SHOSHONE SILVER MINING CO INC
Form 10KSB
May 21, 2007

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# FORM 10-KSB

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2006**

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _________

Commission file number ________________

## SHOSHONE SILVER MINING COMPANY

(Name of small business issuer in its charter)

| | |
|---|---|
| **Idaho** | **82-0304993** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **403 7th Street, Suite 207, Wallace, Idaho** | **83873** |
| (Address of principal executive offices) | (Zip Code) |

Issuer s telephone number **(208) 752-1070**

Securities registered under Section 12(b) of the Exchange Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| **None** | |

Securities registered under Section 12(g) of the Exchange Act:

**Common Stock, par value $0.10**
(Title of Class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [ ] No [X]

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will 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-KSB or any amendment to this Form 10-KSB. [ ]

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

State issuer s revenues for its most recent fiscal year: $150

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On October 31, 2006, the aggregate market value of the voting and non-voting common equity held by non-affiliates of
the Registrant was approximately $4,042,916 based upon the closing price on the Over the Counter Bulletin Board reported for such date.

**(ISSUERS INVOLVED IN BAKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)**

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court: Yes [ ] No [ ]

**(APPLICABLE ONLY TO CORPORATE REGISTRANTS)**

State the number of shares outstanding of each of the issuer s classes of common equity, as of the latest practicable date:
**18,243,797 shares outstanding as of December 31, 2006**

**DOCUMENTS INCORPORATED BY REFERENCE**

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2)
any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ( Securities Act ). The listed documents should be clearly described for identification purposes.

Transitional Small Business Disclosure Format (check one): Yes [X] No [ ]

**FORM 10-KSB**
**For the Fiscal Year Ended December 31, 2006**

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**WARNING CONCERNING FORWARD LOOKING STATEMENTS**

This annual report on form 10-KSB for the year ended December 31, 2006, may contain forward looking statements. These include statements regarding our intent, belief or expectations, or the intent, belief or expectations of our directors or officers with respect to:

- Our ability to generate revenues or find alternative sources of capital;
- Our ability to successfully establish mining operations and profitably produce precious or platinum group or other metals at Shoshone s properties;
- Our ability to maintain good title to our claims;
- Our ability to comply with existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, and environmental laws; and
- Our ability to retain key employees.

Also, whenever we use words such as believe, expect, anticipate, intend, plan, estimate, predict or similar we are making forward looking statements. Actual results may differ materially from those contained in or implied by the forward looking statements as a result of various factors. Such factors include, without limitation:

- Whether our properties are found to contain commercially viable quantities of minerals;
- The impact of changes in the economy, including the liquidity of precious metals markets;
- Changes in political and economic conditions in major metals producing regions;
- Inability to fund diligence work at Shoshone s properties required to secure it s rights under certain unpatented mining claims;
- Compliance with and changes to regulations within the exploration, development and mining industries, such as regulations relating to taxes, royalties, land tenure and land use;
- Compliance with and changes to environmental regulations;
- Challenges to the validity of Shoshone s unpatented mining claims by the government or other third parties;
- Competition within the exploration, development and mining industries; and
- Changes in federal, state and local legislation.

These unexpected results could occur due to many different circumstances, some of which are beyond Shoshone s control, such as changes in regulations and changes in the capital markets or the economy generally.

Forward looking statements are only expressions of our present expectations and intentions. Forward looking statements are not guaranteed to occur and they may not occur. You should not place undue reliance upon forward looking statements. You should read the above cautionary statements as being applicable to all forward looking statements wherever they appear. We assume no obligation to update the forward looking statements or the reasons why actual results could differ from those projected in the forward looking statements to reflect events or circumstances after the date hereof.

## PART I

## ITEM 1. DESCRIPTION OF BUSINESS

As used in this registration statement, "Shoshone Mining," "Shoshone," "our Company," "the Company "we" and "our" refer to Shoshone Silver Mining Company.

Shoshone Silver Mining Company is an Idaho corporation founded as Sunrise Mining Company on August 4, 1969, and subsequently changed its name to Shoshone Silver Mining Company on January 22. 1970. The Company was formed to explore, develop and produce precious metals with a focus on northern Idaho and initially Canada. In the late 1990's, the Company was unable to productively utilize its Lakeview property and elected to concentrate more on exploration activities in Idaho but also increasingly other western states and Mexico.

In 2004, we formed a wholly owned subsidiary in Mexico, Shoshone Mexico, S.A. de C.V, for the purposes of facilitating our Mexico property explorations and future operations.

We are an exploration stage company, and our activities have been limited to exploring and acquiring rights to explore properties which we believe are prospective for platinum group metals. We have identified and commenced prospecting efforts in several areas in favorable geologic terrain in Idaho, Montana, Arizona and Mexico. There can be no assurance that any of our properties contain a commercially viable ore body or reserves. None of our properties are in production, and consequently we have no operating income.

**EXPLORATION PROPERTIES**

| | | | Claims | |
|---|---|---|---|---|
| **Project** | **Location** | **Acres** | **Patented** | **Unpatented** |
| Idaho Lakeview Group | Bonner County, Idaho | 600 | 10 | 15 |
| Shoshone Group | Shoshone County, Idaho | 79 | 5 | - |
| Bullion Group | Shoshone County, Idaho | 173 | 7 | - |
| Auxer Mine Property | Bonner County, Idaho | 40 | - | 2 |
| Lucky Joe | Bonner County, Idaho | 40 | - | 2 |
| Regal Mine | Boundary County, Idaho | 80 | - | 4 |
| Confed Claims Lease | Bonner County, Idaho | 240 | 6 | 6 |
| Stillwater Extension Claims | Stillwater County, Montana | 200 | - | 10 |
| Montgomery Mine Group | Boundary County, Idaho | 500 | - | 25 |
| Arizona Goldfield Claims | Mohave County, Arizona | 80 | - | 4 |
| Gold Road Claims | Mohave County, Arizona | 320 | - | 16 |
| California Creek Properties | Elko County, Nevada | 360 | - | 18 |
| Princeton Gultch Group | Granite County, Montana | 120 | - | 6 |
| Cerro Colorado Group | Pima County, Arizona | 60 | - | 3 |
| Bilbao-Mexico Property | State of Zacatecas, Mexico | 3,284 | N/A | N/A |
| Other Mexican Properties | State of Sonora, Mexico | | N/A | N/A |

**Idaho Lakeview Group**

The Company has a group of patented and unpatented properties commonly referred to as the Idaho Lakeview Group located contiguously around an area of Bonner County near the Shoshone milling facility.

Location and Access:

The claims are in Sections 15, 22, 26, 27, 28, 29, 32, 33, 34, and 35 of Township 53 North, Range 1 West. From the city of Coeur d'Alene, Idaho, the claims can be reached via 36 miles of paved and well-graded gravel roads. Approximately 16 miles north of Coeur d'Alene near the town of Athol on U.S. Highway 95 is the intersection with Bunco Road, which becomes U.S. Forest Service Road #332. Bunco Road traverses the Lakeview Mining District 18-22 miles from the highway. Many secondary roads lead from Bunco Road to the mines and prospects of the Lakeview Mining District.

Land Status:

The Idaho Lakeview Group consists of the following:

- The Weber Group comprising six patented and five unpatented lode mining claims.

- The Idaho Lakeview and Keep Cool Group comprising 4 patented and 10 unpatented lode mining claims.

In 2003, the Company sent notice to the lessee of the termination of the lease and evicted the tenant from the property due to nonpayment of lease payments. In 2004, the Company commenced an action against the lessee of the Lakeview mining property, alleging default of the lease and seeking confirmation of the cancellation of the lease. During 2004, the lessee made lease payments totaling $12,500 through the Company s attorney. In 2005, the lessee was evicted from the property, the lease was canceled and the lessee has no remaining rights to the property.

Geology:

The Lakeview properties lie within the Lakeview Mining District. The Lakeview mining district is predominantly underlain by Precambrian metasedimentary rocks of the Belt Super-group represented by the Wallace Formation. The Wallace formation consists of black or grey, very thinly laminated argillites and siltites containing interbedded blue-grey dolomite or limestone horizons. Total thickness of the Wallace formation is in excess of 5,000 ft.

Exploration History:

Initial discoveries of mineralization in the Lakeview District were made in 1888 near the site of the Weber Mine. Additional discoveries were made throughout the Pend Oreille Lake region and the Lakeview District was at that time included in the Pend Oreille Mining district, and so early production records are unknown.

In 1924, the Venezwela Group of claims was taken over by the Hewer Mining Company and became what is now known as the Lakeview Mine. An internal shaft was eventually sunk to the 1400 ft level and between 1923 and 1943 the Lakeview mine produced 24,500 tons of ore.

In 1962 Sunshine Mining Company became interested in the district, and signed an agreement with Idaho Lakeview Mines, the successor to Hewer Mining Company, and acquired a 50% interest in the Keep Cool and Idaho Lakeview mines. The combined properties became the Lakeview Consolidated Silver Mines, Inc.

Sunshine, in order to maintain its interest, conducted assessment work on the properties, including surface excavations, drill holes and underground work.

In 1978 a bulldozer trenching discovered another surface zone of mineralization 2,000 ft northeast of the Weber Pit. It exposed a vein 10-12 ft wide and 135 ft long. This vein was mined during the early 1980 s.

In 1987 Shoshone rehabilitated the Keep Cool Mine, and drove 200 ft of new workings towards a vein drilled by Sunshine Mining Company in 1970.

A limited amount of material was removed from the Weber Pit in the late 1970 s, early 1980 s. Exact quantities are unknown.

2006 Development Activities:

The Company planned and initiated renovation activities at the Lakeview Mill. A preliminary study indicating overall good condition of mill equipment was commissioned and completed. Electrical renovation of the mill was completed and a well drilled to water supply for milling. Short stretches of access roads were constructed that allow improved access by heavy equipment to Shoshone property near the mill. Previously mined and stockpiled mineralized material was moved to within working proximity to the mill. Metallurgical testing of a limited number of samples from this stockpile found recoverable silver and lead in the mineralized material.

Exploration and Development Plans:

Shoshone is planning renewed exploration for the Lakeview District properties.

- Rehabilitation of the Idaho Lakeview Main level;

- Underground drilling from the Idaho Lakeview main level to intercept high-grade vein discovered at depth by Sunshine Mining Company, to intersect and define high grade vein on the 700, 1200, and 1400 levels;
- Surface geophysics to locate additional surface supergene enriched zones that can be easily extracted and exploited for fast capital generation; and
- Regional airborne geophysics.

The completion of renovation activity at the Lakeview Mill is planned for 2007 and milling is expected to commence in late summer to early fall. Plans include drilling an additional well to supply water sufficient for total mill capacity, a limited amount of mechanical and structural overhaul of the mill facilities and additional metallurgical testing for optimized mill processing.

Impairment:

During 2006, the Company paid fees to make improvements to the land to be more accessible as well as usable. The total amount of the $68,472 was capitalized.

The deferred costs of $334,690 have not suffered impairment. Accordingly, as of December 31, 2006, the Company does not consider a write-down to the carrying cost necessary.

**Shoshone Group**

The Company has a group of patented lode claims commonly referred to as the Shoshone Group located contiguously around an area within the St. Joe Mining District in Shoshone County, Idaho.

Location and Access:

The claims are in Sections 13, 14, and 15 of Township 47 North, Range 5 East. From the city of Coeur d'Alene, Idaho, travel approximately 45 miles East on Interstate 90, to Exit # 63. Turn south onto Willow Creek Road. Travel south of Willow Creek Road for 1 mile. Several secondary roads access this property.

Land Status:

The Shoshone Group consists of 5 patented lode claims totaling 79.4 acres in the St. Joe Mining District.

Geology:

The rocks in the claim group belong to the Precambrian lower Wallace formation, consisting of light-grey dolomitic quartzite inter-bedded with greenish-grey argillites. Ripple marks and mud cracks are visible on bedding surfaces. The rocks are intruded by Tertiary aged diabase dikes.

The claim group is located within a fault block bounded by the Osburn Fault to the north and the Placer Creek Fault to the south, and covers three vein structures known as the Champion, Helena and Link veins.

The Champion Vein extends from the Springfield Mine to the Bullion Mine six miles to the east, passing through both the Shoshone and Bullion properties.

Exploration History:

The Shoshone Group is located in the St. Joe Mining District of eastern Shoshone County, along the Montana border. This property covers several prospect pits and other historic mine workings.

The Shoshone Group was the subject of considerable interest and speculation in the early 1980 s as Anaconda Minerals drilled the property. Surface outcrop, including a vein structure 7,000 feet long and up to 80 feet wide, along with enormous geological anomalies shown in soil and vegetation sampling by the USGS, led geologists to believe that substantial silver mineralization might be found at depth. In fact, USGS geologists then theorized that the largest silver deposits in Idaho s Silver Valley might be found in its southeast corner.

Anaconda drilled four exploratory holes near the property boundary shared with Stevens Peak Mining, in an effort to locate a site for deeper drilling. One of the holes was sufficiently encouraging to justify its continuation and was planned to extend to depths reaching 6, 000 feet, targeting the Champion Vein, deep in the Revett formation. However, the planned hole was collared at just over 3,000 feet and although core samples confirmed earlier projections about geology and structure at depth, the program was never completed.

Bear Creek Mining Company leased the Shoshone Group in 1981. The Company conducted surface geological and geo-chemical surveying.

Exploration Plans:

There are currently no plans to conduct any exploration on the Company s Shoshone properties.

Impairment:

The deferred costs of this property totaled $17,500, which was written-off in prior years as an exploration expense.

**Bullion Group**

The Company has a group of patented properties commonly referred to as the Bullion Group located contiguously within the St. Joe Mining District in eastern Shoshone County, Idaho.

Location and Access:

The claims are in Sections 20 and 21 of Township 47 North, Range 6 East. From the city of Coeur d'Alene, Idaho, travel approximately 50 miles east on Interstate 90, to Exit # 1 (TAFT Exit). Turn onto USFS Road 507, following it for 7 miles. The Bullion Group is accessed by newly cut logging roads from USFS Road 507.

