Such shareholder's notice shall set forth (A) as to each person whom the shareholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is	2. Content of the Shareholder Notice The Delaware Bylaws require that the notice that includes the same information as required by the Idaho Bylaws and also the following information that is not required by the Idaho Bylaws: (e) a description of any agreement, arrangement or understanding with respect to such business between or

otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (including such person's written

among the Proponent and any of its affiliates or associates, and any others (including such shareholder's names) acting in concert with any of the foregoing, and a

Terms of the advance notice bylaws (continued)	2. Content of the Shareholder Notice (Continued)	2. Content of the Shareholder Notice (Continued)
	consent to being named in the proxy statement as a nominee and to serving as a director if elected); (B) as to any other business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such shareholder, as they appear on the Corporation’s books, and of such beneficial owner and (ii) the class and number of shares of the Corporation which are owned beneficially and of record by such shareholder and such beneficial owner.	representation that the Proponent will notify the Corporation in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (f) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the Proponent's notice by, or on behalf of, the Proponent or any of its affiliates or associates, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of the Proponent or any of its affiliates or associates with respect to shares of stock of the Corporation, and a representation that the Proponent will notify the Corporation in writing of any such agreement, arrangement or understanding in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (g) a representation that the Proponent is a holder of record or beneficial owner of shares of the Corporation entitled to vote at the annual meeting and intends to appear in person or by proxy at the meeting to propose such business, and (h) a representation whether the Proponent intends to deliver a

proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding shares required to approve the proposal and/or otherwise to solicit proxies from stockholders in support of the proposal.

Terms of the advance notice bylaws (continued)	3. Information to be provided as a nominee.	3. Information to be provided as a nominee.
	No provision (Section 2.4(a)(2) of the Idaho Bylaws)	To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver . . . a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the

	nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with, applicable law and all applicable publicly disclosed corporate governance, conflict of interest, corporate opportunities, confidentiality and stock ownership and trading policies and guidelines of the Corporation. Article I, (Section 13 of the Delaware Bylaws)

APPRAISAL RIGHTS

Exceptions to Appraisal Rights	Idaho law provides appraisal rights in certain situation in which Delaware law does not provide appraisal rights. Idaho law provides: No appraisal rights are available for the holders of shares of any class or series of shares which are: (i) Listed on the New York stock exchange or the American stock exchange or designated as a national market system security on an interdealer quotation system by the national association of securities dealers, inc.; or (ii) Not so listed or designated, but have at least two thousand (2,000) record and beneficial shareholders and the outstanding shares of such class or series have a market value of at least twenty million dollars ($20,000,000), exclusive of the value of such shares held by its subsidiaries, senior executives, directors and beneficial shareholders owning more than ten percent (10%) of such shares. (Section 30-1-1302 of the Idaho BCA) The Company has more than 2,000 record and beneficial shareholders and as of the date of this proxy statement, the market value of its shares exclusive of the value of such shares held by its subsidiaries, senior executives, directors and beneficial shareholders owning more than ten percent (10%) of such shares exceeds $20 million.	No appraisal rights are available for the holders of any class of shares (1) where the shares are: (i) listed on a national securities exchange or (ii) held of record by more than 2,000 record holders. (The Company's shares are not held of record of 2,000 shareholders.0 (2) for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the surviving corporation as provided in § 251(f) referred to above. (3) Notwithstanding (1) and (2) above, appraisal rights are available for the shares of a constituent corporation if the holders thereof are required by the terms of an agreement to accept for such stock anything except: a. Shares of stock of the corporation surviving or resulting from such merger or consolidation; b. Shares of stock of any other corporation, , which shares of stock at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 holders; c. Cash in lieu of fractional shares described in the foregoing subparagraphs a. and b. of this paragraph; or d. Any combination of the shares of stock, and cash in lieu of fractional shares described in the

foregoing subparagraphs a., b. and c. of this paragraph.
(Section 262(b) of the Delaware GCL)

