United States
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-KSB/A
Amended No. 1

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2006**

OR

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

Commission File Number: 000-33433

KAISER VENTURES LLC
(Exact name of registrant as specified in its charter)

DELAWARE	**33-0972983**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

3633 E. Inland Empire Blvd. Suite 480
Ontario, Ca 91764
(Address **of principal executive offices and zip code)**

Registrant's telephone number, including area code: (909) 483-8500

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

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

Title of Each Class	Name of Each Exchange on which Registered
Class A Units	**Not Applicable**

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 Securities Exchange Act of 1934 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 ☐

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-8 is not contained in this form, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB/A or any amendment to this Form 10-KSB/A. ☐

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

Issuer's revenues for its most recent fiscal year: approximately $2,600,000.

The Class A Units are not publicly traded. The aggregate market value of the issuer's Class A Units held by non-affiliates of the issuer would be approximately $6,164,031 based upon the tax appraisal conducted on behalf of the Company as of November 30, 2001 reflecting a $1.50 per unit value. There has not been any public trading of Class A Units since that date. (For purposes of this calculation, Class A Units held by each manager, executive officer, and by each person known by the registrant as owning 10% or more of the outstanding Class A Units have been excluded. This determination of affiliate status is not necessarily a conclusive determination for other purposes).

At March 15, 2007, 7,044,299 Class A Units were outstanding including 104,267 Class A Units outstanding but reserved for distribution to the general unsecured creditors in the Kaiser Steel Corporation bankruptcy and 113,690 Class A Units deemed outstanding and reserved for issuance to holders of Kaiser Ventures Inc. stock that have to convert such stock into Kaiser Ventures LLC Class A Units.

Documents Incorporated by Reference: Certain exhibits as identified in the Exhibit List to this Report on Form 10-KSB/A are incorporated by reference.

Transitional Small Business Disclosure Format (Check One): Yes ☐ No ☒

KAISER VENTURES LLC AND SUBSIDIARIES

EXPLANATORY NOTE

Pursuant to this Report on Form 10-KSB/A, Kaiser Ventures LLC, amends Part II - Item 7. "FINANCIAL STATEMENTS" of the Company's Annual Report on Form 10-KSB for the year ended December 31, 2006, as filed by the Company on March 27, 2006 (the "Original 10-KSB") to reflect that Moss Adams LLP, the Company's independent registered public accounting firm, provided the Company a signed audit opinion. The "Report of Independent Registered Public Accounting Firm" in the Original 10-KSB inadvertently left out "/s/ Moss Adams LLP." (By SEC rule we are required to restate the entire Item 7.)

Except for including the signature of Moss Adams LLP on its audit opinion, no other information included in the Original 10-KSB is amended in this Form 10-KSB/A. All information in this Annual Report on Form 10-KSB/A is as of December 31, 2006 or March 27, 2007, the date of the filing of the Original 10-KSB, as required, and does not reflect, unless otherwise explicitly noted, any subsequent information or events occurring after such dates, nor does it otherwise purport to modify or update the disclosure contained in the Original 10-KSB.

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KAISER VENTURES LLC AND SUBSIDIARIES

PART II

Item 7. FINANCIAL STATEMENTS

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

KAISER VENTURES LLC AND SUBSIDIARIES

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members and Board of Managers of Kaiser Ventures LLC

We have audited the accompanying consolidated balance sheet of Kaiser Ventures, LLC and subsidiaries as of December 31, 2006 and the related consolidated statements of operations, members' equity and cash flows for each of the years in the two-year period ended December 31, 2006. These consolidated 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 of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Kaiser Ventures, LLC and subsidiaries as of December 31, 2006, and the consolidated results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

/s/ Moss Adams LLP

Irvine, California
March 21, 2007

KAISER VENTURES LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
as of December 31

	2006
ASSETS	
Current Assets	
Cash and cash equivalents	$ 1,153,000
Accounts receivable and other, net of allowance for doubtful accounts of $34,000	202,000
Short-term investments	6,947,000
Restricted cash held for	
Conversion distribution	1,190,000
Contribution to Company SERP	921,000
	10,413,000
Long Term Investments	2,000,000
Eagle Mountain Landfill Investment	31,114,000
Investment in West Valley MRF	4,822,000
Land	2,523,000
Other Assets	
Deferred income tax asset	149,000
Unamortized environmental insurance premium	1,950,000
Buildings and equipment (net)	1,333,000
	3,432,000
Total Assets	$ 54,304,000

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

KAISER VENTURES LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
as of December 31

	2006
LIABILITIES AND MEMBERS' EQUITY	
Current Liabilities	
Accounts payable	$ 121,000
Conversion distribution payable	1,190,000
Current portion of MRC accrual for railroad casualty loss	143,000
Accrued liabilities	741,000
	2,195,000
Long-term Liabilities	
Accrual for MRC railroad casualty loss	4,195,000
Accrual for Eagle Mountain Townsite cleanup	2,340,000
Environmental remediation	2,915,000
Other accrued liabilities	250,000
	9,700,000
Total Liabilities	11,895,000
Minority Interest	5,179,000
Commitments and Contingencies	---
Members' Equity	
Class A units; issued and outstanding 6,969,299	37,188,000
Class B units; issued and outstanding 751,956	---
Class C units; issued and outstanding 872	---
Class D units; issued and outstanding 128	---
Accumulated other comprehensive income (loss)	42,000
Total Members' Equity	37,230,000
Total Liabilities and Members' Equity	$ 54,304,000

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

KAISER VENTURES LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
for the Years Ended December 31

	2006	2005
Resource Revenues		
Ongoing Operations		
Income from equity method investment in the West Valley MRF	$ 2,149,000	$ 2,193,000
Interim Activities, net loss	(916,000)	(884,000)
Total resource revenues	1,233,000	1,309,000
Resource Operating Costs		
Eagle Mountain Townsite clean-up reserve	---	2,000,000
Environmental insurance premium amortization	300,000	324,000
Total resource operating costs	300,000	2,324,000
Income (Loss) from Resources	933,000	(1,015,000)
Corporate General and Administrative Expenses		
Corporate overhead expenses, excluding Slemmer litigation	1,894,000	1,916,000
Slemmer litigation	(341,000)	453,000
	1,553,000	2,369,000
Loss from Operations	(600,000)	(3,384,000)
Net interest and investment (loss) income	(7,000)	310,000
Loss before Income Tax Provision	(607,000)	(3,074,000)
Income tax provision	18,000	11,000
Net Loss	$ (625,000)	$ (3,085,000)
Basic Loss Per Unit	$ (0.09)	$ (0.44)
Diluted Loss Per Unit	$ (0.09)	$ (0.44)
Basic Weighted Average Number of Units Outstanding	6,960,000	6,938,000
Diluted Weighted Average Number of Units Outstanding	6,960,000	6,938,000