Land Status:

The Bullion Group consists of 7 patented lode claims totaling 172.5 acres.

Geology:

The rocks in the Bullion Group are the same geologic setting as for the Shoshone Group of claims belonging to the Precambrian lower Wallace formation.

The Bullion Group, as is the case of the Shoshone Group, is located within a fault block bounded by the Osburn Fault to the north and the Placer Creek Fault to the south, and covers three vein structures known as the Champion, Helena and Link Veins.

The Bullion Group covers the Bullion Mine workings located on the Champion Vein.

Exploration History:

The Bullion Group is located in the St. Joe Mining District of eastern Shoshone County, along the Montana Border. The 2 unpatented Bullion Group claims totaling 40 acres have been leased to Sterling Mining Company. Lease terms stipulate a 4 year exploration program commencing within 5 years of the lease date. Shoshone will receive 10% net profit from any mined minerals.

Bear Creek Mining Company leased the Bullion Group in 1981. The company conducted surface geological and geochemical surveying.

In 2002, Shoshone Silver Mining Company re-evaluated the Bullion Group of claims.

Exploration Plans:

There are no plans to conduct any exploration on the Shoshone s Bullion Group until a due diligence study is completed.

Impairment:

This property was acquired as part of a settlement of a promissory note owed to the Company. The value of the property was included as an exploration expense in a prior year.

**Auxer Property**

The Auxer Mine is a formerly producing precious metal mine located in Bonner County, Idaho.

Location and Access:

The Auxer Mine property is located in Bonner County, Idaho, about 3.5 miles northeast of East Hope, Idaho and about 10 miles north of Clark Fork, Idaho within Sections20, 29, Township57 North, Range 02 East.

The property can be accessed by logging roads leading north from Clark Fork, Idaho along Lightning Creek for 11 miles; then by four miles of logging roads and mine access road to the headwaters of Wellington Creek. The property can also be accessed by five miles of gravel roads leading north from East Hope, Idaho along Strong Creek.

Land Status:

The area covered by the Auxer claims is under Bureau of Land Management (BLM) jurisdiction.

The Auxer property consists of two contiguous unpatented mining claims covering 40 acres.

Geology:

The Auxer Mines area is located on the north slope of the Auxer Basin, a glacial cirque, at elevations that range from 5,200 to 6,000 feet above sea-level. Vegetation consists of dense stands of conifers, with areas of talus cover on the northwesterly portions of the claim area. Soil depth on the property ranges from bedrock exposure to roughly ten inches deep.

Argillaceous quartzites of the Pre-Cambrian Belt Series intruded by granodiorite underlie the claims. The Prichard formation is exposed in talus material along the northwesterly boundary of the claims.

There are two main gold bearing quartz veins, the Boston and Chicago Veins. The Boston Vein can be traced for several thousand feet on the surface. It is a 14-15 foot wide shear zone at the surface, but widens to 25 feet at a depth of 200 feet. The quartz vein contains gold, associated with the pyrite. A grab sample taken from a 12 inch wide pyrite rich quartz lens assayed 1.2 oz/t gold and 4.0 oz/t silver. Only 50 feet of this vein has been explored at the surface.

The Chicago Vein is located 500 feet south of the Boston Shaft and occurs within a shear zone parallel to the Boston Vein. The vein is of the same character as the Boston Vein, but has not been explored on the surface. A 40 inch wide channel sample was taken on the surface by John Plats in 1936, assaying 0.60 oz/t gold.

Exploration History:

E.U. Philbrick staked the main Auxer claims in 1905. In 1925, Auxer Gold Mines was organized, and by 1933 most of the Auxer claims were deeded to Auxer Gold Mines.

In 1968, Auxer Gold Mines was purchased by Spokane National Mines, Inc. In 1972, the property was sold to Idora Silver Mines, Inc. and later relinquished its interest. Ashington Mining Company staked two claims in 1999.

In September 2003, Shoshone Silver Mining Company acquired the property from Ashington Mining Company for $7,500.

Exploration Plans:

The following are recommended for the exploration of the Auxer claims:

- Surface geological mapping of surface exposure of veins;
- Geochemical sampling of surface and underground vein exposures;
- Underground geological mapping of mine workings (if accessible);
- Systematic sampling of underground vein exposures (if accessible); and
- Location of surface and underground drill sites.

Impairment:

The Company believes that, when compared to the market value of the property, the deferred costs of $7,500 have not suffered impairment. Accordingly, at December 31, 2006, the Company did not consider a write-down to the carrying cost necessary.

**Lucky Joe**

Location and Access:

The Lucky Joe silver-gold property is located in Bonner County, in Sections 1 and 6, Township55 North, Range 1 West. These holdings are located approximately 1 mile northwest of Talache Landing, and 12 miles southeast of Sandpoint, via U.S. Highway 95 and Mirror Lake Road.

Land Status:

The property consists of 2 unpatented mining claims covering 40 acres of Bureau of Land Management (BLM) land.

Geology:

Steep slopes that are heavily timbered characterize the topography of the area. Altitudes vary from 2,060 feet on the shore of Pend Oreille Lake to more than 4,100 feet in the northwestern portion of the property. The property is dominated by coniferous forest, with large areas of open meadow grassland in areas where soil cover is too thin to support conifer trees.

The rocks exposed in the vicinity of the property consist of argillites, silites, and quartzes of the Precambrian Belt Super-group. In the vicinity of the Lucky Joe property, the rocks display an overall tendency to become less calcareous and more clastic with depth. The property is situated on the west limb of a syncline whose axis strikes nearly due north. Two prominent fracture directions are observed within the property boundaries. These include a set that strikes nearly north-south and dips from 80 degrees west to 45 degrees east and a set which strikes approximately east-west and dips from 45 degrees south to 45 degrees north. Most of the prominent mineralization in the area follows north-striking fractures.

Mineralization of economic significance occurs as veins contained in numerous faults and shear zones within the area. The veins occur as lenses and pipes that shoot within the faults and vary considerably in size, grade, and continuity. They improve in width and grade where they are cut and offset by east-west striking cross faults. A report written by A.H. Burroughs, Jr. for Armstead Mines, Inc. in 1921 lists the mine s reserves at 84,510 tonnes averaging 19.3 oz/t silver and 0.10 oz/t gold.

<u>Exploration History:</u>

The first claims were staked in the area in the early 1890 s. In 1922, the Talache Mine was developed and production was initiated and continued until late 1926. Although no accurate record exists of total production, it has been estimated that the Talache mine produced approximately two million ounces of silver and some gold, lead, and copper.

Zinc, although present, was not recovered. The operation may have ceased due to the decreasing silver price and the fact that the mineralized zone was found to extend off of the Talache property along strike.

In 1964 the Silver Butte Mining Co. was formed to explore the Talache area, and approximately 2,300 feet of drifting and cross-cutting and 2,400 feet of diamond drilling were carried out approximately 1 mile to the north of the current Lucky Joe Claims.

In 1969 Silver Butte and Imperial Silver leased the property to Cominco American, Inc. Cominco held the properties through 1971 and completed approximately 5,000 feet of diamond drilling. Subsequently all claims were dropped.

In 1999 two claims covering 40 acres were staked for Ashington Mining Corporation.

In 2003 the Company acquired the property from Ashington for $22,500.

Exploration Plans:

The following are recommended actions for the Lucky Joe Property:

- Rehabilitate the Talache 400 level portal;
- Conduct systematic channel sampling of vein exposures on the Talache 400 level;
- Underground geological mapping of the Talache 400 level;
- Surface geological mapping to identify surface expression of faults and veins;
- Surface sampling of vein and fault exposures to extend laterally the mineralization; and
- Permit potential RC and diamond drill hole locations for surface drilling.

Impairment:

The Company believes that, when compared to the market value of the property, the deferred costs of $22,500 have not suffered impairment. Accordingly, at December 31, 2006, the Company did not consider a write-down to the carrying cost necessary.

**Regal Mine**

The Regal Mine is a formerly producing base and precious metal mine located in the Moyie-Yaak Mining District, Boundary County, Idaho.

Location and Access:

The Regal Mine property is located 10 miles north of Bonners Ferry, Idaho, and 0.5 miles northeast of Camp Nine on Meadow Creek, Section 31, 64N, R2E, Boise Meridian.

The property can be accessed by traveling 7.5 miles north on Highway 95 from Bonners Ferry, then taking USFS Road 397 six miles to an access road that leads to the mine. The property is accessible year round.

Land Status:

The Regal property consists of four contiguous unpatented mining claims that cover 80 acres of BLM property in the Moyie-Yaak Mining District, Boundary County, Idaho.

Geology:

The Regal Mine is located on the west slope of Wall Mountain (elevation 5,160 feet). The topography is mountainous with steep sided valleys. Elevations within the property range from 3,500 to 4,400 feet above sea-level. The property is largely covered by coniferous forest, with large areas of meadow grassland. Soil depth on the property ranges from bedrock exposure to roughly ten inches deep.

The Regal property is underlain by the Pre-cambrian Belt Group, which is intruded by a series of dioritic sills. Both the sills and the Belt rocks have been folded and faulted and subsequently intruded by granites of the Nelson Batholith of British Columbia. The Regal gold-silver-lead-zinc veins are exposed in granite rocks of the Nelson Batholith, which is locally fractured by regional structures.

There are two parallel N 60-70 degrees E striking veins on the Regal property, the North Vein and the South Vein. Both veins dip between 50-60 degrees southeasterly. Vein minerals are galena, sphalerite, pyrite, arsenopyrite, siderite and quartz. The gold mineralization appears to be associated with pyrite and arsenopyrite. The mineralization resembles lead-zinc-siderite veins of the Coeur d Alene Mining District; the main difference is that the Regal Mine veins also contain considerable arsenopyrite with important gold values introduced during the later stages of mineralization. The Regal mine is developed on 3 main levels connected by a vertical shaft. The upper most levels (No. 1 and No. 2) are accessible from the surface. Total development exceeds 3,800 feet. There is no indication of mining below the lowermost (No. 3) level. However, old mine maps indicate that both the north and south mineral zones continue to depth.

Exploration History:

The Regal Mine was known as the Commercial Mine until 1935 when it was leased to Silver Crescent Mining Company. Silver Crescent performed exploration and development work on the property through 1945, including construction of a 100 ton per day flotation mill that was subsequently sold in 1948.

In 1968, an unknown amount of ore was sent to the Bunker Hill Smelter. The assay results indicated 0.47 oz/t gold, 15.51 oz/t silver, 32.5% lead, 29.8% zinc, and 0.42% copper.

In 1971, Silver Dollar Mining Company submitted a 39.8 - ton (wet weight) shipment to the East Helena Smelter, Montana. The concentrate sample assayed 0.41 oz/t gold, 4.8 oz/t silver, 6.6% lead, and 6.7% zinc. The property has been largely inactive since that time except for a widening of the Number 2 adit level and re-timbering of the portal in the early 1990 s.

Shoshone Silver Mining Company acquired the claims in 2003 from Ashington Mining Company for $15,000.

Exploration Plans:

The Regal Mine has the potential to host economically extractable ore containing gold, silver, lead and zinc on a modest scale. Historical mine maps indicate high-grade mineralization continuing below the Number 3 level. Surface geological mapping will identify any lateral extent of the mineralization, and if there are any parallel mineralized structures.

The following are recommended actions for the rehabilitation of the Regal Mine:

- Rehabilitate the surface shaft opening and cover all open workings to prevent water access;
- Rehabilitate Number 2 level portal to drain the number 2 level workings;
- Stabilize mine workings with rock bolting and roof support in essential areas;
- Conduct systematic channel sampling of vein exposures on the Number 1 and 2 levels (if accessible);
- Perform underground geological mapping of the Number 2 level;
- Perform surface geological mapping to identify surface expression of faults and veins;
- Conduct surface stream sediment sampling program to identify additional areas of mineralization;
- Conduct ground magnetic survey to identify possible veins and structures;
- Stake additional claims to cover lateral extensions of mineralized structures;
- Locate potential RC and diamond drill-hole locations for surface drilling; and

- Reconnaissance work on prospects located along strike of the structures controlling mineralization in the Regal Mine.

Impairment:

The Company believes that when compared to the market value of the property, the deferred costs of $15,000 have not suffered impairment. Accordingly, at December 31, 2006, the Company did not consider a write-down to the carrying cost necessary.

**Confed Claims Lease**

The Company has leased from Chester Mining a group of patented and unpatented properties commonly referred to as the Confed Claims Lease that surround the Conjecture Mine located in Bonner County, Idaho near the Shoshone milling facility. The 25 year lease, with a 25 year extension option, was obtained for consideration of 1,000,000 shares of Shoshone stock. The lease stipulates payment of net smelter returns, the amount of which depends upon the price of silver, or an advance royalty of $250 per month. Details may be found in the attached lease.

Location and Access:

The claims are in Section 15 of Township 53 North, Range 1 West. From the city of Coeur d'Alene, Idaho, the claims can be reached via 36 miles of paved and well-graded gravel roads. Approximately 16 miles north of Coeur d'Alene near the town of Athol on U.S. Highway 95 is the intersection with Bunco Road, which becomes U.S. Forest Service Road #332. Bunco Road traverses the Lakeview Mining District 18-22 miles from the highway. Many secondary roads lead from Bunco Road to the mines and prospects of the Lakeview Mining District.

Land Status:

The Confed Claims Group consists of 6 patented and 6 unpatented lode claims totaling 240 acres.

Geology:

The Confed properties lie within the Lakeview Mining District. The Lakeview mining district is predominantly underlain by Precambrian metasedimentary rocks of the Belt Super-group represented by the Wallace Formation. The Wallace formation consists of black or grey, very thinly laminated argillites and siltites containing interbedded blue-grey dolomite or limestone horizons. Total thickness of the Wallace formation is in excess of 5,000 ft. The Conjecture Mine is hosted by the Calcareous member of the PreCambrian Lower Wallace Formation. Exploration work during the mid to late 1950 s revealed that rocks of the St. Regis Formation were also found. Lead-zinc-silver mineralization occurs, in shoots, along the Conjecture Shear Zone, the main structural feature in the mine. It is a zone of variable width trending approximately N30°E and dips about 65°NW. Mineralization consists of galena, tetrahedrite, rhodochrosite, pyrite, arsenopyrite and quartz that fill fractures in the brecciated, host rocks. The North-South trending Spider Fault offsets the Conjecture Shear Zone and Lamprophyre dikes were seen during exploration of the lowest level.