Exceptions to Appraisal Rights (continued)	However, the Idaho BCA provides that foregoing exceptions to the availability of dissenters' rights do not apply where the transaction Shares or assets of the corporation are being acquired or converted, a person, or by an affiliate of a person, who: (A) Is or was within one year the beneficial owner of twenty percent or more of the voting power of the corporation, excluding any shares acquired pursuant to an offer for all shares for consideration of the same kind and of a value equal to or less than that paid in connection with the corporate action; or (B) has, or had within one year, the power to cause the appointment or election of twenty-five percent or more of the directors to the Board of Directors of the corporation; or (C) who is, or within one year was, a senior executive or director of the corporation or a senior executive of any affiliate thereof, and that senior executive or director will receive, as a result of the corporate action, a financial benefit not generally available to other shareholders as such, other than: (i) Employment, consulting, retirement or similar benefits (x) established separately and not as part of or in contemplation of the corporate action; or (y) that are not more favorable than those existing before the corporate action or, if more favorable, that

have been approved by qualified
(disinterested) directors; or

Exceptions to Appraisal Rights (continued)	(D) In the case of a director of the corporation who will, in the corporate action, become a director of the acquiring entity or one of its affiliates, rights and benefits as a director that are provided on the same basis as those afforded by the acquiring entity generally to other directors of such entity or such affiliate. (Section 30-1-1302 of the Idaho BCA) As of the date of this proxy statement David Taft may be considered the beneficial owner of in excess of 20% of the voting power of outstanding shares.	
	INDEMNIFICATION	
Advancement of Expenses to Officers and Directors Before Final Disposition of a Proceeding	Advancement of expenses to pay for or reimburse the reasonable expenses before final disposition of a proceeding is in the discretion of the Board of Directors (Section 10.2 of the Bylaws)	If the officer or director delivers the undertaking required by the statute, advancement is mandatory. (Article V, Section 3 of the Delaware Bylaws)

DISSENTERS OR APPRAISAL RIGHTS ARE AVAILABLE UNDER IDAHO BCA FOR THE REINCORPORATION

Shareholders who follow the procedures set forth in Sections 30-1-1301 through 30-1-1331 of the Idaho Business Corporations Act, copies of which are annexed hereto as Appendix D, may be entitled to dissent from the reincorporation, and to obtain payment in cash for such shareholder's shares of the Company's Common Stock.

The following summary of the Idaho Business Corporations Act as it relates to dissenters' rights is not intended to be a complete statement such provisions and is qualified in its entirety by the reference to the copy of the applicable sections of the Idaho Business Corporations Act annexed hereto.

1. Any shareholder who wishes to dissent to the reincorporation and obtain payment for such shareholder's shares must deliver to the Company before the vote is taken written notice of such shareholder's intent to demand payment for such shareholder's shares if the proposed action is effectuated, and the shareholder must not vote such shareholder's shares in favor of the proposed action. If a shareholder does not satisfy these requirements, they are not entitled to exercise such shareholder's dissenters' rights and to receive payment for such shareholder's shares. A shareholder's failure to vote against the reincorporation proposal will not constitute a waiver of the appraisal. A vote against the reincorporation proposal will not in itself be deemed to satisfy requirements the requirement to deliver written notice of intent to demand payment.

2. If the proposed corporate action is approved by the required vote at a meeting of shareholders, the Company is required to (and the Company will), within ten days after the corporate action is taken, deliver to those shareholders that have given prior written notice of such shareholder's intent to dissent and have refrained from voting in favor of the proposed action, a written notice which must:

(a) Specify the date of the first announcement to shareholders of the principal terms of the proposed corporate action ("Announcement Date") and require the shareholder asserting appraisal rights to certify:

(i) Whether or not beneficial ownership of those shares for which appraisal rights are asserted was acquired before the Announcement Date; and

(ii) That the shareholder did not vote for the transaction;

(b) State where the demand for payment must be sent and where and when certificates for certificated shares must be deposited;

(c) Set a date by which the Company must receive the payment demand, which date may not be fewer than 40 nor more than 60 days after the date the notice by the Company is delivered ("Return Date");

(d) State that, if requested in writing, the Company will provide, to the shareholders so requesting, the number of shareholders who return the forms by the specified date and the total number of shares owned by them;

(e) State the date by which the notice to withdraw must be received, which date must be within twenty (20) days after the Return Date; and

(f) Be accompanied by a copy of the applicable sections of the Idaho BCA regarding appraisal.

3. A shareholder who receives notice described in paragraph (2) above and who wishes to exercise appraisal rights must certify on the form sent by the Company whether the beneficial owner of such shares acquired beneficial

ownership of the shares before the Announcement Date. In addition, a shareholder who wishes to exercise appraisal rights must execute and return the form and deposit the shareholder's certificates in accordance with the terms of the notice described in paragraph (2) above. A shareholder who has complied with such procedures may nevertheless decline to exercise appraisal rights and withdraw

from the appraisal process by so notifying the Company in writing by the date set forth in the notice described in paragraph (2) above. A shareholder who fails to so withdraw from the appraisal process may not thereafter withdraw without the Company's written consent. A shareholder who does not execute and return the form and deposit that shareholder's share certificates shall not be entitled to payment.

