

MINERAL MOUNTAIN MINING & MILLING CO  
Form 10-K  
January 15, 2019

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

---

**FORM 10-K**

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

For the fiscal year ended **September 30, 2018**

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from [ ] to [ ]

Commission file number **1-03319**

---

**Mineral Mountain Mining & Milling Company**

**(Exact Name of Registrant as Specified in Its Charter)**

---

**Idaho** **82-0144710**  
**(State or Other Jurisdiction of** **(I.R.S. Employer Identification Number)**  
**Incorporation or Organization)**

**Mineral Mountain Mining & Milling Company**

**13 Bow Circle, Suite 170**

**Hilton Head, South Carolina 29928**

**(917) 587-8153**

**(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)**

---

**Securities registered pursuant to Section 12(b) of the Act:**

**Title of each class to be so registered: Common Shares, par value \$0.001**

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  
Yes  No

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

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-K (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

The aggregate market value of Common Stock held by shareholders of the Registrant on March 31, 2018 was \$6,488,477 based on a \$0.11 average bid and asked price of such common equity, as of the last business day of the

registrant's most recently completed second fiscal quarter.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

**65,619,733 common shares as of January 11, 2019**

DOCUMENTS INCORPORATED BY REFERENCE

None.

-2-

**TABLE OF CONTENTS**

	Page
<u>Forward Looking Statement</u>	4
<b>PART I</b>	
Item 1. <u>Business</u>	5
Item 1A. <u>Risk Factors</u>	7
Item 1B. <u>Unresolved Staff Comments</u>	14
Item 2. <u>Properties</u>	14
Item 3. <u>Legal Proceedings</u>	23
Item 4. <u>Mine Safety Disclosures</u>	24
<b>PART II</b>	
Item 5. <u>Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	24
Item 6. <u>Selected Financial Data</u>	27
Item 7. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operation</u>	27
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	30
Item 8. <u>Financial Statements and Supplementary Data</u>	30
Item 9. <u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	46
Item 9A. <u>Controls and Procedures</u>	46
Item 9B. <u>Other Information</u>	47
<b>PART III</b>	
Item 10. <u>Directors, Executive Officers and Corporate Governance</u>	47
Item 11. <u>Executive Compensation</u>	52
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	52
Item 13. <u>Certain Relationships and Related Transactions, and Director Independence</u>	53
Item 14. <u>Principal Accounting Fees and Services</u>	56
<b>PART IV</b>	
Item 15. <u>Exhibits and Financial Statement Schedules</u>	57
Item 16. <u>Form 10-K Summary</u>	58
<u>SIGNATURES</u>	59

## FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Annual Report, including statements regarding our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” or “would” or the negative of these words or similar terms or expressions.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs. These forward-looking statements are subject to known and unknown risks, uncertainties, and assumptions, including risks described in “Risk Factors” and elsewhere in this Annual Report.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in “Risk Factors” and elsewhere in this Annual Report. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Annual Report. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Annual Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report to reflect events or circumstances after the date of this Annual Report or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments.

## **ITEM 1. BUSINESS**

You should read this entire Annual Report carefully, including “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and the related notes included elsewhere in this Annual Report, before making an investment decision.

### **Company Information**

Mineral Mountain Mining & Milling Company (hereinafter “Mineral Mountain”, the “Company” or “We”) was incorporated in Idaho on August 4, 1932. The Company’s principal executive offices are located at 13 Bow Circle, Suite 170, Hilton Head, South Carolina 29928, and our telephone number is (917) 587-8153. Any information on, or that may be accessed through, any websites (other than government websites) is not incorporated by reference into this Annual Report and should not be considered a part of this Annual Report. The Company is a publicly traded company listed on the OTCQB exchange. Our common stock is traded under the symbol “MMMM.” On December 31, 2018, the closing sale price of the common stock on the OTCQB was \$.19 per share.

Mineral Mountain is a “smaller reporting company,” as defined by applicable rules of the Securities and Exchange Commission, or SEC pursuant to § 229.10(f)(1), in the Securities Act of 1933. As such, we are eligible for exemptions from various reporting requirements applicable to other public companies that are not smaller reporting companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and reduced disclosure obligations regarding executive compensation. We will

remain a smaller reporting company until we have a public offering, or value attributable to stock held by non-affiliates, of at least \$250 million, as measured on the prior March 31st.