Exploration History:

The Idaho Bureau of Mines and Geology record 350 tons of concentrate processed at the Bunker Hill Smelter from 1952 to 1954, averaging approximately 91 oz/t gold and 4.5% lead. In the late 1950 s and early 1960 s, Federal Resources extended the incline shaft to the 700-foot level, and a 200 foot vertical shaft, and developed the 700, 1000, 1600 and 2000-foot levels along 2500 feet of strike, totaling over 13,000 feet of workings. Sunshine Mining Company unitized the Lakeview District during the 1970 s and conducted further exploration and development work, but did not produce any ore from Conjecture.

Exploration Plans:

The lease allows Shoshone the exclusive rights to explore, develop, and mine the property.

Impairment:

The deferred costs of $350,000 were included in exploration expenses in a prior year.

**Stillwater Extension Claims**

The Stillwater Extension property consists of 10 unpatented lode claims covering 200 acres of the Stillwater Complex of south central Montana. The Stillwater Complex is a mafic-ultramafic layered intrusive that includes the 28-mile long J-M Reef, which hosts Platinum Group Metals (PGM) including the Stillwater Mine and East Boulder Mines.

Location and Access:

The Stillwater Extension claims are located approximately five miles southeast of the Stillwater Mine and cover a projected eastern extension of J-M Reef. The claims are located in Sections 2, 3, 11, T6S, R16E.

Land Status:

In 2003, Shoshone Silver Mining Company purchased the Stillwater Claims for $15,000. The Company controls 10 unpatented lode claims covering 200 acres.

Geology:

The Stillwater Extension Claims are located within the Stillwater mafic-ultramafic layered intrusive complex. The uniquely PGM-enriched J-M Reef and its characteristic host rock package represent one such layer in the sequence. The PGM in the J-M Reef consist primarily of palladium, platinum and a minor amount of rhodium. The reef also contains approximately 3 percent iron, copper and nickel sulfides, plus trace amounts of gold and silver.

Exploration History:

The Johns Manville Corporation discovered palladium and platinum along the J-M Reef of the Stillwater Complex in the early 1970 s. In 1979 a Manville subsidiary partnered with Chevron to develop the property. Underground operations at the Stillwater Mine commenced in 1986.

Exploration Plans:

The Company plans an evaluation program including; geologic mapping, rock chip and soil geochemical surveys, and interpretation of public domain geophysical data. The program will be conducted to determine the suitability of a joint venture partner.

Impairment:

The deferred costs of $15,000 were included in exploration expenses in a prior year.

**Montgomery Mine Group**

The company controls unpatented claims that cover and surround the Montgomery mine near Copeland in Boundary County, Idaho.

Location and Access:

The claims are in Section 30, Township 65 North, Range 1 East. A geographic reference point for the claims is 48°57 19 North and 116° 23 02 West.

The property is reached via 2 miles of access road from County Road 49 3.7 miles north on State Highway 1 from the intersection of State Highway 1 and U.S. Highway 95, approximately 12 miles north of Bonners Ferry, Idaho. The

Montgomery Mine is accessible year round.

Land Status:

Montgomery Mine claim group consists of 25 unpatented lode claims covering 500 acres of BLM land. The claims are located on the southwest slope of Hall Mountain with approximately 1800 of relief in the claim group. No additional claims are staked in the area.

Geology:

The area is underlain by the Prichard and Allrich formations of the lower Belt series. The quartzites and impure quartzites of the Prichard and Allrich formations have been locally intruded by diorite sills. These sills strike northwest across the property and dip gently to the northeast.

The Diorite sills exhibit anomalous Platinum Group Metals (PGM) values that may have economic potential. The sills also host prominent quartz veins that exhibit significant copper, lead, silver, and gold values that provide an additional economic potential to the property.

Exploration History:

The property has been explored by means of approximately 3500 of drift development in 3 primary tunnels and 4 smaller tunnels. This development appears to establish lateral continuity of the sills and veins. In addition to drifting there have been several diamond drill holes completed and at least one surface geophysics survey has been run on the property.

Records from this historic work are incomplete or unavailable, therefore results from this work are considered unreliable for resource analysis or interpretation.

Exploration Plans:

These claims require the rehabilitation of the 3 primary tunnels. Once access is available the sills and veins will be mapped and sampled underground. In addition the property should have a new surface geophysics survey performed.

Results from these efforts will be analyzed and used to develop a comprehensive drill program. Completion of these activities could produce a mineralized material resource that can then be subjected to a feasibility study prior to production development.

Impairment:

The deferred costs of $43,557 were included in exploration expenses in the year ended December 31, 2005.

**Arizona Goldfield Claims**

The Arizona Goldfield property consists of 4 unpatented lode claims covering 80 acres within the Oatman Mining District of Mohave County, Arizona.

Location and Access:

The Arizona Goldfield claims are located approximately 1 mile West of Gold Road Mine & 1 mile North of United Western Mine.

Land Status:

The Oatman District lies on the western flank of the Black Mountains, a fault-bounded tertiary volcanic series.

In 2003, the Company acquired the Arizona Goldfield Claims for $15,000.

Geology:

Gold deposition appears to be a late feature associated with the Moss porphyry intrusion. The gold bearing ore bodies of the Oatman District are located along northwest trending veins and faults. The main mineralized structures within the property are the United and Middle veins. These veins were mined at the United Western and United Eastern Mines.

Electrum is the predominant ore mineral. Gangue minerals include quartz, calcite, adularia, minor fluorite, and trace amounts of pyrite, marcasite, and chalcopyrite.

Exploration History:

Gold was first discovered in the Oatman District in 1863. Between 1897 and 1942, the Oatman District produced 2.2 million ounces of gold and 800,000 ounces of silver at an average grade of 0.58 opt gold and 0.17 opt silver.

From 1979 to 1982, Hecla Mining Company and Canadian Natural Resources conducted exploration. Extensive geological mapping and diamond drilling was conducted on the Tom Reed Vein System before the project was terminated in 1982.

Exploration Plans:

The exploration plans for the Arizona Project are to conduct surface geological mapping, surface soil and rock sampling programs and conduct IP and magnetic surveys of the claim areas to identify orientation of the sub-surface United Western Vein.

Impairment:

The deferred costs of $15,000 were included in exploration expenses in a prior year.

**Gold Road Claims**

The Arizona property consists of 16 unpatented lode claims located in Mohave County, Arizona covering 320 acres of the Oatman mining district of northwest Arizona.

Location and Access:

The Gold Road claims are divided into two groups. The KO group of 7 claims is located in S14 T19N R20W approximately 3000 ft southwest of the Arizona Goldfield claims, approximately 0.9 miles west of the Gold Road Mine and 0.8 miles north of the United Western Mine. The TS group of 9 claims is located in S12 T19N R20W approximately 6000 ft east of the Arizona Gold field claims and 5000 feet east northeast of the KO group of claims. County Hwy 10 travels through the TS group.

Land Status:

In 2003, Shoshone Silver Mining Company acquired the Arizona Claims for $1,500.

Geology:

The KO group follows the easterly trend of the Mallory Fault line and covers the down dip extension of the Kokomo vein. The TS group follows the southeasterly extension of the Gold Ore vein.

Exploration Plans:

The Company anticipates developing exploration plans in fiscal 2007.

Impairment:

The deferred costs of $1,500 were included in exploration expenses in a prior year.

**California Creek Properties**

The company controls unpatented claims that cover and surround the California Creek uranium deposit 90 miles north of Elko, Nevada.

Location and Access:

The claims are in Sections 34 & 35, Township 46 North, Range 54 East. A geographic reference point for the claims is 41°49 57 North and 115° 51 28 West.

The California Creek Group is located 90.5 miles north of Elko Nevada. Access is 82.5 miles north on state route 225 to Patsville. Turn right on Forest Service Road (FR)-016 1.5 miles north of Patsville. Turn left on FR-015 at 5 miles. The property is 1.5 miles north on FR-015.

Land Status:

The California Creek Group consists of 18 unpatented lode claims covering 360 acres of Forest Service land. The claims are located on the Flood plain of California Creek with approximately 100 of relief in the claim group.

Geology:

The deposit occurs in fluvial sediments along an unconformity between granitic basement rocks and overlying unconsolidated Tertiary sediments. Uranium bearing fluids migrated along this unconformity in the fluvial sediments and deposited $U_3O_8$ in locally reduced environments within the sediments.

Two different configurations of deposit have been identified on the property. The first is lens and cigar shaped occurrences reflecting the fluvial nature of the unconformity. The second is a tabular gently dipping configuration reflecting deposition in volcanogenic beds. Overall thickness of the deposit is around 80 at depths of up to 500 feet.

Exploration History:

There has been small scale historic production from a small pit on the property. Limited drilling occurred in the 1980 s and scintillometer geophysics was conducted in 2006 by a lessee. Several anomalies were detected by Geophysics.

Exploration Plans:

Additional claims should be staked to thoroughly cover all the anomalies identified by geophysics. A limited drill program will be proposed to test the anomalies.

Impairment:

The deferred costs of $2,970 were included in exploration expenses in the year ended December 31, 2005.

**Princeton Gulch Group**

The Company controls unpatented claims that cover and surround the Princeton Gulch placer in Granite County in south central Montana.

Location and Access:

The Princeton Gulch claims are located in Sections 20 & 21 of Township 8 North, Range 12 West, 7 miles northeast of the town of Maxville, Montana. Access is provided by county roads east of state highway 10A at Maxville, Montana. Turn east on the Maxville/Princeton Road at Maxville for 4.5 miles. Turn northeast on County Road 1500 for 2.5 miles. The claim group occupies the mountain valley running to the east from this point.

Land Status:

This claim group consists of 4 unpatented placer claims covering 80 acres and 2 unpatented load claims covering 40 acres, for a total of 120 acres.

Geology:

This claim group lies in mountainous terrain on the east slope of the Deerlodge Range. The country rocks are folded and faulted marbles, phyllites and quartzites of Jurassic/Cretaceous age. The Royal stock outcrops less than 1 mile east of this claim group. The metamorphism is a result of the emplacement of the Royal stock and other nearby stocks and batholiths.

The claims host placer deposits within 18 of bedrock along the floor of the gulch. The load claims could potentially host fissure veins found and exploited on adjacent claims and properties; however, there are no reports of veining on this property.

Exploration History:

The claims have been worked sporadically by small scale owner/operators for a number of years. The claims have only been placer mined in the valley bottom. No additional exploration work has been done. The Princeton Mining District has had several past producers, both lode and placer in the late 1800 s and first half of the 1900 s.

Exploration Plans:

The claim group will benefit from detailed geologic mapping, sampling and trenching. Beyond this basic exploration, modern geophysics and remote sensing should be applied to the claim group.

Impairment:

The deferred purchase cost of $20,000 will be included in the exploration expenses for the year ending December 31, 2006.

**Cerro Colorado Group**

The company controls 3 unpatented claims in the Cerro Colorado Mining District 35 miles southwest of Tucson, Arizona.

Location and Access:

From Tucson take I-19 south towards Nogales approximately 33 miles to Exit 48. The claim group is 15 miles west on Arivaca Rd from exit 48.

The claims are in Section 22, Township 20S, Range 10E. A geographic reference point for the claims is 31°39'32"North , 111°16'19"West.

Land Status:

Cerro Colorado claim group consists of 3 unpatented lode claims covering 60 acres. The claim group is located in the Cerro Colorado mining district in the Cerro Colorado mountains of Southwest Arizona.

Geology:

Mineralization in the district is epithermal quartz-fissure veins with minor base metal sulfides and mercury-bearing tetrahedrite. Silver and gold enrichment occur in oxidized zones. Host rocks are a complex of Cretaceous quartz latite and andesite porphyry flows and tuff with some interbedded sedimentary beds, invaded by Laramide andesite porphyry, rhyolite and dioritic plugs and dikes.

Exploration History:

This mining district is one of the oldest producing areas in Arizona with scattered small, and relatively shallow, mines and prospects active intermittently from at least the 1770's to about 1950. Total estimated and recorded production has been some 4,500 tons of ore containing about 376,000 oz. Ag, 460 oz. Au and minor Cu & Pb.

Exploration Plans:

These claims and the area around them will be geologically mapped at 1:24,000. This mapping will emphasize vein intensity, rock type, and alteration. In addition to the mapping, limited ground magnetic surveys should be run to help identify any geophysical anomalies. The results of this initial work will guide follow up geophysics and/or drilling.

Impairment:

The deferred costs of $1,500 were included in exploration expenses in a prior year.

**Bilbao-Mexico Property**

The Company owns a group of unpatented properties commonly referred to as Bilbao located in Mexico through its subsidiary.

Location and Access:

The Bilbao property is in the Panfilo Natera Mining District in southeastern Zacatecas State, Mexico. The property is accessed by 35 miles of paved and improved roads southeast of the city of Zacatecas.

Land Status:

The Bilbao property consists of 4 contiguous mineral exploitation concessions covering 1,345 hectares (3,284 acres.) Historical mining has left 2 glory hole excavations and some underground workings that are accessible. These workings expose the deposit to a depth of 250 feet.

Geology:

The geology of the property consists of a northwesterly trending anticline with a core of Tertiary granite. The granite batholith was intruded into Jurassic-Cretaceous sedimentary rocks which have been covered by co-genetic volcanics. The volcanics and alluvium obscure much of the base geology.

The mineralization at Bilbao presents as a lead/zinc Pyroxene skarn developed in sedimentary limestones that are found as roof pendants in the granite batholith. In addition to the skarn, the property also exhibits hydrothermal vein development in both the sedimentary and igneous rocks.