4. Within 30 days of the Return Date, the Company is required to (and the Company will), except as set forth in (5) below, remit to dissenters who have made demand and have deposited such shareholder's certificates, the amount which the Company estimates to be the fair value of the shares, with interest if any has accrued. The remittance shall be accompanied by:

(a) the Company's closing balance sheet and statement of income for a fiscal year ending not more than 16 months before the date of remittance, and income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;

(b) A statement of the Company's estimate of fair value for the shares;

(c) A statement that shareholders have the right to demand further payment and that if any shareholder does not do so within the time period specified therein, such shareholder shall be deemed to have accepted such payment in full satisfaction of the Company's obligations.

5. The Company may elect to withhold payment described in (4) from any shareholder who did not certify that beneficial ownership of all of the shareholder's shares for which appraisal rights are asserted was acquired before the Announcement Date. If the Company elected to withhold payment, it is required to (and the Company will), within thirty days after the Return Date, it must :

(a) Provide the information referred to in paragraph 4(a)and (b);

(b) Notify the shareholders that: they may accept the Company's estimate of fair value, plus interest, in full satisfaction of such shareholder's demands or demand appraisal as described in paragraph 6 below; those shareholders who wish to accept such offer must so notify the Company of such shareholder's acceptance of the Company's offer within thirty days after receiving the offer; and those shareholders who do not satisfy the requirements for demanding appraisal described in paragraph 6 below shall be deemed to have accepted the Company's offer. Within ten days after receiving the shareholder's acceptance, the Company must pay in cash the amount it offered to each shareholder who agreed to accept the Company's offer in full satisfaction of the shareholder's demand. Within forty days after sending the notice described, the Company must pay in cash the amount it offered to pay to each shareholder who do not satisfy the requirements for demanding appraisal described in paragraph 6 below.

6. A shareholder paid pursuant paragraph 4 above, who is dissatisfied with the amount of the payment must notify the Company in writing of that shareholder's estimate of the fair value of the shares and demand payment of that estimate plus interest, less any payment already made. A shareholder offered payment paragraph 5, who is dissatisfied with that offer must reject the offer and demand payment of the shareholder's stated estimate of the fair value of the shares plus interest. A shareholder who fails to notify the Company in writing of that shareholder's demand to be paid the shareholder's stated estimate of the fair value plus interest within thirty days after receiving the Company's payment or offer of payment under paragraphs 4 or 5, waives the right to demand payment under this section and shall be entitled only to the payment made or offered pursuant to those respective sections.

7. If a shareholder makes demand for payment under paragraph 6, which remains unsettled, the Company shall commence a proceeding within sixty days after receiving the payment demand and petition the court to determine the

fair value of the shares and accrued interest. If the Company does not commence the proceeding within the sixty-day period, it shall pay in cash to each shareholder the amount demanded, plus interest. Each shareholder made a party to the proceeding is entitled to judgment: (a) for the amount, if any, by which the court finds the fair value of the shareholder's shares, plus interest, exceeds the amount paid by the Company to the shareholder for such shares; or (b) for the fair value, plus interest, of the shareholder's shares for which the Company elected to withhold payment under paragraph 6.

ACCOUNTING TREATMENT OF THE REINCORPORATION MERGER

The reincorporation merger would be accounted for as a reverse merger whereby, for accounting purposes, the Company would be considered the acquirer and Atlas Delaware would be treated as the successor to the historical operations of the Company. Accordingly, the historical financial statements of the Company, which the Company previously reported to the Securities and Exchange Commission on Forms 10-K and 10-Q, among other forms, as of and for all periods through the date of this proxy statement, would be treated as the financial statements of Atlas Delaware.