### **The Company's Recent History and Business**

Mineral Mountain is in the business of mineral exploration and development. The Company presently owns or leases two mining project properties, the Iditarod Project located in Flat, Alaska, and the Wyoming Project located in Lewiston, Wyoming.

Beginning in the late 1980's or early 1990's, Mineral Mountain was headed by Don Hess for roughly twenty years until his death around 2009, at which time his daughter Delaine (Hess) Gruber took management control over the Company. At that time, the Company held four mining claims located in the Silver Valley near the famous Sunshine Mine. New management was brought in by Delaine Gruber in 2010 with an eye toward moving the Company forward. Between 2010 and 2015, the Company did not generate significant revenues and its assets apparently did not exceed \$1 million in any given year. The Company went through name changes in furtherance of business development opportunities. The Company's name changed from Mineral Mountain to Score Technologies Inc. on October 6, 2014. At this time, the Company was looking to expand into the technology software business because it acquired the rights to and was further developing certain mobile phone video streaming application technology. As a result of a potential conflict with the Score name, the Company changed its name to Multiplexed Encryption Technologies on March 9, 2015. The Company was unable to get a working prototype of the video streaming app approved for application on Apple's mobile devices. Therefore, on February 1, 2016, the Company changed its name back to the original Mineral Mountain Mining & Milling Co. so that the Company's management could focus on its core mineral property exploration and development business. This resulted in Mineral Mountain's involvement in its current projects in Alaska and Wyoming.



The Wyoming Project (known as the “Gyorvary Property”) is located in the Orogenic Gold District approximately 29.5 miles south-southeast of Lander, Fremont County, Wyoming in the southern end of the Wind River Mountain Range in west central Wyoming. The Gyorvary Property is located in the Lewiston Mining District. The Lewiston Mining District is centered on high grade gold bearing veins in the South Pass Greenstone belt. See Figure 1. The Gyorvary property consists of 16 unpatented and 6 patented mining claims. The Project is a near term producer; nearby the mining claims is an existing permitted mill which is available for a processing charge on a per ton basis. The Project has 423 acres with numerous historical mines and near term mining potential.

The Iditarod Project is in an area with promising geochemistry, rocks and soil. It is a large property consisting of 16.5 square miles, located 7 miles from Alaska’s third largest placer district near Flat where historically there have been 1,453,000 ounces of gold produced from 1908 until 1966 along with byproducts of silver, tungsten and mercury. It has an excellent infrastructure with a well maintained airstrip. It has the same rocks as the Iditarod-Nixon Fork Fault and has Tomestone Granites intruding sediments on the major structure.

We believe there are no contamination issues of soil, and surface and groundwater resulting from historical activities at the Company’s properties.

## **Our Strategy and Opportunity**

The Company’s strategy is to identify and invest in mining properties in established precious metal mining zones. We do this in an effort to identify mining assets that provide potentially substantial returns on equity. We intend to use the revenue we generate to fund the exploration and exploitation of present and future mining operations in a cost effective manner. We also intend in the near future to take advantage of additional capital investment opportunities to further our development of existing and future acquired mining properties and pursuing other revenue generating business opportunities. The net proceeds of the revolving credit line which is discussed in this Annual Report will be used for, among other things, general corporate purposes, which may include: (i) acquisitions; (ii) refinancing or repayment of indebtedness; (iii) capital expenditures and working capital; (iv) investing in equipment and property development (which may include funding associated with exploration); and (v) pursuing other business opportunities, both related and unrelated to our existing mining activities. In the event that we seek to pursue new business opportunities unrelated to our existing activities using proceeds from the Equity Purchase Agreement, or from other sources, whether through debt or equity, of which there can be no assurance, we may be required to engage the services of third-parties to assist us in pursuing any potential new opportunities. Any such efforts will be with the view of hopefully generating cash flow from operations, which our existing mining activities have not accomplished.

## **Our Capital Structure**

We have one class of voting common stock. Holders of our common stock are entitled to vote on matters submitted to our stockholders. We have 100,000,000 authorized shares of common stock, of which 65,619,733 (a/o December 31, 2018) are presently outstanding. Additionally we have 10,000,000 shares of preferred stock authorized of which no preferred shares are presently outstanding.