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

KAISER VENTURES LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
for the Years Ended December 31

	2006	2005
Cash Flows from Operating Activities		
Net loss	$ (625,000)	$ (3,085,000)
Adjustments to reconcile net loss to net cash used by operating activities:		
Income from equity method investment in West Valley MRF, LLC, net of distributions	(149,000)	(443,000)
Depreciation and amortization	653,000	386,000
Realized loss on sale of investments	367,000	52,000
Class A Units / stock-based compensation expense	10,000	29,000
Changes in assets:		
Accounts Receivable- and other	76,000	35,000
Deferred income tax asset	---	(80,000)
Changes in liabilities:		
Eagle Mountain Townsite cleanup reserve	(160,000)	2,000,000
Accounts payable and accrued liabilities	(69,000)	(269,000)
Income taxes payable	26,000	(29,000)
Net cash flows provided by (used in) operating activities	129,000	(1,404,000)
Cash Flows from Investing Activities		
Purchase of investments	(9,640,000)	(300,000)
Sale of investments	8,441,000	2,021,000
Collection of notes receivable	57,000	292,000
Capitalized landfill expenditures	(817,000)	(632,000)
Environmental remediation expenditures	(197,000)	(11,000)
Net cash flows provided by (used in) investing activities	(2,156,000)	1,370,000
Cash Flows from Financing Activities		
Payments of conversion distribution to transfer agent	---	(75,000)
Increase in restricted cash for conversion distribution	---	75,000
Increase in restricted cash for contributions to SERP	(921,000)	---
Net cash flows from financing activities	(921,000)	---
Net Decrease in Cash and Cash Equivalents	(2,948,000)	(34,000)
Cash and Cash Equivalents at Beginning of Year	4,101,000	4,135,000
Cash and Cash Equivalents at End of Year	$ 1,153,000	$ 4,101,000

Supplemental Disclosure of Cash Flow Information

	2006	**2005**
Cash paid during the year for income taxes	$ 10,830	$ 29,000

Supplemental disclosure of non-cash investing and financing activities

	2006	**2005**
Contingent asset retirement obligation	---	1,200,000

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

KAISER VENTURES LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
for the Years Ended December 31, 2006 and 2005

	Member Class A Units	Members' Equity	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2004	6,929,299	40,859,000	(213,000)	40,646,000
Net loss	---	(3,085,000)	---	(3,085,000)
Comprehensive loss, change in net unrealized gain on investments	---	---	(94,000)	(94,000)
Comprehensive loss				(3,179,000)
Issuance of Class A Units	20,000	29,000	---	29,000
Balance at December 31, 2005	6,949,299	37,803,000	(307,000)	37,496,000
Net loss	---	(625,000)	---	(625,000)
Comprehensive Gain				
Reclassification of realized loss			307,000	307,000
Unrealized gain on investments	---	---	42,000	42,000
Total Comprehensive Gain				349,000
Issuance of Class A Units	20,000	10,000	---	10,000
Balance at December 31, 2006	6,969,299	$ 37,188,000	$ 42,000	$ 37,230,000

At December 31, 2006 and 2005, Kaiser Ventures LLC had 751,956 Class B Units outstanding. At December 31, 2006 and 2005, Kaiser Ventures LLC had outstanding 872 and 128 units outstanding, Class C and D, respectively.

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

Note 1. NATURE OF BUSINESS

Unless otherwise noted: (1) the term "Kaiser Inc." refers to the former Kaiser Ventures Inc., (2) the term "Kaiser LLC" refers to Kaiser Ventures LLC, and (3) the terms "Kaiser," "the Company," "we," "us," and "our," refer to past and ongoing business operations conducted in the form of Kaiser Inc. or Kaiser LLC, and their respective subsidiaries.

On November 16, 1988, the Company began operations as Kaiser Steel Resources, Inc. upon the successful completion of the reorganization of Kaiser Steel Corporation ("KSC") under Chapter 11 of the Bankruptcy Code. The Company has changed its name twice since reorganization in June 1993 and 1995, to Kaiser Resources Inc. and to Kaiser Ventures Inc. ("Kaiser Inc."), respectively. In November 2001, the stockholders of Kaiser Inc. approved the conversion of Kaiser Inc. into a newly-formed limited liability company pursuant to a merger of Kaiser Inc. with and into Kaiser Ventures LLC. Under the terms of the agreement and plan of merger, Kaiser Inc.'s stockholders received $10.00 in cash plus one Class A Unit for each share of common stock in Kaiser Inc. Kaiser Inc. assets and liabilities were carried over at their historical cost basis.

At December 31, 2006, the Company's principal assets include: (i) an 82.48% ownership interest in Mine Reclamation, LLC, which owns a permitted rail-haul municipal solid waste landfill located at the Eagle Mountain Site, this landfill is currently under contract to be sold to County District No. 2 of Los Angeles County for approximately $41 million, which sale is subject to a number of conditions, several of which remain to be fully satisfied; (ii) a 50% ownership interest in the West Valley Materials Recovery Facility and Transfer Station ("West Valley MRF"); (iii) approximately 5,400 additional acres currently owned or controlled by Kaiser at the Eagle Mountain Site that are not included in the pending sale to the District; and (iv) cash and cash equivalents, receivables and short-term investments of approximately $8.3 million.

The Company's consolidated financial statements include the following significant entities: Lake Tamarisk Development, LLC; Kaiser Eagle Mountain, LLC; Kaiser Recycling LLC; Business Staffing, Inc.; and Mine Reclamation, LLC. See Note 2 below for additional information concerning the Company's subsidiaries.

Ongoing Operations

The Company's revenues from ongoing operations are generally derived from the development of the Company's long-term projects. Income from equity method investments reflects Kaiser's share of income related to its equity investment in the West Valley MRF which the Company accounts for under the equity method.