All mining has occurred within 250 of the surface and has been in the oxidized zone. Below this depth the deposit is expected to pass into a sulfide zone. The district has also exhibited a lateral zonation from polymetallic Pyroxene skarn into Cu/Au Garnet skarn. To date only the oxidized Pyroxene skarn has been identified and exploited at the Bilbao site.

Exploration History:

The Bilbao property has been exploited for its mineral content since the 1600 s. However, there is very little contemporary information available for the concession. There is no evidence or record of any drilling on the property.

An inferred resource was calculated for the property (JORC guidelines) in 1994. This resource was based on 1200 samples collected from the existing workings on the property. The data from this sampling is unavailable at present. Some minor geophysics studies have been conducted in limited areas on the property but again the data is unavailable.

Exploration Plans:

During 2005 Shoshone undertook initial exploration of the Bilbao site. A three phase drill plan has been developed to further define the oxide deposit described in the 1994 report and to locate the expected underlying sulfide deposit.

2006 Exploration Activities:

In 2006 the Company entered into a joint venture and option agreement with Minco, PLC for exploration and development of the Bilbao property. Under direction of Shoshone s joint venture partner, thirty one drill holes totaling 7,315 meters were completed in 2006 with multiple holes intersecting sulfide mineralization underlying the previously encountered oxide zone. In December 2006, the Company s partner commissioned a (JORC standards) resource analysis and pre-feasibility study, both due for completion in 2007.

Impairment:

The deferred costs of $80,000 were included in exploration expenses in the year ended December 31, 2004.

**Other Mexican Exploration Properties**

Shoshone has an interest in several Mexican exploration projects.

La Vibora

La Vibora is a gold-silver prospect in which Shoshone acquired a 25% interest in the property in 2000. No exploration has been conducted on the property since the Company s acquisition. The property is located seven miles west of Mexican Highway 17, approximately 22 miles south of the city of Esquida.

Geology:

The project area is underlain by granodiorites and quartz monzonites of upper Cretaceous age. Mineralization is associated with the granites.

The property covers three sub-parallel veins that have an apparent length of approximately 1,000 ft. The veins are fracture-filling, dipping approximately 70 degrees to the SW and are characterized by the presence of sulfides (dominantly pyrite) that have been locally oxidized. Gangue is dominated by quartz and calcite.

Sampling conducted in 1994 reported a 75 foot wide bulk sample that had an average grade of 0.20 oz/t gold. Four samples that were taken on the No. 1 vein, over a 5 foot (adjusted) width averaged 0.29 oz/t gold.

The La Morena Placer

The property is located adjacent to the La Vibora prospect south of the city of Esquida in the State of Sonora. The property is a gold silver placer deposit. There has been no systematic exploration of the La Morena Placer. Shoshone acquired a 25% interest in the property in 2000.

Geology:

Distal from the La Vibora property is the La Morena Placer. This property has had limited auger and assaying returning average grades of 0.03 oz/t gold. No resource estimate has been completed.

Mexican Silica Properties

During 1999 Shoshone acquired varying degrees of interest in four silica properties in Mexico:

- A 33.3% interest in the Santa Rita silica property
- A 25% interest in the Inez silica property
- A 49% interest in the Anna and the Three Brothers silica properties

Location and Access:

All four properties are located in Mazocahui in the State of Sonora. They are accessed directly from Mexican Highway 17.

Exploration Plans:

No exploration plans have been developed for the properties.

Impairment:

During 2002, in light of the continuing lack of access to the property, the Company elected to write-down the carrying costs of $413,000 to $0. Also, $130,500 was expensed in prior years as an exploration expense. No additional exploration has been conducted.

**OUR EXPLORATION PROCESS**

Our exploration program is designed to acquire, explore and evaluate exploration properties in an economically efficient manner. We have not at this time identified or delineated any metals reserves on any of our properties.

Our current focus is primarily on the acquisition of additional exploration properties. Subject to our ability to raise the necessary funds, we intend to implement an exploration program that may cover some or all of our other properties at various times as we deem prudent.

We expect our exploration work on a given property to proceed generally in three phases.

The first phase is intended to determine whether a prospect warrant further exploration and involves:

- researching the available geologic literature;
- interviewing geologists, mining engineers and others familiar with the prospect sites;
- conducting geologic mapping, geophysical testing and geochemical testing;
- examining any existing workings, such as trenches, prospect pits, shafts or tunnels;
- digging 150 foot long and 10-to-20 foot wide trenches that allow for an examination of surface vein structure as well as for efficient reclamation, re-contouring and re-seeding of disturbed areas; and
- analyzing samples for minerals that are known to have occurred in the test area.

Subject to obtaining the necessary permits in a timely manner, the first phase can typically be completed on an individual property in several months at a cost of less than $200,000. We have completed research on and examination of each of our properties, and have commenced geophysical work and sampling on some of our properties.

The second phase is intended to identify any mineral deposits of potential economic importance and would involve:

- examining underground characteristics of mineralization that were previously identified;
- conducting more detailed geologic mapping;
- conducting more advanced geochemical and geophysical surveys;
- conducting more extensive trenching; and
- conducting exploratory drilling.

Subject to obtaining the necessary permits in a timely manner, the second phase can typically be completed on an individual property in six to nine months at a cost of less than $1 million. None of our properties has reached the second phase.

The third phase is intended to precisely define depth, width, length, tonnage and value per ton of any deposit that has been identified and would involve:

- drilling to develop the mining site;
- conducting metallurgical testing; and
- obtaining other pertinent technical information required to define an ore reserve and complete a feasibility study.

Depending upon the nature of the particular deposit, the third phase on any one property could take one to five years or more and cost up to $20,000,000 or more. None of our properties has reached the third phase.

We intend to explore and develop our properties ourselves, although our plans could change depending on the terms and availability of financing and the terms or merits of any joint venture proposals.

**ENVIRONMENTAL COMPLIANCE**

Our primary cost of complying with applicable environmental laws during exploration is likely to arise in connection with the reclamation of drill holes and access roads. Drill holes typically can be reclaimed for nominal costs, although the BLM recently promulgated new surface management regulations which may significantly increase those costs on BLM lands. Access road reclamation may cost up to $50,000 to $100,000 if road building has been done, and those costs, too, are likely to increase as the result of the new BLM regulations. As we are currently in the exploration stage on all of our properties, reclamation costs have not yet been incurred.

**EMPLOYEES**

The Company currently has 4 employees, 3 of whom are both officers and directors.

**RISK FACTORS**

**<u>We Have Not Recently Mined Any Metals</u>**

While we were incorporated in 1969, the Company has no recent history of producing metals. The Company has not developed or operated a mine since the 1980s, and we have no recent operating history upon which an evaluation of our future success or failure can be made. 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 successfully build and operate mines, processing plants and related infrastructure.

We are subject to all the risks associated with establishing new mining operations and business enterprises. There can be no assurance that we will successfully establish mining operations or profitably produce platinum group or other metals at any of our properties.

**<u>We Expect Losses to Continue for at Least the Next Five Years</u>**

We expect to continue to incur additional losses for at least the next five years due to expenses associated with the research, exploration and development of our mineral properties. As of December 31, 2006, we had an accumulated deficit of $3,133,563. There can be no assurance that we will achieve or sustain profitability in the future, and our auditors expressed a concern regarding our ability to continue as a going concern.

**<u>We are Subject to all of the Risks Inherent in the Mining Industry</u>**

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As an exploration and mining company, our work is highly speculative and involves unique risks. There can be no assurance that any of our properties contain a commercially viable ore body. 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 involves substantial risk and significant levels of expenditure on projects with no guarantee of discovery of an economically viable mineral deposit.
- Mineral exploration is highly speculative and involves risks, even when conducted on properties known to contain quantities of mineralization, and most exploration does not result in the discovery of commercially viable ore bodies.
- Mining operations are subject to a variety of existing laws and regulations relating to exploration and development, prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, 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.
- Fluctuations in metal prices and production costs.
- Once mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change.
- 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.
- If we proceed to development of a mining operation, our mining activities would 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, periodic interruptions due to inclement weather conditions or other unfavorable operating conditions. 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.

**Our Activities are Subject to Environmental Laws and Regulations which may Materially Affect our Future Operations**

The Company, like other exploration companies doing business worldwide, is subject to a variety of federal, provincial, 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.

The Company is required to obtain various governmental permits to conduct exploration at its properties. Obtaining the necessary governmental permits is often a complex and time-consuming process involving numerous domestic and foreign government agencies. The duration and success of each permitting effort are contingent upon many variables not within the Company s control.

In the context of permitting, including the approval of reclamation plans, the Company 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, three or four months are generally required to obtain the necessary permits required to conduct small-scale drilling operations. New surface management regulations recently finalized by the BLM will increase this period on lands it manages. The failure to obtain certain permits, the adoption of more stringent permitting requirements or the imposition of extensive conditions upon the implementation of certain permits could have a material adverse effect on our results of operations and cash flow.

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, Army Corps of Engineers, 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, on November 20, 2000, the Bureau of Land Management finalized new surface management regulations applicable to activities and operations on unpatented mining claims. Those new regulations 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. Larger-scale exploration activities (disturbing 5 acres of surface or more) require the preparation and approval of a formal plan of operations.

The enactment of these regulations has made the process for preparing and obtaining approval of a plan of operations much more time consuming, expensive, and uncertain. New plans of operation have been required to (i) include detailed baseline environmental information, (ii) address how detailed reclamation performance standards will be met, (iii) go through the environmental assessment or impact process required under the National Environmental Policy Act (which could cost $80,000 or more per large-scale exploration program), and (iv) go through a 30-day public comment period prior to approval. In addition, all activities for which plans of operation are required are subject to 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. No assurance can be given that environmental standards imposed by the federal, state or local governments will not be changed or become more stringent, which could materially and adversely affect our results of operations and cash flow.

**Title to our Mineral Properties may be Defective and may be Challenged**

Our interests in our properties located in the United States are in the form of unpatented mining claims. 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 non-locatable 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:

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- 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 un-appropriated federal land open to appropriation by mineral location, 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. There can be no assurance that the unpatented mining claims we own or control are valid or that the title to those claims is free from defects. There also can be no assurance that the validity of our claims will not be contested by the federal government or challenged by third parties.

**Legislative and Administrative Changes to the Mining Laws could Materially Adversely Affect our Future Exploration, Development and/or Mining Activities**

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 were enacted into law.

The same or similar proposals may be considered by Congress in the future. In addition, as discussed above, BLM regulations govern surface activities on unpatented mining claims (other than those located in a National Forest, which are governed by separate, but similarly stringent, Forest Service regulations). The BLM regulations are more stringent than the previous regulations and have resulted in a more detailed analysis of and more challenges to the validity of existing mining claims, have imposed more complex permitting requirements earlier in the exploration process, and are more costly and time-consuming to comply with than the previous regulations.

**Use of the Surface of our Unpatented Mining Claims is Subject to Regulation which could Materially Adversely Affect our Activities**

Any activities we conduct on the surface of our unpatented mining claims are subject to compliance with and may be constrained or limited by BLM or Forest Service surface management regulations (in addition to the environmental and other statutes and regulations discussed above). Further, 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 BLM 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.

Recently, for example, the Forest Service adopted a "Road-less Initiative" which prohibits the construction of new roads or the re-construction of existing roads in 43 million acres of inventoried road-less areas within the National Forest System. Most of our Idaho properties and our Montana and Arizona properties are located in the National Forest and may be impacted by this new policy. 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 can be no assurance that sufficient surface land will be available for the ancillary facilities necessary to develop the mine.

**We cannot Insure Against all of the Risks Associated with Mining**

We currently are not insured against most commercial losses or liabilities that 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.

**We may not be able to Raise the Funds Necessary to Explore and Develop our Mineral Properties**

We need to seek additional financing from the public or private debt or equity markets to continue our business activities. We have borrowed from our principal shareholders to fund certain of our activities. There can be no assurance that our principal shareholders will continue to advance funds to us or that our efforts to obtain financing will be successful. We will need to seek additional financing to complete our exploration and development of any target properties, should the exploration program prove a property to be worth developing. Sources of such external financing include future debt and equity offerings, and possible joint ventures with another exploration or mining company. There can be no assurance that additional financing will be available on terms acceptable to us. The failure to obtain such additional financing could have a material adverse effect on our results of operations and financial condition. There can be no assurance that we will be able to secure the financing necessary to retain our properties or to sustain exploration activities in the future.

**We Compete Against Larger, Better Financed and More Experienced Companies**

The exploration industry is very competitive. Exploration companies compete to obtain and to evaluate exploration prospects for their drilling, exploration, development, and, ultimately, mining potential. We encounter competition from both larger, better-financed companies, and other junior mining companies in connection with the acquisition of properties. There can be no assurance that such competition, although customary in the industry, will not result in delays, increased costs, or other types of negative consequences affecting us, or that our planned exploration program will yield commercially mine-able ore reserves.

**We Depend on the Services of Key Personnel**

The success of our exploration program will depend, in part, on our ability to retain our existing employees, and on our ability to hire such additional employees and consultants as are necessary to conduct our business. No assurance can be given that we will be successful in our efforts in either of these areas.

**Our Profitability and Viability will be Affected by Changes in the Prices of Metals**

To the extent we are able to identify ore reserves, our ability to develop those reserves and conduct profitable mining operations will be greatly influenced by metal prices. These prices fluctuate widely and are affected by numerous factors beyond our control, including:

- 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 metal producing regions of the world.

The aggregate effect of these factors on metals prices is impossible for us to predict. Metal prices sometimes are subject to rapid short-term and/or prolonged changes because of speculative activities. The current demand for and supply of platinum group metals affect platinum group metal prices, but not necessarily in the same manner as current supply and demand affect the prices of other commodities. The supply of platinum group metals primarily consists of new production from mining. If the prices of platinum group metals are, for a substantial period, below our foreseeable cost of production, we could determine that it is not economically feasible to continue the development of our projects.