As a result of the common stock that they hold and their placement on the Board of Directors, Sheldon Karasik, our CEO, Chairman and a Director, along with the three independent directors and former executive officers and directors who are affiliates as of December 31, 2018, exercise voting rights with respect to an aggregate of 18,400,000 shares of common stock, which will represent approximately 28.04% of the voting power of our outstanding capital stock as of the date of this Annual Report. Together with the holders of the other closely held shares of common stock, they control more than 50% of the outstanding shares of common stock. As a result, Mr. Karasik has the ability to control the outcome of all matters submitted to our stockholders or Board of Directors for approval, including the election, removal, and replacement of directors and any merger, consolidation, or sale of all or substantially all of our assets. If Mr. Karasik's employment with us is terminated, he will continue to have the ability to exercise the same significant voting power and potentially control the outcome of all matters submitted to our stockholders for approval.

This concentrated control could delay, defer, or prevent a change of control, merger, consolidation, or sale of all or substantially all of our assets that our other stockholders support. Conversely, this concentrated control could allow our Directors to consummate a transaction that our other stockholders do not support. In addition, our directors may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm our business.

## **Employees**

Mineral Mountain has one full-time employee, its CEO, Sheldon Karasik. From time to time, Mineral Mountain uses several contractors and contract services for exploration as well as administrative functions such as legal, clerical, and bookkeeping. Mr. Karasik expects to devote 160 to 240 hours per month on the Company on a year round basis. Mr. Karasik is responsible for the legal, management, accounting and administrative functions of the Company as well as capital raising and investor relationships.

## **Government Compliance**

Our activities are subject to extensive federal, state and local regulations. These statutes regulate the mining of and exploration for mineral properties, and also the possible effects of such activities upon the environment. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of the Company's properties, the extent of which cannot be predicted. Also, permits from a variety of regulatory authorities are required for many aspects of mine operation and reclamation. In the context of environmental permitting, including the approval of reclamation plans, we must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. We are not presently aware of any specific material environmental constraints affecting our properties that would preclude the economic development or operation of any specific property.

If our properties merit additional exploration or extraction work, it is reasonable to expect that compliance with environmental regulations will increase our costs. Such compliance may include feasibility studies on the surface impact of our proposed operations, costs associated with minimizing surface impact, water treatment and protection, reclamation activities, including rehabilitation of various sites, on-going efforts at alleviating the mining impact on wildlife and permits or bonds as may be required to ensure our compliance with applicable regulations. It is possible that the costs and delays associated with such compliance could become prohibitive in relation to our properties.

The Company's primary, near term cost of compliance with applicable environmental laws during exploration may rise in connection with the reclamation of drill holes and access roads. Drill holes typically can be reclaimed for nominal costs. For example, the Bureau of Land Management, an agency of the U.S. Department of Interior has promulgated surface management regulations which govern drill hole and access road reclamation on Bureau of Land Management lands. Similar regulations can be expected to be complied with on the Company's lands which are on U.S. Forest Service lands, or state property for which we have been issued mineral licenses.

As the Company has yet to conduct any road construction or drilling programs, neither drill hole nor access road reclamation costs have been incurred. Drill hole reclamation costs would only be incurred if drilling were completed. These costs could vary from a few hundred to a few thousand dollars per drill hole site. Whereas roads will not be built until the Company's exploration programs are more advanced, drill road reclamation costs will vary according to the amount of road construction, which the Company cannot estimate at this time. Once a plan of exploration has been submitted and where drill holes or access roads will be undertaken, the Company will be required to post reclamation bonds. It is difficult to estimate what the cost of such bonds will be, since the bonding requirements are unique to the proposed exploration plan. However, it is a reasonable assumption that in some circumstances these bonds may be a significant percentage of the exploration costs.

## **Competition**

We compete with other exploration and mining companies to acquire and maintain favorable land positions. We protect the properties we own by complying with regulations and staying current on all fee requirements relating to our properties.