Interim Activities

Revenues and expenses from interim activities are generated from various sources. Significant components of interim activities have included housing rental income, aggregate and rock sales and lease payments for the minimum security prison at the Eagle Mountain Site. Due to the interim nature of these activities, we are presenting these revenues net of their related expenses.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all wholly-owned subsidiaries and majority-owned investments, except as specified below. Intercompany accounts and transactions have been eliminated.

KSC Recovery, Inc. ("KSC Recovery"). The Company's wholly-owned subsidiary, KSC Recovery, Inc., which is governed and controlled by a Bankruptcy Court approved Plan of Reorganization, acts solely as an agent for KSC's former creditors in pursuing bankruptcy related adversary litigation and administration of the KSC bankruptcy estate. Kaiser exercises no significant control or influence over nor does Kaiser have any interest in the operations, assets or liabilities of KSC Recovery except as provided by the terms of the approved Plan of Reorganization. In addition, KSC Recovery's cash on hand and potential future recoveries fund all costs and expenses of KSC Recovery. Consequently, activity of KSC Recovery is not included in Kaiser's financial statements; however, KSC Recovery is a member of the Kaiser consolidated group for tax purposes and is therefore included in the consolidated tax return.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents. The Company maintains its cash balances with two financial institutions that have Standard & Poor's ratings of AA- or higher, have at least $30 billion in assets and are insured by the Federal Deposit Insurance Corporation up to $100,000 at each institution. At December 31, 2006, and at various times throughout the year, the Company had cash in excess of federally insured limits.

Investments

The Company accounts for investments under the provisions of Statement of Financial Accounting Standards (SFAS) No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. The Company has an Investment Policy which provides for the investment of excess cash balances primarily in mutual funds, commercial paper, certificates of deposit, debt instruments, and government debt securities. The Company considers instruments with maturities of 365 days or more from the balance sheet date to be long-term investments. The classification of investment securities is reviewed by the Company at each reporting period.

The Company classifies all of its investments as "available-for-sale". As an "available-for-sale" security, realized gains or losses, and interest income or dividends are reflected in the statement of operations while unrealized gains and losses are included in comprehensive income (loss) which is a component of members' equity.

Real Estate

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* which the Company adopted effective January 1, 2002, the Company records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets.

Interest and property taxes related to real estate under development are capitalized during periods of development.

Investment in West Valley MRF, LLC

The Company accounts for its investment in West Valley MRF, LLC, the owner of West Valley MRF, under the equity method of accounting because of the Company's 50% ownership interest.

Landfill Permitting and Development

Through its 82.48% interest in Mine Reclamation, LLC, the Company has been developing, for sale to a municipal entity or operating company, its property known as the Eagle Mountain Site in the California desert for use as a rail-haul municipal solid waste landfill. Pursuant to SFAS No. 67, *Accounting for Costs and Initial Rental Operations of Real Estate Projects*, capitalizable landfill site development costs are recorded at cost and consist of engineering and environmental studies, legal and consulting expenses, and other costs directly related to the permitting and development process. These costs are expensed when management determines that the capitalized costs provide no future benefit. Additionally, in accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets*, long-lived assets are evaluated for potential impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Company is still litigating challenges to a land exchange completed with the Bureau of Land Management of the U. S. Department of the Interior in October 1999 (See Note 17), and no sale of the Eagle Mountain is expected until this matter is ultimately resolved. Further, the perception of the public and private financial markets of the value of solid waste sites and the waste management industry can fluctuate significantly over time. Accordingly, there can be no assurance that the Company will successfully sell the Eagle Mountain assets on favorable terms or at all.

Buildings and Equipment

Buildings and equipment are stated on the cost basis. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets which range from 3 to 10 years. Due to the passage of time and the impacts of weather, a number of the buildings and houses at the Eagle Mountain Townsite are deteriorating faster than anticipated and may not be salvageable. Accordingly, the Company may need to demolish or rehabilitate a number of structures over the next several years and accordingly a reserve of $2,500,000 was established in 2005 for such purposes. $2,000,000 of the reserve was expensed in 2005 and $500,000 was reclassified from the unused existing environmental remediation reserve in 2005. The Company utilized $160,000 of this reserve during 2006.

In addition, in March 2005, the Financial Accounting Standards Board issued, Interpretation No. 47. "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143" ("FIN 47") clarifying and interpreting the legal obligation to perform an asset retirement activity in which the timing and/or settlement are conditional on a future event that may or may not be within the control of the Company. The Company has adopted FIN 47 effective as of the year ended December 31, 2005. Based upon currently available information, the Company has estimated that the conditional asset retirement obligations related to possible future abatement for asbestos-containing products in certain of the viable structures at Eagle Mountain would approximate $1,200,000. These estimates were produced by third party consultants. Pursuant to the requirements of FIN 47, the Company increased its environmental reserve by $1,200,000 to account for these obligations and increased the carrying amount of the associated structures at Eagle Mountain by a comparable amount. This increased carrying amount is being depreciated over the remaining estimated time that such assets will be owned by the Company, which was estimated to be approximately 4 years.

In addition, the Company has reviewed and analyzed the increased carrying amount associated with structures discussed above pursuant to SFAS No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets* and has concluded that the $1,200,000 increase in carrying amount for these structures will be recoverable and that no impairment of these structures exists as of December 31, 2006.

Environmental Insurance

The Company's $3.8 million premium for the prospective insurance policy is capitalized as a long-term asset and is being amortized on a straight-line basis over the twelve (12) year term of the policy. To the extent a pre-existing liability has not been recorded, claims made for environmental matters are recorded as litigation accruals in the Company's consolidated financial statements pursuant to FAS No. 5 when it becomes probable that a loss has been incurred and the amount of such loss can be reasonably estimated. Claims accepted by the insurance company pursuant to coverage under the policy are recorded as insurance receivables when coverage is accepted and the amount to be paid by the insurance company can be reasonably estimated.

Revenue Recognition

Revenues are recognized when the Company has completed the earnings process and an exchange transaction has taken place.

Income Taxes

The Company is taxed as a partnership and thus, the Company's results of operations (on an income tax basis) are allocated to the members for inclusion in their respective income tax returns. The only income taxes imposed on the Company are a minor gross revenue tax imposed by the State of California and income taxes imposed on Business Staffing Inc., the Company's only corporate subsidiary.