**CONTROLS AND PROCEDURES**

Evaluation of Disclosure Controls and Procedures:

Shoshone s principal executive officer and principal financial officer are responsible for establishing and maintaining disclosure controls and procedures for Shoshone. Such disclosure controls and procedures are designed to ensure that material information relating to Shoshone are made known to the officers who must certify that they have evaluated the effectiveness of the disclosure controls and procedures within ninety days prior to the filing of this annual report. Shoshone s certifying officers have concluded that as of December 31, 2006, the material information they use in evaluating Shoshone s performance and operations has been effectively provided by Shoshone s disclosure controls and procedures.

Changes in Internal Controls:

There have not been any significant changes in Shoshone s internal controls or in other factors that could significantly affect these controls subsequent to the date of the certifying officers evaluation. The certifying officers are not aware of any significant deficiencies or material weaknesses; therefore, no corrective actions were taken.

**GLOSSARY OF TERMS**

AMPHIBOLITE: granular metamorphic rocks.

ANOMALY: a deviation from uniformity or regularity in geophysical or geochemical quantities.

ANTICLINE: layered rock formations structurally folded into a convex structure with a core that hosts the oldest rocks.

ARCHEAN: geologic age older than 2,500,000 years.

BATHOLITH: a large emplacement of igneous intrusive or plutonic rock that forms from cooled magma within the Earth's crust.

BLEBS: a vesicle, blister or bubble.

BRECCIA: rock in which angular fragments are surrounded by a mass of fine-grained minerals.

CHALCOPYRITE: the main copper ore, which is widely occurring and found mainly in veins.

CIRCULATION DRILL: a rotary drill or rotary percussion drill in which the drilling fluid and cuttings return to the surface through the drill pipe, minimizing contamination.

CRETACEOUS AGE: the geologic age period dating from approximately 68 million years to 142 million years.

CROSS CUTS: a horizontal opening driven from a shaft and (or near) right angles to the strike of a vein or other ore body.

DIAMOND DRILL: a type of rotary drill in which the cutting is done by abrasion rather than by percussion. The hollow bit of the drill cuts a core of rock, which is recovered in long cylindrical sections.

DISSEMINATED: fine particles of mineral dispensed through the enclosing rock.

DEVELOPMENT: work carried out for the purpose of opening up a mineral deposit and making the actual extraction possible.

DIKES: a tabular igneous intrusion that cuts across the structures of surrounding rock.

DIP: the angle at which a vein, structure or rock bed is inclined from the horizontal as measured at right angles to the strike.

DRIFTS: a horizontal passage underground that follows along the length of a vein or mineralized rock formation.

EXPLORATION: work involved in searching for ore by geological mapping, geochemistry, geophysics, drilling and other methods.

GABBRO: Dark colored basic intrusive rocks. Intrusive equivalent of volcanic basalt.

GEOCHEMISTRY: study of variation of chemical elements in rocks or soils.

GEOPHYSICS: study of the earth by quantitative physical methods.

GNEISS: a layered or banded crystalline metamorphic rock the grains of which are aligned or elongated into a roughly parallel arrangement.

HYDROTHERMAL: pertaining to hot water, especially with respect to its action in dissolving, re-depositing, and otherwise producing mineral changes within the earth's crust.

INTRUSION/INTRUSIVE: a volume of igneous rock that was injected, while still molten, into the earth's crust or other rocks.

LITHOLOGY: The character of a rock described in terms of its structure, color, mineral composition, grain size and arrangement of its component parts.

MAFIC: Pertaining to or composed dominantly of the ferromagnesian rock-forming silicates; used to describe some igneous rocks and their constituent minerals.

METAMORPHISM: The mineralogical and structural changes in solid rock that have been caused by heat and pressure at depth over time.

MINERALIZATION: the concentration of metals and their compounds in rocks, and the processes involved therein.

NORITE: a course grained igneous rock formed at great depth.

ORE: material that can be economically mined and processed.

ORE BODY: a continuous, well-defined mass of material of sufficient ore content to make extraction economically feasible.

OUTCROP: the part of a rock formation that appears at the earth's surface, often protruding above the surrounding ground.

PYRITE: the most widespread sulfide mineral.

PYROXENITE: any group of minerals.

QUARTZITE: a sedimentary rock consisting mostly of silica sand grains that have been welded together by heat and compaction.

RECLAMATION: the restoration of a site after exploration activity or mining is completed.

SCHIST: a foliated metamorphic rock the grains of which have a roughly parallel arrangement.

SEDIMENTARY ROCKS/SEDIMENTS: rocks resulting from the consolidation of loose sediments of older rock transported from its source and deposited.

SHEAR OR SHEARING: The deformation of rocks by lateral movement along numerous parallel planes, generally resulting from pressure and producing such metamorphic structures as cleavage and schistosity.

SILLS: a near horizontal flat-bedded stratum of intrusive rock.

SKARN: the formation resulting from the reaction of two adjacent rock types exchanging elements and fluids during regional and/or contact metamorphosis.

SULFIDE: a metallic mineral containing reduced sulphur.

STRIKE: the course or bearing of a vein or a layer of rock.

ULTRAMAFIC: said of an igneous rock composed chiefly of mafic materials.

UNPATENTED MINING CLAIM: a parcel of property located on federal lands pursuant to the U.S. General Mining Law of 1872 and the requirements of the state in which the unpatented claim is located, the paramount title of which remains with the federal government. The holder of a valid, unpatented lode mining claim is granted certain rights including the right to explore and mine such claim.

VEIN: an epigenetic mineral filling the fault or other fracture, in tabular or sheet like form, often with associated replacement of the host rock, or a mineral deposit of this form or origin.

**ITEM 2. DESCRIPTION OF PROPERTIES**

The Company s interests in its exploration properties are described in Item 1.

The Company s executive offices are located at 403 Seventh Street, Wallace, Idaho, 83873, and its telephone number is (208) 752-1070. The Company leases its office space under a year-to-year lease for monthly rent payments of $550.00.

**ITEM 3. DIRECTORS, EXECUTIVE OFFICERS, AND SIGNIFICANT EMPLOYEES**

The following table sets forth information concerning the Company s directors and executive officers.

| NAME | AGE | POSITION |
|---|---|---|
| Lex Smith | 54 | President and Director |
| Carol Stephan | 65 | Secretary and Director |
| Melanie Farrand | 51 | Treasurer and Director |

| | | |
|---|---|---|
| Sharon Jacobs | 49 | Director |

Set forth below is certain additional information with respect to the directors and executive officers.

***Lex Smith*** holds a BA in political science from Drake University, an associate degree in business systems management and an associate degree in paralegal studies. Additionally, for the last 13 years, he has been a business consultant and project manager in the United States for the Lehman, Lee & Xu Law Firm in Beijing, China, and has served as a consultant to the Firm s Mining Law Department for the past 2 years. Mr. Smith entered the mining business in 1993 as the field manager and owner of multiple mining claims in Montana and has subsequently been closely involved with several mining companies and mining projects in the Pacific Northwest. Further, Mr. Smith has served as the President of the Silver Valley Mining Association since 2003, and currently also serves as President of Natural Resources Education Outreach, an Idaho non-profit corporation.

***Carol Stephan*** has over 30 years of experience in the mining and timber industries. Additionally, she is currently serving as a Director of Sterling Mining Company, a Director and Officer of Merger Mines Corporation, a Director and Secretary of Shoshone Silver Mining Company and as a Director and Officer of Silver Crest Mines. Her extensive experience in the administration and management of mining companies has been gleaned from the many years she has worked with and managed mining and timber companies in the western United States. In addition, Ms. Stephan currently owns and operates several successful businesses in Idaho.

***Melanie Farrand*** has been working in the mining industry for the past five years as an administrative secretary and bookkeeper. She also serves on the Board of Directors of several mining companies. Previously she was the office manager for a Land Surveying company for ten years, responsible for payroll, bookkeeping and research. Ms. Farrand is currently serving as a Director and Officer of Shoshone Silver Mining Company.

***Sharon Jacobs*** was elected to the Board of Directors in 2006. She has been the Office Manager for Silver Valley Capital, a Wallace, Idaho real estate development firm, since 2004. Prior to her employment with Silver Valley Capital, Sharon was an Appraiser for the Shoshone County Assessor for 18 years. Sharon retired from Shoshone County in 2003 as the Chief Deputy Treasurer after 25 years of combined employment.

**ITEM 4. REMUNERATION OF DIRECTORS AND OFFICERS**

The following table shows the total compensation that we paid to each of our three four highest paid persons during forthe last fiscal year:

**Summary Compensation Table**

| **Name** | **Capacity in which Remuneration was Received** | **Aggregate Remuneration** |
|---|---|---|
| Lex Smith | President | $ 5,100 |
| Carol Stephan | Secretary | 2,650 |
| Melanie Farrand | Treasurer | 2,250 |
| Sharon Jacobs | Director | 2,250 |

Directors receive no compensation for their service with the exception of Sharon Jacobs who received $2,250. The Company has no stock option plans and has not issued any options or warrants to any of its employees or directors. The Company has no employment agreements with any of its officers.

**ITEM 5. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The following table sets forth as of December 31, 2006 the common stock ownership of the directors, executive officers and each person known by us to be the beneficial owner of five percent or more of our common stock. The percentage of ownership is based on 18,243,797 shares of our common stock outstanding as of December 31, 2006.

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| **Name and Address of Beneficial Owner** | **Number of Shares of Common Stock Beneficially Owned** | **Percentage of Shares** |
|---|---|---|
| Lex Smith<br>c/o Shoshone Silver Mining Company<br>403 7th St. Suite 207<br>Wallace, ID 83873 | 72,000 | 0.39% |
| Carol Stephan<br>c/o Shoshone Silver Mining Company<br>403 7th St. Suite 207<br>Wallace, ID 83873 | 551,900 | 3.03% |
| Melanie Farrand<br>c/o Shoshone Silver Mining Company<br>403 7th St. Suite 207<br>Wallace, ID 83873 | 42,000 | 0.23% |
| Sharon Jacobs<br>c/o Shoshone Silver Mining Company<br>403 7th St. Suite 207<br>Wallace, ID 83873 | 13,000 | 0.07% |
| All officers and directors as a group (4 persons) | 678,900 | 3.72% |

**ITEM 6. INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSCATIONS**

During the previous two fiscal years there have been no transactions between us, or the Company s subsidiary on the one hand, and any officer, director or principal shareholder on the other.

**PART II**

**ITEM 1. MARKET PRICE OF DIVIDENDS ON THE REGISTRANT S COMMON EQUITY AND OTHER SHAREHOLDER MATTERS**

The Company s shares are traded on the OTC Pink Sheets operated by the National Association of Securities Dealers, Inc. (NASD) under the trading symbol SHSH.PK. Summary trading by quarter for fiscal 2006 and 2005 are as follows:

| Fiscal Quarter | High (1) | Low (1) |
|---|---|---|
| **2006** | | |
| Fourth Quarter | $ 0.29 | $ 0.17 |
| Third Quarter | $ 0.33 | $ 0.16 |
| Second Quarter | $ 0.40 | $ 0.16 |
| First Quarter | $ 0.39 | $ 0.15 |
| | | |
| **2005** | | |
| Fourth Quarter | $ 0.20 | $ 0.12 |
| Third Quarter | $ 0.23 | $ 0.12 |
| Second Quarter | $ 0.33 | $ 0.16 |
| First Quarter | $ 0.45 | $ 0.25 |

[1] These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not represent actual transactions.

As of December 31, 2006, the Company had approximately 1,614 holders of record of our common stock. The Company has no equity compensation plan or plans.

The Company has not paid any dividends since our inception and do not anticipate paying any dividends on its common stock in the foreseeable future. There are no restrictions which preclude the payment of dividends.

**ITEM 2. LEGAL PROCEEDINGS**

None.

**ITEM 3. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS**

None.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

None.

**ITEM 5. COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT**

Section 16(a) of the Securities Exchange Act of 1934 requires certain defined persons to file reports of and changes in beneficial ownership of a registered security with the Securities and Exchange Commission and the National

Association of Securities Dealers in accordance with the rules and regulations promulgated by the Commission to implement the provisions of Section 16. Under the regulatory procedure, officers, directors, and persons who own more than ten percent of a registered class of a Company s equity securities are also required to furnish the Company with copies of all Section 16(a) forms they file.

None of the Company s officers, directors and greater than 10% beneficial owners complied with the filing requirements of Section 16(a) since they have not filed Forms 3, 4 or 5. However, to the best of the Company s knowledge, there have been no transactions by officers, directors or greater than 10% beneficial owners that would require the filing of Form 4.

**ITEM 6. FINANCIAL STATEMENTS**

Board of Directors
Shoshone Silver Mining Company
Coeur d Alene, Idaho

REPORT OF REGISTERED INDEPENDENT PUBLIC ACCOUTING FIRM

We have audited the accompanying consolidated balance sheets of Shoshone Silver Mining Company (an Idaho corporation) at December 31, 2006 and 2005, and the related consolidated statements of operations and comprehensive income, stockholders equity and cash flows for the years then ended. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards established by the Public Company Accounting Oversight Board. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shoshone Silver Mining Company at December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company s significant operating losses raise substantial doubt about its ability to continue as a going concern. Management s plans are also discussed in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Williams & Webster, P.S.