REGULATORY APPROVAL

To the Company's knowledge, no regulatory or governmental approval or filings are necessary in connection with the consummation of the reincorporation merger. The only filings necessary in connection with the consummation of the reincorporation merger would be the filing of articles of merger with the Secretary of State of Idaho and the filing of a certificate of merger with the Secretary of State of Delaware.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The Company has been advised by its counsel, K&L Gates LLP, that, for federal income tax purposes, no gain or loss would be recognized by the holders of the Common Stock of the Company a result of the consummation of the reincorporation merger and no gain or loss would be recognized by the Company or Atlas Delaware. In addition, counsel has advised the Company that each former holder of Common Stock of the Company would have the same basis in the Common Stock of Atlas Delaware received by such person pursuant to the reincorporation merger as such holder had in the Common Stock of the Company held by such person immediately prior to the consummation of the reincorporation merger, and such person's holding period with respect to such Common Stock of Atlas Delaware would include the period during which such holder held the corresponding Common Stock of Atlas, provided the latter was held by such person as a capital asset immediately prior to the consummation of the reincorporation merger.

State, local or foreign income tax consequences to stockholders may vary from the federal tax consequences described above.

STOCKHOLDERS SHOULD CONSULT SUCH SHAREHOLDER'S OWN TAX ADVISERS AS TO THE EFFECT OF THE REINCORPORATION MERGER UNDER APPLICABLE FEDERAL, STATE, LOCAL OR FOREIGN INCOME TAX LAWS.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" PROPOSAL 6, APPROVAL OF THE REINCORPORATION OF THE COMPANY INTO THE STATE OF DELAWARE.

EXECUTIVE OFFICERS

The only executive officers of the Company are Andre Zeitoun are Christopher T. Carney. Information about them is set forth below.

Name and Position with the Company	Age	Director/Officer Since	Principal Occupation
Andre Zeitoun	36	January 2009	President, Chief Executive Officer and Director of Company

Christopher T. Carney	39	February 2009	Interim Chief Financial Officer of the Company

Information about Mr. Zeitoun is provided above under “Nominees for Directors”.

Christopher T. Carney, Interim Chief Financial Officer. Pursuant to the Management Agreement between Material Advisors LLC and the Company, he was appointed to his position as Interim Chief Financial Officer in February 2009.

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 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 CUNY-Lehman College and an MBA from Tulane University.

EXECUTIVE COMPENSATION

Introduction

The Board of Directors has not created a separate compensation committee or a charter for such committee and the Board of Directors as a whole acts as a compensation committee. The Board of Directors does not believe a separate compensation committee is needed in view of the size of the Company, the involvement of the Board of Directors in Company affairs, and the history and structure of executive compensation. Persons whose compensation is being determined or negotiated by the Board of Directors do not participate in the Board deliberations. The Board has not used compensation consultants.

Executive Compensation

The following Summary Compensation table contains information about the compensation received by the executive officers and highly paid employees for the fiscal years ended December 31, 2008 and December 31, 2007.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Option Awards ($) (1)	Total ($)
Michael T. Lyon					
Interim CEO (2) (3)	2008	$ 100,417	$ - 0 -	$ 35,328	$ 135,754
William T. Jacobson					
Chairman/Director,	2008	124,583	- 0 -	88,151	212,734
President, CEO (4) (5)	2007	177,083	- 0 -	88,151	265,234
Ronald Price					
Director, CEO NanoClay	2008	197,917	- 0 -	290,600	488,517
Technologies, Inc. (6)	2007	167,708	51,975	557,851	777,534
Morris D. Weiss					
Director, Chief Restructuring					
Officer (7) (8)	2008	50,000	- 0 -	13,353	63,353
Barbara S. Suveg					
Interim Corporate					
Secretary,	2008	182,070	- 0 -	- 0 -	182,070
Accountant (9) (10)	2007	132,283	- 0 -	- 0 -	132,283
Ronald Short					
Operations Manager	2008	167,070	- 0 -	- 0 -	167,070
Contract Mining Division	2007	121,713	- 0 -	- 0 -	121,713

(1) This column represents the dollar amount recognized for financial statement reporting purposes with respect to the 2008 fiscal year for the fair value of stock options granted to each individual in 2008 in accordance with SFAS 123(R). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts reflect the Company's accounting expense for these awards, and do not correspond to the actual value that will be recognized by the named executive officers.

(2) Mr. Lyon was appointed interim CEO on June 28, 2008 for six months. His appointment terminated on December 28, 2008. Initially, the employment contract provided for a monthly salary of $12,500 to serve as President and Chief Executive Officer and the grant of five year options to purchase 50,000 shares at $0.65 per share, the options vesting ratably and monthly over the employment period. The employment agreement was amended in September, 2008 to provide for a salary of $18,000 per month and options to acquire an additional 25,000 at $0.71 per share, such options vesting ratably and monthly.

