

TAFT DAVID A
Form 4
October 25, 2010

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
TAFT DAVID A

(Last) (First) (Middle)

ONE INTERNATIONAL PLACE, STE 2401

(Street)

BOSTON, MA 02110

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Applied Minerals, Inc. [AMNL]

3. Date of Earliest Transaction
(Month/Day/Year)
10/21/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| Common Stock | | | | (A) or (D) Code V Amount (D) Price | 16,584,837 ⁽¹⁾ <u>(2) (8)</u> | I | See Notes 1, 2 and 8. <u>(1) (2) (8)</u> |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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Pursuant to a series of note issuances, on May 18, 2010, the issuer issued to each of the QP Fund and the LP Fund a 10% PIK-Election Convertible Note (collectively, the "May 2010 \$1.00 Notes," each, a "May 2010 \$1.00 Note") on substantially the same terms and conditions. The 500,000 shares of Common Stock into which outstanding amounts are convertible under the May 2010 \$1.00 Notes

- (3) include: (i) 260,000 shares into which amounts payable under a May 2010 \$1.00 Note by the issuer to the QP Fund are convertible and (ii) 240,000 shares into which amounts payable under a May 2010 \$1.00 Note by the issuer to the LP Fund are convertible. The principal amount of the May 2010 \$1.00 Note issued to the QP Fund was \$260,000 and the principal amount of the May 2010 \$1.00 Note issued to LP Fund was \$240,000.

Pursuant to a series of note issuances, on October 21, 2010, the issuer issued to each of the QP Fund and the LP Fund a 10% PIK-Election Convertible Note (collectively, the "October 2010 \$1.00 Notes," each, an "October 2010 \$1.00 Note") on substantially the same terms and conditions. The 1,000,000 shares of Common Stock into which outstanding amounts are convertible under the October 2010 \$1.00 Notes

- (4) include: (i) 650,000 shares into which amounts payable under a October 2010 \$1.00 Note by the issuer to the QP Fund are convertible and (ii) 350,000 shares into which amounts payable under a October 2010 \$1.00 Note by the issuer to the LP Fund are convertible. The principal amount of the October 2010 \$1.00 Note issued to the QP Fund was \$650,000 and the principal amount of the October 2010 \$1.00 Note issued to LP Fund was \$350,000.

- (5) The May 2010 \$1.00 Notes and October 2010 \$1.00 Notes shall be referred to collectively as the "Notes," each, a "Note."

The Notes have a maturity date of December 15, 2018. At the noteholder's option, amounts outstanding under a Note may be converted into Common Stock at any time after the issuer has authorized sufficient shares to convert such amounts outstanding into Common Stock at the conversion price (the "Conversion Price") of \$1.00 per share.

- (6)

The amount outstanding under a Note shall be mandatorily converted into Common Stock of the issuer at the Conversion Price on the earliest date that is one year after the Note's date of issuance when each of the following conditions have been satisfied: (i) the issuer's authorization of a sufficient number of shares to convert amounts outstanding under all of the notes in the series into Common Stock; (ii) the average closing bid or market price of Common Stock for the preceding five days being in excess of the Conversion Price; and (iii) either (a) the issuer has filed a registration statement for the resale the number of shares of Common Stock into which the outstanding amount under a Note is convertible or (b) the shares are resalable under Rule 144.

- (7)

The reported securities are beneficially owned directly by QP Fund, the LP Fund and/or the Opportunity Fund. The reporting person disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interest therein.

- (8)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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