*Certified Public Accountants*
Spokane, Washington
March 23, 2007

**SHOSHONE SILVER MINING COMPANY**
**CONSOLIDATED BALANCE SHEETS**

| | | December 31, 2006 | | December 31, 2005 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | $ | 193,639 | $ | 32,054 |
| Receivable from related party | | 10,624 | | 11,624 |
| Deposits and prepaids | | 12,649 | | 24,302 |
| Supplies inventory | | 3,988 | | 4,668 |
| Total Current Assets | | 220,900 | | 72,648 |
| PROPERTY, PLANT AND EQUIPMENT | | | | |
| Property, plant and equipment | | 1,683,088 | | 1,636,815 |
| Accumulated depreciation | | (1,156,220) | | (1,119,977) |
| Total Property Plant and Equipment | | 526,868 | | 516,838 |
| MINERAL AND MINING PROPERTIES | | 379,690 | | 311,218 |
| OTHER ASSETS | | | | |
| Notes receivable from related parties | | 207,305 | | 67,558 |
| Notes receivable | | 119,364 | | - |
| Accrued interest receivable | | 9,523 | | 1,327 |
| Investments | | 741,938 | | 317,354 |
| Total Other Assets | | 1,078,130 | | 386,239 |
| **TOTAL ASSETS** | $ | 2,205,588 | $ | 1,286,943 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | $ | 26,856 | $ | 1,461 |
| Accrued expenses | | 2,354 | | - |
| Total Current Liabilities | | 29,210 | | 1,461 |
| Note payable | | 8,913 | | - |
| Total Liabilities | | 38,123 | | 1,461 |
| COMMITMENTS AND CONTINGENCIES | | - | | - |
| STOCKHOLDERS' EQUITY | | | | |
| Common stock, 20,000,000 shares authorized, $0.10 par value; 18,243,797 and 18,143,797 shares issued and outstanding | | 1,824,380 | | 1,814,380 |
| Additional paid-in capital | | 3,151,142 | | 3,142,306 |
| Treasury stock | | (270,696) | | (296,180) |
| Stock options | | 12,221 | | 12,221 |

| | | | | |
|---|---|---|---|---|
| Subscriptions receivable | | (18,844) | | (18,844) |
| Accumulated deficit | | (3,133,563) | | (3,500,698) |
| Accumulated other comprehensive income | | 602,825 | | 132,297 |
| Total Stockholders' Equity | | 2,167,465 | | 1,285,482 |
| | | | | |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ | 2,205,588 | $ | 1,286,943 |

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

**SHOSHONE SILVER MINING COMPANY**
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

| | Years Ended December 31, 2006 | 2005 |
|---|---|---|
| REVENUES | $ 150 | $ 1,373 |
| COST OF REVENUES | 108 | 635 |
| GROSS PROFIT | 42 | 738 |
| OPERATING EXPENSES | | |
| General and administrative | 133,730 | 101,320 |
| Professional fees | 114,516 | 56,157 |
| Consulting fees | 135,140 | - |
| Depreciation | 36,243 | 32,019 |
| Mining and exploration expenses | 88,016 | 144,602 |
| Total Operating Expenses | 507,645 | 334,098 |
| LOSS FROM OPERATIONS | (507,603) | (333,360) |
| OTHER INCOME (EXPENSES) | | |
| Net gain on sale of securities | 310,412 | 237,925 |
| Lease income | 411,980 | 2,150 |
| Gain on sale of load claim | 133,907 | - |
| Dividend and interest income | 18,815 | 8,622 |
| Interest expense | (376) | (18) |
| Total Other Income (Expenses) | 874,738 | 248,679 |
| INCOME (LOSS) BEFORE INCOME TAXES | 367,135 | (84,681) |
| INCOME TAXES | 124,826 | - |
| DEFERRED TAX GAIN | (124,826) | - |
| NET INCOME (LOSS) | 367,135 | (84,681) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| Unrealized holding gain (loss) on investments | 470,528 | (601,560) |
| NET COMPREHENSIVE INCOME (LOSS) | $ 837,663 | $ (686,241) |
| NET INCOME (LOSS) PER COMMON SHARE, BASIC | $ 0.02 | $ nil |
| NET INCOME (LOSS) PER COMMON SHARE, BASIC AND DILUTED | $ 0.02 | $ nil |
| WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC | 18,221,819 | 18,094,893 |

| | | |
|---|---|---|
| WEIGHTED AVERAGE NUMBER OF | | |
| COMMON STOCK SHARES OUTSTANDING, | | |
| DILUTED | 18,321,819 | 18,094,893 |

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

**SHOSHONE SILVER MINING COMPANY**
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**

| | Common Stock Number of Shares | Amount | Additional Paid-in Capital | Treasury Stock | Stock Options | Subscriptions Receivable | Accumulated Deficit | Accumulated Other Comprehensive Income |
|---|---|---|---|---|---|---|---|---|
| Balance, December 31, 2004 | 17,393,797 | 1,739,380 | 2,966,756 | (26,834) | 12,221 | (20,225) | (3,416,017) | 733,857 |
| Issuance of stock for accounts payable | | | | | | | | |
| at a price $0.35 per share | 650,000 | 65,000 | 162,500 | - | - | - | - | - |
| Issuance of stock for mining property expenses | | | | | | | | |
| at a price $0.20 per share | 100,000 | 10,000 | 10,000 | - | - | - | - | - |
| Treasury stock issued for services at a price of | | | | | | | | |
| $0.20 per share | - | - | 4,950 | 6,050 | - | - | - | - |
| Treasury stock issued for cash and services | | | | | | | | |
| at price of $0.10 per share | - | - | (1,900) | 20,900 | - | - | - | - |
| Treasury stock acquired by sale of investments | - | - | - | (296,296) | - | - | - | - |
| Receipt of subscription receivable | - | - | - | - | - | 1,381 | - | - |
| Unrealized holding loss in investments | - | - | - | - | - | - | - | (601,560) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net loss for year ending December 31, 2005 | - | - | - | - | - | - | (84,681) | - |
| Balance, December 31, 2005 | 18,143,797 | 1,814,380 | 3,142,306 | (296,180) | 12,221 | (18,844) | (3,500,698) | 132,297 |
| Issuance of stock for exploration expenses | | | | | | | | |
| at a price $0.24 per share | 100,000 | 10,000 | 14,000 | - | - | - | - | - |
| Treasury stock issued for services at an average | | | | | | | | |
| price of $0.25 per share | - | - | (5,164) | 25,484 | - | - | - | - |
| Unrealized holding gain on investments | - | - | - | - | - | - | - | 470,528 |
| Net income for year ending December 31, 2006 | - | - | - | - | - | - | 367,135 | - |
| Balance, December 31, 2006 | 18,243,797 | $ 1,824,380 | $ 3,151,142 | $ (270,696) | $ 12,221 | $ (18,844) | $ (3,133,563) | $ 602,825 |

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

**SHOSHONE SILVER MINING COMPANY**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | | Years Ended December 31, 2006 | | 2005 |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income (loss) | | 367,135 | $ | (84,681) |
| Adjustments to reconcile net income (loss) to net cash used by operations: | | | | |
| Depreciation and amortization expense | | 36,243 | | 32,019 |
| Common stock issued for services | | - | | 22,000 |
| Common stock issued for mining and exploration expenses | | 24,000 | | 20,000 |
| Treasury stock issued for services | | 20,320 | | - |
| Net gain on sale of lode claim | | (120,000) | | - |
| Net gain on sale of investments | | (175,272) | | (237,925) |
| Changes in assets and liabilities: | | | | |
| Decrease (increase) in receivable from related party | | 1,000 | | (11,624) |
| Decrease increase in deposits and prepaids | | 11,653 | | 281 |
| Decrease in supplies inventory | | 680 | | 635 |
| Increase (decrease) in accrued interest receivable | | (8,196) | | 3,596 |
| Increase in accrued liabilities | | | | - |
| Increase (decrease) in accounts payable | | 27,749 | | (41,917) |
| Net cash used in operating activities | | 185,312 | | (297,616) |
| | | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchases of investments | | (41,602) | | (29,973) |
| Proceeds from sale of investments | | 459,588 | | 72,923 |
| Purchase of mineral and mining properties | | (68,472) | | - |
| Investments exchanged for services | | - | | - |
| Purchase of fixed assets | | (37,360) | | - |
| Net cash provided by investing activities | | 312,154 | | 42,950 |
| | | | | |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from sale of common stock | | - | | 8,000 |
| Advances to related party | | (195,000) | | - |
| Issuance of note receivable from related party | | (243,000) | | |
| Payments received notes receivable from related party | | 103,253 | | 25,656 |
| Payment on notes receivable | | 636 | | - |
| Payment of common stock subscriptions | | - | | 1,381 |
| Payment made on long-term note payable | | (1,770) | | - |
| Net cash (used in) provided by financing activities | | (335,881) | | 35,037 |
| | | | | |
| Net increase (decrease) in cash | | 161,585 | | (219,629) |
| | | | | |
| Cash, beginning of period | | 32,054 | | 251,683 |
| | | | | |
| Cash, end of period | $ | 193,639 | $ | 32,054 |
| | | | | |
| SUPPLEMENTAL CASH FLOW DISCLOSURES: | | | | |

| | | | | |
|---|---|---|---|---|
| Interest expense paid | $ | 376 | $ | 18 |
| Income taxes paid | $ | - | $ | - |
| | | | | |
| NON-CASH INVESTING AND FINANCING ACTIVITIES: | | | | |
| Common stock issued for accounts payable | $ | - | $ | 227,500 |
| Note receivable in connection with sale of lode claim | $ | 120,000 | $ | - |
| Note issued in exchanged for vehicle | $ | 10,781 | $ | - |
| Treasury stock acquired through sale of investment | $ | - | $ | 296,296 |

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

**NOTE 1: ORGANIZATION AND DESCRIPTION OF BUSINESS**

Shoshone Silver Mining Company ( the Company ) was incorporated under the laws of the State of Idaho on August 4, 1969, under the name of Sunrise Mining Company and is engaged in the business of mining. On January 22, 1970, the Company's name was changed to Shoshone Silver Mining Company. During 2003, the Company s focus was broadened to include resource management and sales of mineral and timber interests.

In 2004, the Company incorporated a wholly owned subsidiary in Mexico, Shoshone Mexico, S.A. de C.V, for the purposes of facilitating its Mexico property explorations and future operations.

The Company s year end is December 31.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Company s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Accounting Methods

The Company s financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Recently Issued Accounting Pronouncements Not Yet Adopted

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements ( SFAS No. 157 ), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. Where applicable, SFAS No. 157 simplifies and codifies related guidance within GAAP and does not require any new fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier adoption is encouraged. The Company does not expect the adoption of SFAS No. 157 to have a significant effect on its financial position or results of operation.

In June 2006, the Financial Accounting Standards Board issued FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 ( FIN 48 ), which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company does not expect the adoption of FIN 48 to have a material impact on its financial reporting.

In March 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 156, Accounting for Servicing of Financial Assets an Amendment of FASB Statement No. 140. This statement requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract in any of the following situations: a transfer of the servicer s financial assets that meets the requirements for sale accounting; a transfer of the servicer s financial assets to a qualifying special-purpose entity in a guaranteed mortgage securitization in which the transferor retains all of the resulting securities and classifies them as either available-for-sale securities or trading securities in accordance with FASB Statement No. 115; or an acquisition or assumption of an obligation to service a financial asset that does not relate to financial assets of the servicer or its consolidated affiliates. The statement also requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable, and permits an entity to choose either the amortization or fair value method for subsequent measurement of each class of servicing assets and liabilities. This statement is effective for fiscal years beginning after September 15, 2006, with early adoption permitted as of the beginning of an entity s fiscal year. Management believes the adoption of this statement will not impact the Company s financial condition or results of operations.

In February 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 155, Accounting for Certain Hybrid Financial Instruments, an Amendment of FASB Standards No. 133 and 140 ( SFAS No. 155 ). This statement established the accounting for certain derivatives embedded in other instruments. It simplifies accounting for certain hybrid financial instruments by permitting fair value remeasurement for any hybrid instrument that contains an embedded derivative that otherwise would require bifurcation under SFAS No. 133 as well as eliminating a restriction on the passive derivative instruments that a qualifying special-purpose entity ( SPE ) may hold under SFAS No. 140. This statement allows a public entity to irrevocably elect to initially and subsequently measure a hybrid instrument that would be required to be separated into a host contract and derivative in its entirety at fair value (with changes in fair value recognized in earnings) so long as that instrument is not designated as a hedging instrument pursuant to the statement. SFAS No. 140 previously prohibited a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. This statement is effective for fiscal years beginning after September 15, 2006, with early adoption permitted as of the beginning of an entity s fiscal year. Management believes the adoption of this statement will have no immediate impact on the Company s financial condition or results of operations.

Cash and Cash Equivalents

For purposes of its statements of cash flows, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents also include money market accounts.

Concentration of Credit Risk

The Company maintains its cash in several commercial accounts at major financial institutions and brokerage houses. Although the financial institutions are considered creditworthy and have not experienced any losses on their deposits, at December 31, 2006 and 2005, the Company s cash balance exceeded Federal Deposit Insurance Corporation (FDIC) limits by $57,845 and $0, respectively.

Earnings Per Share

On January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 128, which provides for calculation of "basic" and "diluted" earnings per share. Basic earnings per share includes no dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings per share. Although there were 100,000 common stock options outstanding at December 31, 2006 and 2005, they were not included in the calculation of earnings per share at December 31, 2005 because they would have been considered anti-dilutive.

Fair Value of Financial Instruments

The Company's financial instruments as defined by Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments," include cash and cash equivalents, accounts receivable, deposits and pre-paids, inventory, investment in available-for-sale securities, accounts payable and short-term borrowings. All instruments other than the investment in available-for-sale securities are accounted for on an historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value at the reporting dates. Investments in available-for-sale securities are recorded at fair value at the reporting dates in accordance with SFAS 115.

Going Concern

As shown in the accompanying financial statements, the Company has had limited revenues and incurred an accumulated deficit of $3,133,563 through December 31, 2006. These factors raise substantial doubt about the

Company s ability to continue as a going concern. Management has established plans designed to increase the sales of the Company s products. Management intends to seek additional capital from new equity securities offerings that will provide funds needed to increase liquidity, fund internal growth and fully implement its business plan.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

An estimated $150,000 is believed necessary to continue operations and increase development through the next fiscal year. The timing and amount of capital requirements will depend on a number of factors, including demand for products and services.

Marketable Securities

The Company accounts for marketable securities in accordance with the provisions of Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities ( SFAS No. 115 ). Under SFAS No. 115, debt securities and equity securities that have readily determinable fair values are to be classified in three categories:

Held to Maturity the positive intent and ability to hold to maturity. Amounts are reported at amortized cost, adjusted for amortization of premiums and accretion of discounts.

Trading Securities bought principally for purpose of selling them in the near term. Amounts are reported at fair value, with unrealized gains and losses included in earnings.