(3) The exercise prices were set at the market price of the common stock as of the day of grant except.

(4) Mr. Jacobson was Chairman at all times during 2007 and during 2008 until June 28, 2008. He was CEO and President during the same period except for the period from July 9, 2007 to November 30, 2007. His employment agreement was in effect at all times. Mr. Jacobson resigned as Chairman, CEO and president on June 28, 2008.

(5) Mr. Jacobson entered into a five year employment contract dated October 1, 2004 that provided for annual salaries of $120,000, $150,000, $200,000, $225,000, $250,000 and provided for options to acquire up to 3,500,000 shares of common stock over a five year period at $0.18 per share. 1.5 million options vested on January 1, 2005 and an additional 500,000 were scheduled to vest each January 1 thereafter. The closing market price on October 1, 2004 was $0.295. The employment contract provided that in the event of termination by the Company for reasons other than theft or fraud, Mr. Jacobson would be entitled to two years salary, health benefits and vesting of unvested options and the ability to exercise options for two years after termination.

(6) On December 12, 2008, Ronald Price resigned as a director of the Company pursuant to the terms of a separation agreement (the “Separation Agreement”). He was not an employee of the Company. He also resigned as an officer and director of Nano Clay & Technologies, Inc., a subsidiary of the Company that has been administratively dissolved. Pursuant to the Separation Agreement, Mr. Price is to render certain cooperation and services. Pursuant to the Agreement, until March 1, 2009, he was paid amounts equal to the compensation under his employment agreement with Nano Clay & Technologies, Inc., which was terminated by the Agreement (at the rate of $200,000 per year). For the period from March 1, 2009 to February 28, 2010, he will be paid $50,000, such amount is to be paid in monthly installments of $4,167. Under the Separation Agreement, Mr. Price is subject to certain confidentiality and non-disparagement agreements and also to a non-compete agreement that expires in 2010.

Mr. Price entered into a three year employment contract dated March 9, 2006 that provided for annual salaries of $150,000, $175,000, $200,000. The employment contract provided that in the event of termination by the Company for reasons other than just cause, Mr. Price would be entitled to six month’s salary.

(7) Mr. Weiss served as Chief Restructuring Officer from the period November 1, 2008 to May 1, 2009 and as a consultant thereafter. The Company entered into a Consulting Agreement (the “Consulting Agreement”) with Mr. Weiss, a director, on November 1, 2008 pursuant to which Mr. Weiss served as Chief Restructuring Officer for a period of six months. The Consulting Agreement provided that Mr. Weiss’ duties included: (i) oversight and management of (1) pending and anticipated securities, corporate, insurance and other significant litigation involving the Company or its affiliates, (2) the disposition of the contract mining business and such other businesses and entities in which the Company holds an interest as may be determined by the Board, and (3) such other matters as agreed upon by Mr. Weiss and the Board; (ii) advising the Board and senior management of the Company with respect to other significant restructuring matters, and (iii) such other duties and responsibilities on which the Board and the Consultant shall mutually agree.

The Consulting Agreement provided for compensation in the form of stock options and cash. The stock option compensation under the Agreement was 550,000 options to acquire Company common stock with an exercise price of $0.70 per share and expiring in ten years. 250,000 options vested during the term of the Agreement and 300,000

options would vest at the end of the Agreement unless the Board determined that Mr. Weiss' performance was not satisfactory, in which case the number of options awarded was at the discretion of the Board. The reported closing price of the Company's stock on October 31, 2008 was $0.28. The board concluded that Mr. Weiss' performance was more than satisfactory and thus 300,000 options vested at the end of the Consulting Agreement (for a total of 550,000 options as provided under the agreement). The cash

compensation under the Agreement was $100,000 during the term of the Consulting Agreement plus a bonus of up to $100,000, the award of which was dependent on a Board determination as to whether Mr. Weiss' performance was satisfactory and the amount of such bonus was at the discretion of the Board. The board determined that Mr. Weiss' performance was more than satisfactory thus the amount of the cash bonus was $100,000 and the Board and Mr. Weiss agreed the amount would be payable in six monthly installments.

In addition, on May 1, 2009, Mr. Weiss agreed to review the documentation to be generated in connection with the negotiation of the final settlement agreements in the class action in which the Company was a defendant and the insurance coverage litigation involving the Company. As compensation for such services, the Board granted Mr. Weiss 100,000 options to acquire Company common stock with an exercise price of $0.70 per share, expiring in ten years, and vesting on completion of the final settlement agreements. The reported closing price of the Company's stock on April 30, 2009 was $0.49.