Earnings Per Share

The Company follows SFAS No. 128, *Earnings per Share* in calculating basic and diluted earnings per unit. Basic earnings per unit excludes the dilutive effects of options, warrants and convertible securities, while diluted earnings per unit includes the dilutive effects of claims on the earnings of the Company.

LLC Unit/Stock Options

At December 31, 2006, the Company has three stock-based employee compensation plans, which are described more fully in Note 13. Effective January 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards No. 123R ("SFAS 123R"), "Share-Based Payment," which requires the measurement and recognition of compensation expense for all share-based payment (or in our case units) awards to employees and managers based on estimated fair values. SFAS 123R supersedes the Company's previous accounting methodology which used the intrinsic value method under Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees." Under the intrinsic value method no share-based compensation expense related to any option awards granted to employees or managers had been recognized in the Company's Consolidated Statements of Operations, as all unit option awards granted under the plans had an exercise price equal to the Company's closing stock price on the date of grant.

The Company adopted SFAS 123R using the modified prospective transition method. Under this transition method, periods prior to December 31, 2005, are not restated and unvested compensation expense for all share-based awards outstanding as of the adoption date is based on the grant date fair value estimated in accordance with the original provisions of SFAS 123. The valuation provisions of SFAS 123R apply to new share-based awards granted subsequent to December 31, 2005. The following table illustrates the effect on net loss and loss per share if the Company had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock Based Compensation," to the above plans prior to fiscal year 2006.

	2005
Net Earnings (loss)	
As reported	$(3,085,000)
Pro forma	$(3,085,000)
Earnings (loss) per unit (Basic)	
As reported	$ (0.44)
Pro forma	$ (0.44)
Earnings (loss) per unit (Diluted)	
As reported	$ (0.44)
Pro forma	$ (0.44)

The Company employed the Black-Scholes option-pricing model in order to calculate the above adjustment in net income (loss) and earnings (loss) per unit/share. The effect on net earnings for 2006, and 2005 is not necessarily representative of the effect in future years. The following table describes the assumptions utilized by the Black-Scholes option-pricing model for options granted during 1999, the last year stock options were granted by the Company.

Volatility	0.415
Risk-free interest rate	6.00%
Expected life in years	2.28
Forfeiture rate	0.00%
Dividend yield	0.00%

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents. The carrying amount approximates fair value because of the short-term maturity of these instruments.

Receivables. The carrying amount approximates fair value because of the short-term maturity of these instruments.

Investments. The carrying amount approximates fair value of these investments.

Class B, C and D Units

The Company has outstanding Class B, C and D which are reflected on the Company's Balance Sheet as equity securities that were designed and implemented to replicate the cash distributions the holders of such units would have received under certain former long-term transaction incentive plans. These former plans provided for bonus payments as a result of the sale of certain assets at prices above certain minimum threshold requirements. Even though the Class B, C and D Units are classified as equity securities, the Company will account for any future distributions on the Class B, C and D Units by recording compensation expense for the full amount of the distribution at the time a distribution become probable and estimateable. For additional information regarding the Class B, C and D Units. Please see "Note 13. EQUITY" and "Note 16. COMMITMENTS AND CONTINGENCIES - Contingent Distributions on Class B, C and D Units."

Note 3. ACCOUNTS RECEIVABLE AND OTHER

Accounts receivable and other as of December 31, 2006 consisted of the following:

Prepaid Insurance	72,000
Marsh Insurance receivable	41,000
KSC Recovery	9,000
Other	114,000
Sub Total	236,000
Allowance for doubtful accounts	(34,000)
Total	$ 202,000

Note 4. INVESTMENT IN WEST VALLEY MRF, LLC

Effective June 19, 1997, Kaiser Recycling Corporation ("KRC") and West Valley Recycling & Transfer, Inc. ("WVRT"), a subsidiary of Burrtec Waste Industries, Inc. ("Burrtec"), which are equal members of West Valley MRF, LLC, (a California limited liability company) entered into a Members Operating Agreement ("MOA") which is substantially the equivalent of a joint venture agreement but for a limited liability company. The construction and start up of the West Valley MRF was completed during December 1997.

Pursuant to the terms of the MOA, KRC contributed approximately 23 acres of Mill Site property on which the West Valley MRF was constructed while WVRT contributed all of Burrtec's recycling business that was operated within Riverside County, thereby entitling West Valley MRF to receive all revenues generated from this business after the closing date.

Most of the financing for the construction of the West Valley MRF of approximately $22,000,000, including reimbursement of previously incurred development costs of Burrtec and the Company, was obtained through the issuance and sale of two California Pollution Control Financing Authority (the "Authority") Variable Rate Demand Solid Waste Disposal Revenue Bonds (West Valley MRF, LLC Project) Series 1997A and Series 2000A (the "Bonds"). The Bonds are secured by an irrevocable letter of credit issued by Union Bank of California, N.A. ("Union Bank"). The Bonds have stated maturity dates of June 1, 2012 for Series 1997A ($9,500,000) and June 1, 2030 Series 2000A ($8,500,000), although West Valley MRF, LLC is required, pursuant to its agreement with Union Bank, to annually redeem a portion of the Bonds on a stated schedule. Pursuant to a Guaranty Agreement with Union Bank, the Company and Burrtec each are liable for fifty percent (50%) of the principal and interest on the Bonds in the event of a default by the West Valley MRF, LLC. West Valley MRF, LLC also has established a $1,000,000 equipment line of credit with Union Bank in order to refinance and purchase additional equipment.

The Company also remains responsible for any pre-existing environmental conditions on the land, which is generally covered by insurance.

The condensed summarized balance sheet information of West Valley MRF, LLC as of November 30, 2006, is as follows:

Balance Sheet Information	
Current Assets	$ 8,564,000
Property and Equipment (net)	13,271,000
Other Assets	232,000
Total Assets	$ 22,067,000
Current Liabilities	$ 6,312,000
Other Liabilities	---
CPCFA Bonds Payable (long-term portion)	6,870,000
Members' Equity	8,885,000
Total Liabilities and Members' Equity	$ 22,067,000

The condensed summarized income statement information for the West Valley MRF, LLC as of November 30, 2006 and 2005, is as follows:

Income Statement Information	**November 30, 2006**	**November 30, 2005**
Net Revenues	$ 14,752,000	$ 14,527,000
Gross Profit	$ 5,844,000	$ 5,732,000
Net Income	$ 4,298,000	$ 4,386,000

The Company has recognized equity income from the West Valley MRF of $2,149,000, and $2,193,000, in 2006 and 2005, respectively. The Company received cash distributions of $2,000,000 and $1,750,000 during 2006 and 2005, respectively, from its investment in the West Valley MRF.