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

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all the other information in this Annual Report, including “Management’s Discussion and Analysis of the Financial Condition and Results of Operations” and the consolidated financial statements and the related notes included elsewhere in this Annual Report, before deciding whether to invest in shares of our common stock. If any of the following risks actually occurs, our business, reputation, financial condition, results of operations, revenue, and future prospects could be seriously harmed. Unless otherwise indicated, references to our business being seriously harmed in these risk factors will include harm to our business, reputation, financial condition, results of operations, revenue, and future prospects. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

### **Risks Related to our Business**

*We have had no production history. As such we don’t know if we will ever generate revenues. If we don’t, you may lose your investment.*

Since our incorporation, we have no history of producing minerals. We have no operating history upon which an evaluation of our future success or failure can be made. We currently have no mining production operations of any kind. Our ability to achieve and maintain profitable mining operations is dependent upon a number of factors, including:

our ability to locate an economically feasible mineral property; and  
our ability to either attract a partner to operate, or to successfully build and operate mines, processing plants and related infrastructure ourselves.

We are subject to all the risks associated with establishing new mining operations and business enterprises. We may not successfully establish mining operations or profitably produce gold or other metals at any of our properties. As such, we do not know if we will ever generate revenues. If we don't generate revenues, you may lose your investment in our common stock.

***We have a history of losses which we expect to continue into the future. If we do not begin to generate revenues or find alternate sources of capital, we will either have to suspend or cease operations, in which case you will lose your investment.***

As an exploration company that has no production history, we continue to incur losses and expect to incur losses in the future. We may not achieve or sustain profitability in the future. If we do not begin to generate revenues or find alternate sources of capital, we will either have to suspend or cease operations, in which case you will lose your investment.

***Because we are an exploration stage company, we are sensitive to risks inherent in the mining industry, we may have to suspend or cease operations in which case you will lose your investment.***

As an exploration stage company, our work is highly speculative and involves unique and greater risks than are generally associated with other businesses. We cannot know if our properties contain commercially viable ore bodies or reserves until additional exploration work is done and an evaluation based on such work concludes that development of and production from the ore body is technically, economically and legally feasible. We are subject to all of the risks inherent in the mining industry, including, without limitation, the following:

Success in discovering and developing commercially viable quantities of minerals is the result of a number of factors, including the quality of management, the interpretation of geological data, the level of geological and technical expertise and the quality of land available for exploration;

Exploration for minerals is highly speculative and involves substantial risks, even when conducted on properties known to contain significant quantities of mineralization, and most exploration projects do not result in the discovery of commercially mineable deposits of ore;

Operations are subject to a variety of existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, air and water quality standards, pollution and other environmental protection controls, all of which are subject to change and are becoming more stringent and costly to comply with;

A large number of factors beyond our control, including fluctuations in metal prices and production costs, inflation, the proximity and liquidity of precious metals and energy fuels markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection, and other economic conditions, will affect the economic feasibility of mining;

Substantial expenditures are required to establish proven and probable ore reserves through drilling, to determine metallurgical processes to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities; and

If we proceed to development of a mining operation, our mining activities could be subject to substantial operating risks and hazards, including metal bullion losses, environmental hazards, industrial accidents, labor disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock falls, operations being interrupted by normal seasonal weather patterns, periodic interruptions due to inclement weather conditions or other unfavorable operating conditions and other acts of God. Some of these risks and hazards are not insurable or may be subject to exclusion or limitation in any coverage which we obtain or may not be insured due to economic considerations.

As a result of all of these factors, we may run out of money, in which case we will have to suspend or cease operations which could result in the loss of your investment.

***Our future activities could be subject to environmental laws and regulations which may materially adversely affect our future operations in which case our operations could be suspended or terminated and you could lose your investment.***

We, like other exploration companies doing business in the United States, are subject to a variety of federal, state and local statutes, rules and regulations designed:

- to protect the environment, including the quality of the air and water in the vicinity of exploration, development and mining operations;
- to remediate the environmental impacts of those exploration, development and mining operations;
- to protect and preserve wetlands and endangered species; and
- to mitigate negative impacts on certain archeological and cultural sites.

We are required to obtain various governmental permits to conduct exploration at our properties. Obtaining the necessary governmental permits is often a complex and time-consuming process involving numerous U.S., state, and local agencies. The duration and success of each permitting effort is contingent upon many variables not within our control. In the context of permitting, including the approval of reclamation plans, we must comply with known standards, existing laws, and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. Currently, several months are generally required to obtain the necessary permits required to conduct small-scale drilling operations. The failure to obtain certain permits or the adoption of more stringent permitting requirements could have a material adverse effect on our business, operations, and properties in that we may not be able to proceed with our exploration program which will result in the loss of your investment.