Available for Sale not classified in one of the above categories. Amounts are reported at fair value, with unrealized gains and losses excluded from earnings and reported separately as a component of stockholders equity.

At this time, the Company holds securities classified as available for sale. See Note 10: Investments for further details.

Mineral and Mining Properties

Costs of acquiring mineral properties are capitalized by project area upon purchase of the associated claims. See Note 7. Costs to maintain the mineral rights and leases are expensed as incurred. When a property reaches the production stage, the related capitalized costs will be amortized, using the units of production method on the basis of periodic estimates of ore reserves.

Mineral properties are periodically assessed for impairment of value and any diminution in value is charged to operations at the time of impairment. Should a property be abandoned, its unamortized capitalized costs are charged to operations.

Mineral Exploration and Development Costs

All exploration expenditures are expensed as incurred. Significant property acquisition payments for active exploration properties are capitalized. If no extractable ore body is discovered, previously capitalized costs are expensed in the period the property is abandoned. Expenditures to develop new mines, to define further mineralization in existing ore bodies, and to expand the capacity of operating mines, are capitalized and amortized on a unit of production basis over proven and probable reserves.

Should a property be abandoned, its capitalized costs are charged to operations. The Company charges to operations the allocable portion of capitalized costs attributable to properties sold. Capitalized costs are allocated to properties abandoned or sold based on the proportion of claims abandoned or sold to the claims remaining within the project area.

The Company expenses the acquisition costs of certain mining properties as mining exploration expenses. The total amounts expensed for acquisitions were $57,000 and $91,746 for the years ended December 31, 2006 and 2005, respectively. See Note 7.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Shoshone Mexico, S.A. de C.V., after elimination of the inter-company accounts and transactions.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to thirty-one and one half years. See Note 6.

Provision for Taxes

Income taxes are provided for based upon the liability method of accounting pursuant to Statement of Financial Accounting Standards No. 109 Accounting for Income Taxes ( SFAS No. 109 ). Under this approach, deferred income taxes are recorded to reflect the tax consequences on future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the more likely than not standard imposed by SFAS No. 109 to allow recognition of such an asset.

At December 31, 2006, the Company had deferred tax assets calculated at an expected rate of 34% of approximately $550,000, principally arising from net operating loss carry-forwards for income tax purposes. As management of the Company cannot determine that it is more likely than not that the Company will realize the benefit of the deferred tax asset, a valuation allowance equal to the deferred tax asset has been established at December 31, 2006. The significant components of the deferred tax assets at December 31, 2006 and 2005 were as follows:

| | Dec. 31, 2006 | Dec. 31, 2005 |
|---|---|---|
| Net operating loss carry forward | $ 1,617,000 | $ 1,782,000 |
| | | |
| Deferred tax asset | $ 550,000 | $ 606,000 |
| Deferred tax asset valuation allowance | (550,000) | (606,000) |
| Net Deferred Tax Asset | $ - | $ - |

At December 31, 2006 and 2005, the Company had net operating loss carry-forwards of approximately $1,617,000 and $1,782,000, respectively, which expire in the years 2020 through 2026. This decrease is due to the Company utilizing net operating losses to offset their taxable income for 2006. The change in the valuation allowance account from December 31, 2005 to December 31, 2006 was $56,000.

Reclamation Costs

Management believes reclamation costs at its mining sites will be minimal. Posting of a reclamation bond has not been required at this time.

Revenue Recognition and Cost of Sales

In 2003, the Company expanded its business focus to include resource management and sales of mineral and timber interests. The Company recognizes revenue from sales at the time payment for the timber is received. Sales in both fiscal 2005 and 2006 are primarily from the sale of medallions which are recorded when the coins are shipped to the customer. The Company has no revenues from its mineral exploration activities.

Treasury Stock

The Company accounts its treasury stock under the cost method. Under the cost method, the gross cost of the shares reacquired is charged to a contra equity account (i.e., treasury stock). The equity accounts that were credited for the original share issuance (i.e., common stock, additional paid-in capital, etc.) remain intact. When the treasury shares are reissued, proceeds in excess of cost are credited to a paid-in capital account.

During fiscal 2006, the Company reissued 80,000 treasury shares at a deficit of $7,200 which was charged to additional paid-in capital. Also, during fiscal 2006, the Company reissued 8,000 treasury shares with proceeds in excess of cost of $1,040 which was credited to additional paid-in capital.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 3: ACCOUNTS RECEIVABLE FROM RELATED PARTY**

During the year ended December 31, 2005, the Company prepaid $11,624 to a related party. The Company made the prepayment for certain administrative services the related party was to provide. During fiscal 2005, the Company ceased its business relationship with the related party and has requested a refund of the entire prepaid amount. During fiscal 2006, the Company received payments on this receivable of $1,000.

The Company has evaluated the credit risk associated with this related party receivable to determine if a reserve is necessary. At December 31, 2006, no reserve was deemed necessary.

**NOTE 4: DEPOSITS AND PREPAID EXPENSES**

During 2004, the Company, through an attorney, received monthly lease payments on the Lakeview property lease, which was disputed. The attorney held these revenues for the Company and, with the Company s permission, deducted expenses that the attorney incurred. During fiscal year 2005, this dispute was settled and no additional lease payments are to be received by the attorney. The balance of lease income, held in trust with this attorney, was $7,174 at December 31, 2005. During the fiscal 2006 third quarter the Company received a payment of $6,799 representing the total remaining amount. The remaining $375 was charged to operations during the fiscal 2006 third quarter.

During the fiscal year ended December 31, 2005, the Company prepaid administrative services to be performed by a related mining company. The remaining prepaid balance was $6,969 at December 31, 2006 and $7,916 at December 31, 2005.

During the fiscal 2006 second quarter, the Company made a deposit of $5,000 toward the purchase of certain equipment. Upon delivery of this equipment, the Company will pay an additional $6,000.

During 2004, the Company paid an attorney for work to be performed. This attorney held these fees in trust and as expenses were incurred, the deposit was reduced. At December 31, 2005, the balance held in trust was $5,512. During 2006, the attorney s work was completed and the balance of $5,512 was returned to the Company.

**NOTE 5: SUPPLIES INVENTORY**

During the year ended December 31, 2004, the Company purchased 500 one troy ounce silver medallions with the Company s logo on it for $5,303. This purchase was recorded as supplies inventory and the medallions are expected to be used substantially for marketing purposes. During the fiscal year ended December 31, 2006, the Company sold 10 medallions at a total cost of $108 and revenue of $150. The Company also distributed 22 medallions with a cost of $232, for marketing purposes. At December 31, 2006, the Company had 376 coins remaining in inventory with an historical cost basis of $3,988.

**NOTE 6: PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation is provided using the straight-line method with a half-year convention over the estimated useful lives of the assets. The useful lives of property, plant and equipment for purposes of computing depreciation are three to thirty-one and one half years. The following is a summary of property, equipment, and accumulated depreciation at December 31, 2006 and 2005:

| | Dec. 31, 2006 | Dec. 31, 2005 |
|---|---|---|
| Equipment | $ 632,748 | $ 597,214 |
| Plant assets | 1,050,339 | 1,039,601 |
| Subtotal | 1,683,087 | 1,636,815 |
| Less accumulated depreciation | (1,156,220) | (1,119,977) |
| | $ 526,867 | $ 516,838 |

Depreciation expense was $36,243 for the year ended December 31, 2006 and $32,019 for the year ended December 31, 2005.

The Company evaluates the recoverability of property and equipment when events and circumstances indicate that such assets might be impaired. The Company determines impairment by comparing the undiscounted future cash flows estimated to be generated by these assets to their respective carrying amounts.

Maintenance and repairs are expensed as incurred. Replacements and betterments are capitalized. The cost and related reserves of assets sold or retired are removed from the accounts, and any resulting gain or loss is reflected in results of operations.

**NOTE 7: MINERAL AND MINING PROPERTIES**

**Northwestern United States**

*Silver Valley, Idaho*

**Shoshone Group**

This mineral property grouping owned by the Company consists of five patented lode mining claims situated in the St. Joe Mining District, Shoshone County, Idaho. The five patented claims were acquired in 1970 from an outside party for $2,500 in cash and 100,000 shares of common stock. The cost of the property, $17,500, was expensed in prior years as an exploration expense.

**Bullion Group**

Seven patented mining claims were acquired in 1998 as part of a settlement of a promissory note owed to the Company. The value of the property was included as an exploration expense in a prior year.

*Lakeview District, Idaho*

**Idaho Lakeview and Keep Cool Group**

The Company acquired the Lakeview and Keep Cool mining properties consisting of 10 patented and 4 unpatented lode claims through the issuance of 3,126,700 shares of its common stock during 1985. The total cost of the properties, $334,690, is included in the financial statements under mining properties.

During 2006, the Company paid fees to make improvements to the land to be more accessible as well as usable. The total amount of the $68,472 was capitalized.

**Weber Group**

The Company acquired, for 100,000 shares of its common stock, six patented and five unpatented lode mining claims located in the Lakeview Mining District, Bonner County, Idaho in 1999. In addition, $125 cash was paid and 100 shares of common stock were issued to acquire a pit fraction within the same location. The cost of the property, $125,000, was expensed in prior years as an exploration expense.

**Auxer Mine**

The Auxer Mine, consisting of 2 unpatented claims covering 40 acres, was acquired by the Company in 2003 for 50,000 shares of common stock. The cost of the property, $7,500, is included in the financial statements under mining properties until such time as the Company s outside study on the property s reserves, if any, is completed.

**Lucky Joe**

The Company acquired, for 150,000 shares of its common stock, two unpatented lode mining claim during 2003. The cost of the former mining property, $22,500, is included in the financial statements under Mining Properties until such time as the Company s outside study on the related property s reserves, if any, is completed.

**Regal Mine**

The Company acquired, for 100,000 shares of its common stock, four contiguous unpatented lode mining claims covering 80 acres located in the Moyie-Yaak Mining District of Boundary County, Idaho during 2003. The cost of the former mining property, $15,000, is included in the financial statements under Mining Properties until such time as the Company s outside study on the related property s reserves, if any, is completed.

**Confed Claims Lease**

The Company leased, for 1,000,000 shares of its common stock, six unpatented lode mining claims and six patented lode mining claims located in Shoshone County, Idaho during 2004. The lease allows the Company exclusive rights to explore, develop and mine the property; to extract, mill, and market ore or concentrates.

The lease expense for 2004 was $350,000, or $0.35 per share for the 1,000,000 shares to be issued. The Company issued 350,000 shares in 2004 and included $227,500 (the value of the remaining shares to be issued) in accounts payable in the financial statements at December 31, 2004.

During 2005, the Company issued those shares owing as well as an additional 100,000 shares valued at $20,000 ($0.20 per share) as the first annual payment.

During fiscal 2006, the Company issued 100,000 shares valued at $24,000 ($0.24 per share) for fiscal 2006 lease payment. See  Note 12: Common Stock  and  Note 18: Commitments and Contingencies  for further details.

*Other North Idaho and Montana*

**Montgomery Mine Group**

During the fiscal year ended December 31, 2005, the Company acquired, for $43,557 in cash, 25 unpatented lode mining claims located in Boundary County, Idaho. The cost of the properties is included in exploration expenses for the twelve-month period ended December 31, 2005.

**Stillwater Extension Claims**

The Company acquired, for 100,000 shares of its common stock, ten unpatented lode mining claims located along the J-M Reef of the Stillwater Complex of south central Montana during 2003. The cost of the properties, $15,000, has been expensed in prior years as an exploration expense.

**Princeton Gulch Claims**

During the fiscal 2006 first quarter, the Company made a partial payment of $13,000 toward the purchase of four unpatented placer claims and two unpatented lode claims. These claims in aggregate cover 120 acres and are located in Granit Country, Montana.

**Drumheller Group**
The Company owned six patented claims consisting of 110.82 acres which are adjoining and lying south of the Idaho Lakeview claims on an extension of the Hewer vein. The Company issued 109,141 shares of its common stock to acquire these claims in February 1984.

During fiscal 2006, the Company sold the Drumheller Group of claims for $150,000 to an unrelated party. The cost of the property, $218,282, was expensed in prior years as an exploration expense. Consequently, the Company had no basis in the property but did incur selling expenses of $21,093 in connection with this sale. See Note 9: Note Receivable for further details.

**Southwestern United States**

**Arizona Gold Field**
The Company acquired, for 100,000 shares of stock, four unpatented lode mining claims located in the Oatman Mining District of Mojave County, Arizona during 2003. The cost of the properties, $15,000, has been expensed in prior years as an exploration expense.

**Gold Road Claims**
The Company acquired, for 10,000 shares of stock, 16 unpatented lode mining claims located in Mohave County, Arizona during 2003. The cost of the properties, $1,500, has been expensed in prior years as an exploration expense.

**Cerro Colorado Group**
During fiscal year 2004, the Company acquired three unpatented lode claims covering 60 acres located in the Cerro Colorado Mining District of Pima County, Arizona during 2004. The cost of the properties, $1,500, has been expensed in prior years as an exploration expense.

**California Creek Properties**
During the fiscal year ended December 31, 2005, the Company acquired, for $2,970, 18 unpatented lode claims located near Elko, Nevada. The cost of the properties is included in exploration expenses for the twelve-month period ended December 31, 2005. In November 2005, the Company entered into a Letter of Intent with International Arimex Resouces, Inc. ( Arimex ) that would allow Arimex to earn up to 100% interest in these properties. At this time, no action under the agreement has been taken. See Note 17: Option Agreements for further details.

*Mexico Properties*

**Bilbao-Mexico Property**
The Company acquired, for cash of $80,000, four exploration mineral concessions covering 1,345 hectares located in Zacatecas, Mexico during 2004. The cost of the former mining property, $80,000, was included in exploration expense in the financial statements for 2004. An additional $25,220 was included in exploration expense in the financial statements for 2005. An additional $13,000 was included in exploration expense in the financial statements for 2006.