Note 5. MINE RECLAMATION, LLC

The Company, in January 1995, acquired a 70% interest in Mine Reclamation, the developer of the landfill project. As a result of subsequent equity fundings and purchases, the Company's ownership interest in Mine Reclamation as of December 31, 2005, is 82.48%. On August 9, 2000, MRC, entered into that certain Agreement For Purchase and Sale of Real Property and Related Personal Property In Regard To The Eagle Mountain Sanitary Landfill Project and Joint Escrow Instructions ("Landfill Project Sale Agreement") with the District. In summary, the landfill project (which includes the Company's royalty payments under the MRC Lease) is being sold for $41 million, with an initial closing currently scheduled to occur on June 30, 2006, but the initial closing date has been extended numerous times. However, payment of the purchase price will be delayed as described in more detail below. The sale of the landfill project is subject to the results of the District's due diligence and satisfaction of numerous contingencies. The contingencies include, but are not limited to, obtaining the transfer of the landfill project's permits to the District and obtaining all necessary consents to the transaction and resolving the outstanding federal land exchange litigation.

In September 2005, the Company received an adverse U.S. District Court decision in the federal land exchange litigation that may materially impact the validity of the landfill project. The decision was adverse to the landfill project in that it set aside the land exchange completed between the Company and BLM as well as two BLM rights-of-way. The Company is appealing the decision. It is likely that the appeal process will take several years. If the decision is fully affirmed on appeal, the decision would jeopardize the viability of the landfill project. In addition, the decision could adversely impact the agreement to sell the landfill project to the District, including termination of the agreement. For a more detailed discussion of this litigation and the risks associated with this litigation, see "Note 17. LEGAL PROCEEDINGS - Eagle Mountain Landfill Project Land Exchange Litigation." The Company has evaluated the adverse decision on the landfill project in the context of whether such asset should be considered impaired. The Company finds itself in much the same position as it was in 2000 when the San

Diego County Superior Court judge ruled that the environmental documentation was insufficient under California law. Believing that the Superior Court was in error, much like the Company believes the U.S. District Court is in error, the Company appealed the San Diego County Superior Court decision. The Company won that appeal with the California Court of Appeals unanimously reversing the San Diego Superior Court. Accordingly, the Company has concluded that, although it is possible, it is not currently probable or measurable that there has been impairment of the investment in MRC at this time due to the pending appeal of the decision to the U.S. 9th Circuit Court of Appeals.

Assuming there is a closing, $41 million of the total purchase price is to be deposited into an escrow account and will be released when litigation contingencies are fully resolved. The litigation contingencies are the federal litigation challenging the completed federal land exchange. Even though the closing has not taken place and these funds have not been deposited into an escrow account, interest began accruing on this portion of the purchase price on May 3, 2001.

The District has been undertaking extensive due diligence on the landfill project and has the right to terminate the Landfill Project Sale Agreement if it is not satisfied with the results of its due diligence and other matters. Due diligence, joint use negotiations and other items are expected to continue during 2007. In addition, the parties will individually determine whether each chooses to continue to extend the closing date for the transaction.

There are numerous risks associated with MRC and the landfill project, including the competition represented by the Mesquite rail-haul landfill project, which the District purchased. There are also numerous risks and contingencies associated with the pending sale of the landfill project to the District. There can be no assurance that all outstanding matters currently preventing an initial closing with the District will be resolved to the satisfaction of the parties. Accordingly, there can be no assurance that the sale to the District will occur or that the current terms of the pending transaction may not be significantly modified as a result of future discussions with the District or as to the timing of the receipt of the purchase price. There can be no assurance that the completed purchase of the Mesquite landfill by the District will not adversely impact the negotiations and the closing on the sale of the landfill to the District. In addition, there are material litigation risks associated with the current federal land exchange litigation, and the appeal of the adverse U.S. District Court decision in such litigation including reversal of the completed land exchange and the threatened litigation over the Endangered Species Act, all as discussed in "Note 17. LEGAL PROCEEDINGS". No assurance can be made that the Company will successfully and timely resolve these matters so as to avoid a material adverse effect on the Company's current plan to sell the landfill to the District. In addition, there are risks that the landfill project will be impacted by natural disasters like the floods that caused significant damage to the rail line in 2003. Certain risks may be uninsurable or are not insurable on terms which the Company believes are economical.

As discussed below, MRC will need additional funding to complete the landfill project, including funds to repair the flood damage sustained by the Eagle Mountain rail line and to fund the litigation including the project. There is no assurance that MRC can obtain additional funds through debt or equity financing on acceptable terms.

If the Company is unable to manage any of these risks or uncertainties, the Company may not be able to sell the landfill at a favorable price, if at all, and the value of the Company's Class A Units could be materially reduced.

Flood Damage to Railroad. The Company owns an approximate 52-mile private railroad that runs from Ferrum Junction near the Salton Sea to the Eagle Mountain mine. In late August and early September of 2003, portions of the railroad and related protective structures sustained considerable damage due to heavy rains and flash floods. This damage included having some rail sections being buried under silt while other areas had their rail bed undermined. Subsequent to the filing of the Company's report on Form 10-Q/A for the quarter ended September 30, 2003, the Company conducted a more complete investigation of the damage and of the costs to return the railroad to the condition that it was in prior to the flood damage. As a result of such investigation, the Company currently estimates the cost to repair the damage to be a minimum of $4,500,000, an accrual for which was recorded in 2003. The Company's current plans has undertaken, the work necessary to help preserve and protect the existing railroad. However, the major repairs to return the railroad to its condition prior to the flood damage will be deferred until a later date.

Note 6. INVESTMENTS

The Company has an Investment Policy which provides for the investment of excess cash balances primarily in bond funds, commercial paper, and debt instruments. At December 31, 2006 the Company had investments in high grade commercial paper and U.S. governmental bonds which were classified as "available-for-sale." The classification of investment securities is reviewed by the Company at each reporting period.