Federal legislation and implementing regulations adopted and administered by the U.S. Environmental Protection Agency, Forest Service, Bureau of Land Management, Fish and Wildlife Service, Mine Safety and Health Administration, and other federal agencies, and legislation such as the Federal Clean Water Act, Clean Air Act, National Environmental Policy Act, Endangered Species Act, and Comprehensive Environmental Response, Compensation, and Liability Act, have a direct bearing on U.S. exploration, development and mining operations. For example, Bureau of Land Management regulations applicable to activities and operations on unpatented mining claims make small-scale (disturbing less than 5 acres of surface) exploration activities more expensive, by requiring bonding in the amount of 100% of the anticipated reclamation costs. The enactment of these regulations will make the process for preparing and obtaining approval of a plan of operations much more time consuming, expensive, and uncertain. New plans of operation will be required to (i) include detailed baseline environmental information, and (ii) address how detailed reclamation performance standards will be met. In addition, all activities for which plans of operation are required will be subject to a new standard of review by the Bureau of Land Management, which must make a finding that the conditions, practices or activities do not cause substantial irreparable harm to significant scientific, cultural, or environmental resource values that cannot be effectively mitigated. Due to the uncertainties inherent in the permitting process, and particularly as a result of the enactment of the new regulations, we cannot be certain that we will be able to timely obtain required approvals for proposed activities at any of our properties in a timely manner, or that our proposed activities will be allowed at all.

These federal initiatives are often administered and enforced through state agencies operating under parallel state statutes and regulations. Although some mines continue to be approved for development in the United States, the process is increasingly cumbersome, time-consuming, and expensive, and the cost and uncertainty associated with the permitting process could have a material effect on exploring, developing or mining our properties.

Compliance with statutory environmental quality requirements described above may require significant capital outlays, significantly affect our earning power, or cause material changes in our intended activities. Environmental standards imposed by federal, state, or local governments may be changed or become more stringent in the future, which could materially and adversely affect our proposed activities. As a result of these matters, our operations could be suspended or cease entirely, in which case you could lose your investment.

***Title to our mineral properties may be defective. If our title is defective we will not be able to explore for mineralized material. This could cause us to cease operations or terminate operations in their entirety in which case you will lose your investment.***

The interests in our properties located in the United States are in the form of patented and unpatented mining claims in Wyoming, and in the form of State of Alaska mining claims in Alaska. Patented mining claims are similar to fee simple ownership. Unpatented mining claims are unique property interests, in that they are subject to the paramount title of the United States of America and rights of third parties to certain uses of the surface and to minerals within their boundaries, and are generally considered to be subject to greater title risk than other real property interests. The validity of all unpatented mining claims is dependent upon inherent uncertainties and conditions. These uncertainties relate to matters such as:

- The existence and sufficiency of a discovery of valuable minerals, required under the U.S. 1872 Mining Law to establish and maintain a valid unpatented mining claim;
- Proper posting and marking of boundaries in accordance with the 1872 Mining Law and applicable state statutes;
- Whether the minerals discovered were properly locatable as a lode claim or a placer claim;
- Whether sufficient annual assessment work has been timely and properly performed; and
- Possible conflicts with other claims not determinable from descriptions of record.

The validity of an unpatented mining claim also depends on the claim having been located on unappropriated federal land open to appropriation by mineral location (the act of physically going onto the land and making a claim by putting stakes in the ground), compliance with the 1872 Mining Law and applicable state statutes in terms of the contents of claim location notices or certificates and the timely filing and recording of the same, and timely payment of annual claim maintenance fees (and the timely filing and recording of proof of such payment). In the absence of a discovery of valuable minerals, the ground covered by an unpatented mining claim is open to location by others unless the owner is in actual possession of and diligently working the claim. The Company is diligently working and is in actual possession of all its properties. The unpatented mining claims we own or control may be invalid or the title to those claims may not be free from defects. In addition, the validity of our claims may be contested by the federal government or challenged by third parties. If any of the foregoing occur, we may not be able to proceed with our exploration program. This means that our operations could be suspended or terminated in which case you will lose your investment.