(8) Ms. Suveg entered into a three-year employment contract dated August 8, 2007 to serve as Chief Financial Officer at a salary of $168,000. The employment contract called for the grant of options to purchase 250,000 shares at $2.41 per share, 100,000 of which vested on the grant date and 100,000 and 50,000 were to vest on the first and second anniversaries. No options were exercised. The employment contract provided that in the event of termination by the Company for reasons other than theft of fraud, Ms. Suveg would be entitled to two years salary, health benefits and vesting of unvested options and the ability to exercise options for two years after termination. We treated Ms. Suveg's voluntary resignation as a breach of her employment agreement and we recognized no amounts for financial statement reporting purposes in accordance with SFAS 123(R) with respect to the option grants.

(9) Pursuant to her employment agreement, Ms. Suveg was designated as Chief Financial Officer from August 8, 2007 until November 13, 2007. She was not employed during the period from November 14, 2007 until November 30, 2007. While she was employed in 2007 and 2008, she functioned as principal financial officer. She resigned as interim corporate secretary on January 11, 2008. She terminated as an employee on March 31, 2009 although she continues as a consultant.

Outstanding Equity Awards at December 31, 2008

The following table provides information on the holdings as of December 31, 2008 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 FISCAL YEAR END OPTION AWARDS

Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards Number of Securities Uncerlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date
Michael T. Lyon	06/30/2008	50,000	- 0 -	- 0 -	$ 0.65	06/30/2013
	09/08/2008	25,000	- 0 -	- 0 -	$ 0.71	09/08/2013
		- 0 -	- 0 -	- 0 -		

William T. Jacobson						
Ronald Price		- 0 -	- 0 -	- 0 -		
Morris D. Weiss (1)	11/01/2008	83,334	466,666	300,000	$ 0.70	10/31/2019
Barbara S. Suveg		- 0 -	- 0 -	- 0 -		
Ronald Short		- 0 -	- 0 -	- 0 -		

(1) See information in footnote 7 to the Summary Compensation Table.

INDEPENDENT AUDITOR

PMB Helin Donovan, LLP was selected by our Board of Directors as the Company's independent accountant for the fiscal year ending December 31, 2008 and for the fiscal year ending December 31, 2009. Representatives of PMB Helin Donovan will not be attending the shareholder meeting.

Changes in Registrant's Certifying Accountant

As noted in the Company's Form 8-K filed with the SEC on August 27, 2008, on August 20, 2008, Company dismissed Chisholm, Bierwolf & Nilson, LLC ("Chisholm") as independent auditors.

The decision to change accountants was approved by the Board of Directors. Chisholm was not the auditor with respect to and hence rendered no report on Company financials for the years ended December 31, 2007 or 2008. With respect to financial statements for periods for which Chisholm acted as independent auditor, it did not render a report containing an adverse opinion or a disclaimer of opinion, or an opinion that was qualified or modified as to uncertainty, audit scope, or accounting principles.

The decision to dismiss Chisholm was approved by the Board of Directors of the Company on recommendation of a special committee of the Board of Directors.

There were no disagreements with Chisholm on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of Chisholm, would have caused it to make reference to the subject matter of the disagreement in connection with its report.

On August 21, 2008, the Company retained PMB Helin Donovan LLP ("PMB") as independent auditors for the purposes of auditing the financial statements. PMB's reports on the financial statements for the periods ending December 31, 2007 and 2008 were included in the Annual Reports for the periods ending December 31, 2007 and 2008.

The Company provided Chisholm with a copy of the disclosures made above in the accounting section hereof and in a letter addressed to the Securities and Exchange Commission, Chisholm stated that it was "in agreement with only those statements...as they relate to our firm."

The Company has provided PMB Helin Donovan with a copy of the disclosures made in the Accounting section hereof and requested that Chisholm furnish it with a letter addressed to the Securities and Exchange Commission stating whether it agrees with such statements and, if not, stating the respects in which it does not agree.

Fees payable to PMB

The following table presents fees for audit services rendered by PMB Helin Donovan, the independent auditor for the audit of the Company's annual consolidated financial statements for the years ended December 31, 2008 and 2007.

	PMB Helin Donovan, LLC	
	December 31, 2008	December 31, 2007
Audit Fees (1)	$ 44,338	$ 48,912
Audit-Related Fees	- 0 -	- 0 -