As of December 31, 2005, the Company's available for sale securities had an unrealized net loss of $307,000 that was included in accumulated other comprehensive income (loss), a component of Member's Equity on two bond funds. Due to the diverse nature and return history of these bond funds, the Company decided to liquidate the funds during 2006 and invest its excess cash reserves in less speculative commercial paper and U.S. government bonds. As a result of the liquidation of these funds, the Company recognized the $307,000 unrealized loss in the consolidated statement of operations during the third quarter of 2006. However, the recognition of this loss in the Consolidated Statement of Operations had no net impact on members' equity since the loss had previously been reflected in comprehensive income, a component of members' equity.

The following is a summary of the fair value of investment securities classified as "available-for-sale" as of December 31, 2006:

AVAILABLE-FOR-SALE SECURITIES	DECEMBER 31, 2006
Bond funds	$ ---
Commercial Paper	$ 8,947,000

Of the $8,947,000 available for sale at December 31, 2006, $2,000,000 has a maturity of more than one year and has been classified as long-term investments on the consolidated balance sheet.

As of December 31, 2006, the Company's "available for sale" securities had an unrealized net gain of $42,000 that is included in "other comprehensive income", a component of Member's Equity.

Note 7. CONVERSION DISTRIBUTION

At December 31, 2006, the Company holds $1,190,000 in cash it had previously sent to its transfer agent in December 2001 for the payment of the $10.00 per share merger consideration to shareholders. This cash, classified as restricted cash, will ultimately be distributed to shareholders once the correct paperwork is submitted by such shareholders, thereby reducing the related conversion distribution payable.

Note 8. ENVIRONMENTAL INSURANCE

One of the goals in the cash maximization strategy approved by Kaiser Ventures LLC's Board of Directors in September 2000 was to reduce the liabilities associated with existing and potential future environmental and other similar types of claims. In furtherance of such goal, the Company purchased an insurance policy effective June 30, 2001, that is designed to provide broad prospective commercial general liability, pollution legal liability, and contractual indemnity coverage for the Company's ongoing and historical operations. The policy has a twelve (12) year term and limits of $50,000,000 in the aggregate for defense and indemnity, with no deductible or self-insured retention. The policy is designed to provide coverage for future claims in excess of the Company's existing and historic insurance policies; however, to the extent that these other insurance policies are not responsive to a claim, the policy will provide first dollar coverage for a claim resulting from property damage, personal injury, bodily injury, cleanup costs or violations of environmental laws. The policy also provides for a broad defense of claims that may be brought against the Company. The policy is specifically intended to provide additional coverage for potential liabilities arising from pollution conditions or known and/or potential asbestos-related claims. The policy also provides contractual indemnity coverage for scheduled indemnity obligations of the Company arising from, e.g., prior corporate transactions and real estate sales. The aggregate cost for this policy was approximately $5,800,000, of which, based upon discussions among the respective members of the Boards of Directors, KSC Recovery paid $2,000,000 and the Company paid the balance of approximately $3,800,000. The portion of the policy paid by KSC Recovery was expected to cover known and/or potential asbestos claims; while the portion of the policy paid by the Company was expected to cover future potential claims arising from the Company's historical operations. The Company expects this policy will cover substantially any and all environmental claims (up to the $50 million policy limit) relating to the historical operations of the Company.

In June 2005, the Company was notified that it was to receive a refund of a portion of the cost of the policy relating to other commissions. The refund, totaling $106,000, was recorded as a reduction in the cost of the policy and the future amortization of the policy cost will be adjusted accordingly as described below.

The Company's $3,800,000 premium for the prospective insurance policy was capitalized as a long-term asset and was being amortized on a straight-line basis over the twelve (12) year term of the policy; approximately $80,000 per quarter or $320,000 per year. As a result of the refund discussed above, the Company adjusted the current year’s expense and the remaining balance, thereby reducing the amortization to $75,000 per quarter or $300,000 per year as of June 2005. To the extent a pre-existing liability has not been recorded, claims made for environmental matters are recorded as litigation accruals in the Company's consolidated financial statements pursuant to FAS No. 5 when it becomes probable that a loss has been incurred and the amount of such loss can be reasonably estimated. Claims accepted by the insurance company pursuant to coverage under the policy are recorded as insurance receivables when coverage is accepted and the amount to be paid by the insurance company can be reasonably estimated.

Note 9. BUILDINGS AND EQUIPMENT

Buildings and equipment as of December 31, 2006 consisted of the following:

Buildings and structures	$ 3,285,000
Machinery and equipment	1,830,000
	5,115,000
Accumulated depreciation	(3,782,000)
Total	$ 1,333,000

Depreciation expenses for the years ended December 31, 2006 and 2005 was $350,000 and $ 60,000, respectively.

Note 10. ACCRUED LIABILITIES - CURRENT

The current portion of accrued liabilities as of December 31, 2006 consisted of the following:

Compensation, severance and related employee costs	$ 232,000
Accrued professional	494,000
Other	26,000
Total	$ 752,000

Note 11. ENVIRONMENTAL REMEDIATION RESERVE

With the sale of approximately 588 acres of the Company's Mill Site Property to CCG Ontario, LLC ("CCG") in August 2000, and as a result of the Company's previous remediation activities in 2000, the Company's estimated environmental liabilities were reduced by approximately $21.9 to $4.5 million. These potential environmental liabilities included, among other things, environmental obligations at the Mill Site Property that were not assumed by CCG, such as any potential third party damages from the identified groundwater plume discussed below, environmental remediation work at the Eagle Mountain Site, and third-party bodily injury and property damage claims, including asbestos claims not covered by insurance and/or paid by the KSC bankruptcy estate.

The Company purchased an insurance policy effective June 30, 2001 that is designed to provide broad commercial general liability, pollution legal liability, and contractual indemnity coverage for the Company's ongoing and historical operations. The policy has a twelve (12) year term and limits of $50,000,000 in the aggregate for defense and indemnity, with no deductible or self-insured retention. The policy is designed to provide coverage for future claims in excess of the Company's existing and historic insurance policies; however, to the extent that these other insurance policies are not responsive to a claim, the policy will provide first dollar coverage for a loss resulting from property damage, personal injury, bodily injury, cleanup costs or violations of environmental laws. The policy also provides for a broad defense of claims that may be brought against the Company. The policy is specifically intended to provide additional coverage for known and/or potential liabilities arising from pollution conditions or asbestos-related claims. The policy also provides contractual indemnity coverage for scheduled indemnity obligations of the Company arising from, e.g., prior corporate transactions and real estate sales.