The discussion above applies to State of Alaska and State of Wyoming mining claims as well wherein the paramount title to the claim remains with the State of Alaska or State of Wyoming.

***Future legislative and administrative changes to the mining laws could prevent us from exploring our properties which could result in termination of our operations and a loss of your investment.***

New laws and regulations, amendments to existing laws and regulations, administrative interpretation of existing laws and regulations, or more stringent enforcement of existing laws and regulations, could have a material adverse impact on our ability to conduct exploration, development, and mining activities. For example, during the 1999 legislative session, legislation was considered in the U. S. Congress which proposed a number of modifications to the Mining Law of 1872, which governs the location and maintenance of unpatented mining claims and related activities on federal land. Among these modifications were proposals which would have imposed a royalty on production from unpatented mining claims, increased the cost of holding and maintaining such claims, and imposed more specific reclamation requirements and standards for operations on such claims. None of these proposed modifications was enacted into law, but the same or similar proposals could be enacted by Congress in the future. In addition, as discussed above, the Bureau of Land Management finalized revised federal regulations which govern surface activities (including reclamation and financial assurance requirements) on unpatented mining claims (other than those located in a National Forest, which are governed by separate, but similarly stringent, Forest Service regulations). Those regulations are more stringent than past regulations, and may result in a more detailed analysis of, and more challenges to, the validity of existing mining claims; will impose more complex permitting requirements earlier in the exploration process; and will be more costly and time-consuming to comply with than existing previous regulations. Further, the new regulations could cause us to terminate our operations and you could lose your investment. Any change in the regulatory structure making it more expensive to engage in mining activities could cause the Company to cease operations, resulting in a loss of your entire investment.

***Use of the surface of our unpatented mining claims is subject to regulation, the cost of compliance with which could prohibit us from proceeding with exploration.***

Any activities which we conduct on the surface of our unpatented mining claims (including State of Alaska claims) are subject to compliance with and may be constrained or limited by Bureau of Land Management, Forest Service, or State of Alaska surface management regulations (in addition to the environmental and other statutes and regulations discussed above). In addition, there are limits to the uses of the surface of unpatented mining claims, particularly for the types of facilities which would be ancillary to our mining operations, and both the Bureau of Land Management and the Forest Service have some degree of discretion in allowing the use of federal lands that might adjoin any of our unpatented mining claims for surface activities which we would need for exploration, development and mining operations. For example, in the past the Forest Service considered adoption of a "Roadless Initiative" which would have prohibited the construction of new roads or the re-construction of existing roads in 43 million acres of inventoried roadless areas within the National Forest System. Our Wyoming property is located in the National Forest and may be impacted by such "Roadless Initiatives." As a result, there can be no guarantee that we will be able to obtain the access necessary to conduct required exploration, development or ultimately mining activities on those properties. In

addition, to the extent we progress towards the development of a mine at any of our properties, there may not be sufficient surface land available for the ancillary facilities necessary to develop the mine. Compliance with the foregoing regulations could be expensive, causing us to not develop certain areas.

*We intend to be insured against losses from our exploration programs when they involve the use of heavy equipment such as drill programs, but not for general reconnaissance. In the latter instance, as a result, if we are sued for damages as a result of our activities we may not be able to defend against such suits or have funds available to pay any judgment rendered against us.*

Mineral Mountain intends to insure its exploration programs when heavy equipment is used, such as drill rigs. In other instances, such as general reconnaissance programs, we do not generally insure against most commercial losses or liabilities which may arise from our exploration and other activities. Even if we obtain additional insurance in the future, we may not be insured against all losses and liabilities which may arise from our activities, either because such insurance is unavailable or because we have elected not to purchase such insurance due to high premium costs or for other reasons. Therefore, if a proceeding is initiated or a judgment is rendered against us, we may have to cease operations due to our inability to pay for such legal expenses or judgment.

***We have one full-time employee and are dependent on our directors, officers and third-party contractors.***

We have one full-time employee and rely heavily and are wholly dependent upon the personal efforts and abilities of our officers and directors, each of whom devotes less than all of his time and efforts to our operations. The loss of any one of these individuals could adversely affect our business. We do not have written employment agreements with any of our officers or directors or maintain insurance on any of them. We may not be able to hire and retain such personnel in the future.