Shoshone Mexico, S.A. de C.V., a subsidiary of Shoshone Silver Mining Company, entered into an agreement with Minco, PLC, of Ireland on February 22, 2006, under which Minco can earn a 75% interest in Shoshone s Bilbao Project by performing certain exploration, evaluation and, if feasible, development of mineral resources within the Property.

Minco has thus far paid Shoshone $400,000 and nearly completed its pre-feasibility work and analysis on the property. If Minco fulfills the remainder of its obligations under the agreement, a new corporation will be formed in which Shoshone shall carry a 25% interest.

**Sugar Pit #2**

The Company paid $14,700 cash during 2001 to acquire a lease to explore this mineral property located in Mexico. The six-year lease is renewable, subject to renegotiation of the price. This property contains crystalline quartz mineralization. The entire cost of the lease was expensed in 2001.

**Other Mexico Mining Properties**

The Company has paid, in cash, stock, and equipment $130,500 for five different mining properties in locations in northern Mexico. The Company received interests in these properties which vary from 20-25%, and is expecting to receive those percentages of net sales once mines on the properties are operative. At this time, these mines have not begun operations. The cost of the properties, $130,500, was expensed in prior years as an exploration expense.

**NOTE 8: NOTES RECEIVABLE FROM RELATED PARTIES**

On February 4, 2004, the Company loaned to Shoshone Capital Corporation, a related party, $40,000. The unsecured note bears interest at 7% per annum, with principal and unpaid interest due on February 4, 2007. During 2006, a payment of $4,000 was received, of which $695 was applied to principal and $3,305 was applied to accrued interest receivable. At December 31, 2006, interest income of $229 had been accrued and is included in accrued interest receivable in the financial statements.

On August 10, 2004, the Company loaned to Spring Creek Capital, a related party, $53,214. The note bears interest at 7% per annum. During 2005, a payment of $30,000 was received, of which $25,656 was applied to principal and $4,344 was applied to accrued interest receivable. During 2006, a payment of $26,875 was received, of which $24,882 was applied to principal and $1,992 was applied to accrued interest receivable. The remaining principal balance of $2,676 was written off against interest income during the fourth quarter of fiscal 2006.

On September 1, 2006, the Company loaned Silver Valley Capital, LLC $168,000 in exchange for a promissory note. The Company s President and its Secretary are both members of Silver Valley Capital, LLC. Both these individuals abstained from voting on the respective companies Board of Directors Resolutions approving this loan. The note bears interest at 10.0% per annum and stipulates that monthly payments of $822 are to be made until February 1, 2007. On February 1, 2007, the remaining principal plus accrued interest becomes due and payable. During fiscal 2006, a payment of $1,645 was received and was applied to accrued interest receivable. At December 31, 2006, interest income of $3,998 had been accrued and is included in accrued interest receivable in the financial statements.

On October 12, 2006, the Company loaned Sterling Mining Company $75,000 in exchange for a promissory note. Carol Stephan, a Director of the Company, is also a Director of Sterling Mining Company. Ms. Stephan abstained from voting on the respective Companies Board of Directors Resolutions approving this loan. The note bears interest at 10% per annum and became due and payable on December 31, 2006. The note stipulated that no interest would accrue for the first month it was outstanding. During the fourth quarter of fiscal 2006, a payment of $75,625 was received, of which $75,000 was applied to principal and $625 was applied to accrued interest receivable.

**NOTE 9: NOTE RECEIVABLE**

On January 23, 2006, the Company accepted a promissory note for $120,000 from an unrelated party in conjunction with the sale of a lode claim for $150,000. The promissory note bears interest at 7.0% per annum and stipulates that payments of $5,089 are to be paid semi-annually until January 23, 2011. On January 11, 2011, the remaining principal plus accrued interest becomes due and payable in full. During the fiscal 2006 third quarter, the Company received a payment of $5,089, of which $637 was applied toward principal and $4,452 was applied to accrued interest receivable. At December 31, 2006, interest income of $3,522 had been accrued and is included in accrued interest receivable in the financial statements.

**NOTE 10: INVESTMENTS**

The Company has invested in various privately and publicly held companies. At this time, the Company holds securities classified as available for sale. Amounts are reported at fair value, with unrealized gains and losses excluded from earnings and reported separately as a component of stockholders equity.

Unrealized gains and losses are recorded on the income statement as other comprehensive income (loss) and also on the balance sheet as other accumulated comprehensive income.

The following summarizes securities available for sale at December 31, 2006:

| Security | # of Shares | Cost | Market Value |
|---|---|---|---|
| Chester Mining Company | 2,500 | $ 12,567 | $ 6,850 |
| Gold Crest Mines | 848,100 | 3,900 | 415,569 |
| Independence | 16,000 | 28,160 | 54,400 |
| Kimberly Gold Mines | 71,500 | 56,266 | 10,725 |
| Merger Mines Corp | 15,000 | 9,458 | 8,250 |
| Metropolitan Mines Limited | 6,000 | 2,008 | 2,400 |
| Mineral Mountain Mining & Milling | 5,000 | 3,866 | 2,000 |
| Sterling Mining Company | 76,776 | 44,774 | 241,744 |
| | | | |
| Balance, December 31, 2006 | 1,040,876 | $ 160,999 | $ 741,038 |

The Company had an unrealized holding gain during the year ended December 31, 2006 of $470,528. This is recorded on the income statement as other comprehensive income (loss) and included on the balance sheet in other accumulated comprehensive income.

The following summarizes securities available for sale at December 31, 2005:

| Security | # of Shares | Cost | Market Value |
|---|---|---|---|
| Chester Mining Company | 2,600 | $ 13,163 | $ 4,550 |
| Kimberly Gold Mines | 46,950 | 84,528 | 7,512 |
| Merger Mines Corp | 15,500 | 9,951 | 6,200 |
| Metropolitan Mines Limited | 1,000 | 658 | 280 |
| Mineral Mountain Mining & Milling | 5,000 | 3,866 | 1,750 |
| Silver Crest Mines | 1,158,000 | - | - |
| Sterling Mining Company | 93,976 | 72,265 | 294,145 |
| Timberline Resources | 7,100 | 626 | 2,917 |
| | | | |
| Balance, December 31, 2005 | 1,330,126 | $ 185,057 | $ 317,354 |

The Company had an unrealized holding loss during the year ended December 31, 2005 of $601,561. This is recorded on the income statement as other comprehensive income (loss) and included on the balance sheet in other accumulated comprehensive income.

**NOTE 11: NOTE PAYABLE**

On June 30, 2006, the Company acquired a vehicle for $19,782 by paying $9,000 cash and signing a note for the remaining $10,781. The note has a term of 60 months, bears interest at 8.99% and stipulates that payments of $249 be made monthly. The Company is making payments in the amount of $499 per month and will pay off the note in 30 months. The outstanding balance on this note payable was $8,913 at December 31, 2006.

**NOTE 12: COMMON STOCK**

The Company is authorized to issue 20,000,000 shares of $0.10 par value common stock. All shares have equal voting rights, are non-assessable and have one vote per share. Voting rights are not cumulative and, therefore, the holders of more than 50% of the common stock could, if they choose to do so, elect all of the directors of the Company.

During 2005, the Company issued 750,000 shares of common stock for the leasing of a mining property (of which 650,000 shares had been owed at December 32, 2004), for a total value of $247,500.

During 2006, the Company issued 100,000 shares of common stock for the leasing of a mining property valued at $24,000. See Note 18: Commitments & Contingencies for further details.

**NOTE 13: TREASURY STOCK**

The Company held 845,926 and 1,125,986 shares of treasury stock at December 31, 2006 and December 31, 2005, respectively.

During fiscal 2005, the Company issued 165,000 shares of treasury stock for the payment of services totaling $29,000, and 80,000 shares were issued for cash of $8,000. The Company also acquired 925,926 shares of treasury stock with a value of $296,296 ($0.32 per share) in exchange for 65,844 shares of Sterling Mining Company.

During fiscal 2006, the Company issued 8,000 shares of treasury stock for the payment of services totaling $1,920 and issued 80,000 shares of treasury stock for the payment of services totaling $18,400.

**NOTE 14: STOCK OPTIONS AND WARRANTS**

On September 29, 1999, the Company granted stock options to its attorney enabling him to purchase up to 100,000 shares of common stock at a price of $0.01 per share. In accordance with Statement of Financial Accounting Standard No. 123, the fair value of the options was estimated using the Black Scholes Option Price Calculation. The following assumptions were made to value the stock options: strike price at $0.01; risk free interest rate of 5%; an expected life of 5 years; and volatility of 30%. During fiscal 2001, the Company recorded $12,221 for these options. These stock options do not have an explicit expiration date.

During the year ended December 31, 2004, the Company sold in private placement 1,861,857 shares of common stock with one warrant attached. The warrants were exercisable at $0.75 per share and expired one year from the purchase date. On January 31, 2005, the options expired unexercised.

No new stock options or warrants were issued during the fiscal years ended December 31, 2006 and December 31, 2005.

**NOTE 15: SUBSCRIPTIONS RECEIVABLE**

In fiscal 2004, the Company issued 101,123 shares of treasury stock for subscriptions of $20,225. These subscriptions bear interest at 7% per year until their due date in 2009. During 2005, the Company received payment against this receivable totaling $3,988, of which $1,381 was applied to principal and $2,607 was applied to interest. No payments were received during 2006. At December 31, 2006, interest income of $1,774 had been accrued and is included in accrued interest receivable on the financial statements.

**NOTE 16 REVENUES**

Sales in both 2005 and 2006 are primarily from the sale of medallions which are recorded when the coins are shipped to the customer. The Company has no revenues from its mineral exploration activities. The revenues for the years ended December 31, 2006 and 2005 were $150 and $1,373, respectively.

**NOTE 17: OPTION AGREEMENTS**

On February 22, 2006, the Company entered into an option agreement with an unrelated party under which the unrelated party may earn up to a 75% interest in the Company s Bilbao-Mexico Property. In connection with this agreement, the Company received $399,980 during 2006 as consideration for allowing the other party to conduct exploration activities on the property. The $399,980 was recorded as lease income.

On November 9, 2005, the Company entered into an option agreement with an unrelated party, under which the unrelated party may earn a 100% interest in the Company s California Creek Property (the California Creek Option Agreement ). In connection with this agreement, the Company received $20,000 as consideration for allowing the unrelated party to conduct exploration activities on the property. The $20,000 was recorded as lease income.

Also, on November 9, 2005, in connection with the California Creek Option Agreement, the Company entered into an agreement with two unrelated parties to combine certain properties (the Agreement to Combine Properties ). During 2006, the Company paid $8,000 to these two unrelated parties as consideration for their entry into the Agreement to Combine Properties. The $8,000 was recorded as a reduction to lease income during the fiscal 2006 second quarter.

**NOTE 18 COMMITMENTS & CONTINGENCIES**

Environmental Issues

The Company is engaged in mineral mining and may become subject to certain liabilities as they relate to environmental cleanup of mining sites or other environmental restoration.

Although the minerals exploration and mining industries are inherently speculative and subject to complex environmental regulations, the Company is unaware of any pending litigation or of any specific past or prospective matters which could impair the value of its mining claims.

Leases

During 2004, the Company entered into a one-year lease for office space located in Kellogg, Idaho at the rate of $250 per month. The lease expired on October 31, 2005 and was not renewed. The Company subsequently relocated to Wallace, Idaho.

On November 1, 2006, the Company entered into a one-year lease for office space located in Wallace, Idaho at the rate of $550 per month. The Company has the option to renew the lease for one additional year.

During 2004, the Company entered into a 25-year lease agreement for a mining property in Shoshone County. The lease s terms call for a first year payment of 1,000,000 shares of common stock, which the Company valued at the fair market value of $350,000. Future lease payments on the property are 100,000 shares of common stock per year which the Company paid in 2005 and 2006**.** The value of these future lease payments, based on the current market value of the Company s common stock, would be approximately $20,000 per year. The valuation of these payments may fluctuate each year with the change in the fair market value of the Company s trading stock. The amounts expensed in 2006 and 2005 under this agreement were $24,000 and $20,000, respectively.

**PART III**

**ITEM 1. INDEX TO EXHIBITS**

2.1.1 Articles of Incorporation. (*)

2.1.2 Certificate of Amendment of Articles of Incorporation dated January 21, 1970 (*)

2.1.3 Certificate of Amendment of Articles of Incorporation dated November 17, 1969 (*)

2.1.4 Articles of Amendment to the Articles of Incorporation dated August 28, 1983 (*)

2.1.5 Articles of Amendment to the Articles of Incorporation dated May 15, 1998 (*)

2.2 Bylaws. (*)

10.1 Office Lease between the Company and Shoshone Business Center, Inc. dated November 1, 2004. ($)

10.2 Mining Lease and Agreement between the Company and Chester Mining Company, Inc. dated March 25, 2004. ($)

10.3 Martin Sutti declaration of conditional transfer of certain mining concessions dated May 12, 2004. ($)

10.4 Mining Lease and Agreement between the Company and Sterling Mining Company dated January 19, 2004 #

31.1 Certification of Principal Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended. (+)

31.2 Certification of Principal Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended. (+)

32.1 Certification of the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350. (+)

32.2 Certification of the Principal Financial Officer Pursuant to 18 U.S.C. Section 1350. (+)

* Incorporated by reference to the Company s Registration Statement on Form 10-SB, filed with the Commission on February 15, 2001, File No. 000-31965.

$ Incorporated by reference to the Company s Annual Report on Form 10-KSB, filed with the Commission on August 3, 2006, File No. 000-31184

\+ Filed herewith.

\# Incorporated by reference to the Company s Annual Report on Form 10-KSB, filed with the Commission on December 4, 2006, File No 000-31184

**ITEM 2. DESCRIPTION OF EXHIBITS**

Not Applicable

SIGNATURES

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

**SHOSHONE SILVER MINING COMPANY**

Dated: May 18, 2007 By: /s/ Lex Smith
Lex Smith
President and Principal Executive Officer

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

By: /s/ Lex Smith
Lex Smith
President and Principal Executive Officer

By: /s/ Melanie Farrand
Melanie Farrand
Treasurer and Principal Financial Officer