In August 2001, the California Regional Water Quality Control Board, on behalf of the City of Ontario, asserted an environmental claim against the Company relating to the historical operations conducted at the Mill Site. The Company tendered the claim to its insurance carrier and the insurance carrier accepted the claim. As a result, at September 30, 2001, the Company recorded an insurance receivable in an amount equal to its pre-existing estimated environmental liability of $1,500,000 and reclassified the obligation as a litigation accrual separate from its environmental remediation liabilities. The City of Ontario's claims were fully settled in March 2004 with the settlement paid by the insurance carrier. The final settlement between our insurance carrier and the City of Ontario resulted in a payment to the City that was $250,000 less than the Company had accrued. Therefore the Company reduced both its litigation accrual and insurance receivable by $250,000 as of the date of the settlement.

In 2004, this reserve was reduced to approximately $2.4 million to reflect settlement of a third party claim related to the groundwater plume discussed above. This reserve was further reduced in 2005 as a result of reclassifying $500,000 to the Eagle Mountain Townsite Cleanup Reserve. Finally, this environmental reserve was increased by $1.2 million as of December 31, 2005, for Eagle Mountain Townsite environmental related matters, as discussed in more detail in "Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Buildings and Equipment."

As discussed above in Note 2, the Company, as a result of the adoption of FIN 47, increased its environmental reserve by $1,200,000 to account for the estimated cost of possible future abatement obligations relating to asbestos-containing products in certain of the viable structures at Eagle Mountain and increased the cost basis of the associated structures at Eagle Mountain by a comparable amount. During 2006, $197,000 of the reserve was utilized primarily for the abatement of these products. Thus, as of December 31, 2006, the Company estimates, based upon current information, that its future environmental liability related to certain matters not assumed by CCG in its purchase of the Mill Site Property, such as the groundwater plume discussed below and other environmental related items, including, but not limited to remediation at the Eagle Mountain Site, potential third party property damage and bodily injury claims, would be approximately $2,915,000. In the event a future claim for damages is filed against the Company that exceeds the remaining $2,915,000 environmental reserve, management believes that the claim may be covered by insurance depending upon the nature and timing of the claim.

See also Note 2. "Summary of Significant Accounting Policies - Buildings and Equipment," Note 9. "Environmental Insurance," and Note 16. "Commitments and Contingencies - Environmental Contingencies".

Note 12. EQUITY

Conversion into LLC

In November 2001, the stockholders of Kaiser Inc. approved the conversion of Kaiser Inc. into a newly-formed limited liability company pursuant to a merger between Kaiser Inc. and Kaiser LLC, the surviving company. Under the terms of the merger converting Kaiser Inc., to a limited liability company, Kaiser Inc.'s stockholders received $10.00 in cash plus one Class A Unit for each share of common stock in Kaiser Inc. The new Class A Units are not listed on any stock exchange, additionally the transferability of the units is subject to the approval of an executive of the Company. Subsequent to the conversion, Kaiser LLC is taxed as a partnership and thus, Kaiser LLC results of operations (on an income tax basis) are distributed to the unit holders for inclusion in their respective income tax returns.

Class A Units Outstanding

At December 31, 2006 Kaiser LLC had 6,969,299 Class A Units outstanding.

At December 31, 2006, there are 298,100 Class A Units available for issuance relating to outstanding options.

At December 31, 2006, 104,267 Class A Units of the Company were being held for the benefit of the former general unsecured creditors of the predecessor company pending the resolution of disputed bankruptcy claims. The final resolution of these claims will result in the final allocation of the held shares among the unsecured creditor group, which presents no liability to the Company. For financial reporting purposes these shares have been considered issued and outstanding. Just prior to the Company's conversion into an LLC in November 2001, the then 136,919 shares were issued to the bankruptcy estate, and subsequently converted into Class A units. Distribution of these units have been made periodically for the settlement of unsecured creditor claims. .

At December 31, 2006, 113,690 Class A Units were deemed outstanding and reserved for issuance to holders of Kaiser Inc. stock that have yet to convert such stock to Kaiser LLC Class A Units.

Class B Units

Prior to the merger, Kaiser LLC issued 751,956 Class B Units to current and former MRC executives. These MRC executives had previously been granted the right to receive certain contingent incentive payments in order to incentivize each of them to assist Kaiser and MRC in closing the sale of the landfill project as well as meeting all conditions necessary for the release of funds from escrow. These Class B Units, issued to the MRC executives, replaced those incentive payments rights.

These Class B Units are entitled to receive approximately 2% of any cash actually received by MRC, up to approximately $752,000 or $1.00 per unit, if MRC receives the currently agreed upon price of $41,000,000. The Class B Units are not entitled to any distributions or profits, have no voting rights except as required by law and are not transferable. Please see "Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Class B, C and D Units" for the accounting treatment of the Class B Units.

At December 31, 2006, Kaiser LLC had 751,956 Class B Units outstanding.

Class and D Units

During 2002, the Company issued Class C and D Units to certain officers and terminated the Long-Term Incentive Plan ("TIP") as to future unearned payments that could have been payable to the Company's executive officers. Payments to holders of the Class C and D Units will only be paid upon the monetization of the Company's major assets. Payments, if any, will be made under a formula that replicates the amount that would have been paid under the TIP if it had been continued. Class C and D Units are not entitled to any other distributions or profits, have no voting rights except as required by law and are not transferable. Please see "Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Class B, C and D Units" for the accounting treatment of the Class C and D Units.

At December 31, 2006, Kaiser LLC had 800 and 200 Class C and D Units outstanding, respectively.

Unit/Stock Option and Unit/Stock Grant Programs

In October 1990, the Company's stockholders approved the Amended, Restated and Substituted Kaiser Steel Resources, Inc. 1989 Stock Plan (the "1989 Stock Plan"). The 1989 Stock Plan provided for the grant of incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock or deferred stock awards. Certain options granted under the 1989 Stock Plan are still outstanding. The Company incurred no compensation expense during 2006 related to these options.