***Because the price of metals fluctuate, if the price of metals for which we are exploring decrease below a specified level, it may no longer be profitable to explore for those metals and we will cease operations.***

Prices of metals are determined by some of the following factors:

expectations for inflation;  
the strength of the United States dollar;  
global and regional supply and demand; and  
political and economic conditions and production costs in major gold metals producing regions of the world.

The aggregate effect of these factors on metals prices is impossible for us to predict. In addition, the prices of gold metals are sometimes subject to rapid short-term and/or prolonged changes because of speculative activities. The current demand for and supply of gold metals affect gold metal prices, but not necessarily in the same manner as current supply and demand affect the prices of other commodities. The supply of gold metals primarily consists of new production from mining. If the prices of gold metals are, for a substantial period, below our foreseeable cost of production, we could cease operations and you could lose your entire investment.

***The possibility of an individual prospect having reserves as defined under the Securities Act Industry Guide 7 is extremely remote.***

“Material reserves” is defined under Securities Act Industry Guide 7 as “that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination.” The possibility that an individual prospect will have material reserves is extremely remote. There is a possibility that all of our interests in prospects will not contain any material reserves and that all our exploration expenses may not be recovered.

***As lenders, a minority shareholder of the Company and his affiliates, and a third party, are or may be entitled to demand immediate repayment of their notes outstanding.***

The terms of the loan from John J. Ryan provides that it is due and payable immediately on demand. The loans from Premium Exploration (as discussed below under ‘Certain Relationships and Related Transactions, and Director Independence’) provide that they are due and payable immediately upon default as defined in the terms of the notes. If Mr. Ryan chooses to exercise this right, the Company may be unable to procure the cash necessary and may need to liquidate some of its assets in order to make such payment and as a result may adversely impact operations. However, the Company believes that Mr. Ryan will not exercise such right.

### **Risks Related to the Ownership of our Stock**

*We may experience volatility in our stock price, which could negatively affect your investment, and you may not be able to resell your shares at or above the offering or current market prices.*

The offering price of our common stock may vary from the market price of our common stock after the offering. If you purchase shares of common stock, you may not be able to resell those shares at or above the offering price. The market price of our common stock may fluctuate significantly in response to a number of factors, some of which are beyond our control, including:

- quarterly variations in operating results;
- changes in financial estimates by securities analysts;
- changes in market valuations of other similar companies;
- announcements by us or our competitors of new products or of significant technical innovations, contracts, acquisitions, strategic partnerships or joint ventures;
- additions or departures of key personnel;
- any deviations in net revenue or in losses from levels expected by securities analysts; and
- future sales of common stock.

In addition, the stock market has experienced volatility that has often been unrelated to the performance of particular companies. These market fluctuations may cause our stock price to fall regardless of our performance.

***Because our securities trade on the OTCQB, your ability to sell your shares in the secondary market may be limited.***

The shares of our common stock are listed and principally quoted on the OTCQB. Because our securities currently trade on the OTCQB, they are subject to the rules promulgated under the Securities Exchange Act of 1934, as amended, which impose additional sales practice requirements on broker-dealers that sell securities governed by these rules to persons other than established customers and “accredited investors” (generally, individuals with a net worth in excess of \$1,000,000 or annual individual income exceeding \$200,000 or \$300,000 jointly with their spouses). For such transactions, the broker-dealer must determine whether persons that are not established customers or accredited investors qualify under the rule for purchasing such securities and must receive that person’s written consent to the transaction prior to sale. Consequently, these rules may adversely affect the ability of purchasers to sell our securities and otherwise affect the trading market in our securities.

***The Company and our future activities could be subject to SEC laws, regulations and enforcement actions which could adversely affect our future operations.***

The shares of our common stock are currently listed on the OTCQB. They were previously listed on the OTCMKTS and the regional Spokane Stock Exchange. The Company, in consultation with the SEC, has taken steps to become current with all reasonable reporting requirements of the Act. If, however, the SEC requires the Company to undertake additional historical reporting pursuant to Section 13 or Section 15(d) of the Act, the Company could be required to dedicate further financial and employee resources to resolve any outstanding issues, which could affect our earning power.