In July 1992, the Company's stockholders approved the 1992 Stock Plan. The 1992 Stock Plan provides for the grant of incentive stock options and non-qualified stock options. The 1992 Stock Option Plan is administered by the Board of Directors. The 1992 Plan is a three-year Plan with years running from July 1 to June 30. Each July 1, an amount equal to 2% of the Company's shares outstanding became available to support grants of stock options to employees during that year. At the end of each plan year, reserved plan shares not made subject to stock options revert to normal unissued share status. Grants are generally established at fair market value of the Company's common stock on the date of the grant and the exercise thereof may extend for up to 10 years with various vesting schedules.

In addition, under the 1992 Stock Plan each director when first elected to the Board shall automatically be granted options for 5,000 common stock shares. Each non-employee director who is re-elected or serving an unexpired term as a member of the Board at an annual meeting of holders of stock of the Company will be automatically granted an additional 1,500 stock options. These options have an exercise price equal to the fair market value of the Company's Common Stock on the date of the grant.

In June 1995, the Company's stockholders approved the 1995 Stock Plan. The 1995 Stock Plan provides for the grant of incentive stock options, non-qualified stock options, restricted stock and other stock related incentives. However, there are no outstanding options under this plan, as of December 31, 2006.

In addition, under the 1995 Stock Plan, each director when first elected to the Board shall automatically be granted options for 5,000 common stock shares. Each non-employee director who is re-elected or serving an unexpired term as a member of the Board at an annual meeting of holders of stock of the Company will be automatically granted an additional 1,500 stock options. These options have an exercise price equal to the fair market value of the Company's common stock on the date of the grant.

Effective with the date of the merger, all options with an exercise price of $10.00 and below, 326,750 options, were deemed exercised which entitled the optionees to participate in the $10.00 cash distribution and conversion into Class A Units. As a result of this cash distribution, the Company reduced the exercise price on all remaining outstanding options, 301,100 Class A Unit options, by the $10.00 in order to mirror the $10.00 dividend per share. Additionally, the term on the remaining unit options was extended, due to their reduced liquidity, to December 31, 2008.

A summary of the status of grants under the Company's unit/stock plans as of December 31, 2006 and 2005, and activities during the years ended on those dates is presented below:

	2006		2005	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at beginning of Year	298,100	$ 3.11	298,100	$ 3.11
Granted	---	---	---	---
Exercised	---	---	---	---
Forfeited	---	---	---	---
Outstanding at end of year	298,100	$ 3.11	298,100	$ 3.11
Options exercisable at year End	298,100	$ 3.11	298,100	$ 3.11
Weighted-average fair value of options granted during the year	$ N/A		$ N/A	

The following table summarizes information about unit options outstanding as of December 31, 2006:

		Options Exercisable and Outstanding	
Range of Exercise Prices	Weighted-Average Remaining Life (years)	Options	Weighted-Average Exercise Price
.55 to $1.625	2.0	161,600	$ 1.36
.85 to $5.58	2.0	136,500	$ 5.18

Note 13. LOSS PER UNIT/SHARE

The following table sets forth the computation of basic and diluted loss per unit/share:

	2006	2005
Numerator:		
Net loss	$ (625,000)	$ (3,085,000)
Numerator for basic loss per unit Loss available to Class A members	$ (625,000)	$ (3,085,000)
Numerator for diluted loss per unit Loss available to Class A members	$ (625,000)	$ (3,085,000)
Denominator:		
Denominator for basic earnings per unit-weighted-average shares	6,960,000	6,938,000
Effect of dilutive options	---	---
Denominator for diluted earnings per unit -adjusted weighted-average shares and assumed conversions	6,960,000	6,938,000
Basic loss per unit	$ (0.09)	$ (0.44)
Diluted loss per unit	$ (0.09)	$ (0.44)

For additional disclosures regarding the outstanding employee unit/stock options see Note 12.

The Company incurred a net loss during 2006 and 2005 and therefore all options are considered antidilutive for those years.

Note 14. INCOME TAXES

Subsequent to the Company's conversion into an LLC, the Company is taxed as a partnership and thus, the Company's results of operations (on an income tax basis) are allocated to the unit holders for inclusion in their respective income tax returns. Therefore, the only taxes imposed on the Company are a gross revenue tax imposed by the State of California, and income taxes imposed on Business Staffing Inc. These taxes amounted to $18,000 for 2006 and $11,000 for 2005.

Note 15. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

As discussed in Note 12., effective June 30, 2001, the Company purchased, a 12-year $50,000,000 insurance policy, which is expected to cover substantially any and all environmental claims (up to the $50,000,000 policy limit) relating to the historical operations of the Company. To the extent a pre-existing liability has not been recorded, claims made for environmental matters are recorded as litigation accruals in the Company's consolidated financial statements pursuant to FAS No. 5 when it becomes probable that a loss has been incurred and the amount of such loss can be reasonably estimated. Claims accepted by the insurance company pursuant to coverage under the policy are recorded as insurance receivables when coverage is accepted and the amount to be paid by the insurance company can be reasonably estimated.

At the inception of the insurance contract, the Company estimated, based upon current information and discussions with environmental consultants, that its future environmental liabilities related to certain matters not assumed by CCG Ontario, LLC in its purchase of the Mill Site Property, including a certain groundwater matter as well as potential matters at Eagle Mountain and at other historical locations, would be approximately $4.0 million. These liabilities reflected management's estimate of potential future environmental claims, remediation and related costs but did not represent known claims at the inception of the policy. In August 2001, the California Regional Water Quality Control Board, on behalf of the City of Ontario, asserted an environmental claim against the Company relating to the historical operations conducted at the Mill Site. The Company tendered the claim to its insurance carrier and the insurance carrier accepted the claim. As a result, at September 30, 2001, the Company recorded an insurance receivable in an amount equal to its pre-existing estimated environmental liability of $1,500,000 and reclassified the obligation as a litigation accrual.

As discussed above in Note 2., the Company, as a result of the adoption of FIN 47, increased its environmental reserve by $1,200,000 to account for its conditional asset retirement obligations related to possible future abatement obligations for asbestos-containing products in certain of the viable structures at Eagle Mountain and increased the cost basis of the associated structures at Eagle Mountain by a comparable amount. Thus, as of December 31, 2006, the Company estimates, based upon current information, that its future environmental liability related to certain matters not assumed by CCG in its purchase of the Mill Site Property, such as the groundwater plume discussed below and other environmental related items, including, but not limited to remediation at the Eagle Mountain Site, potential third party property damage and bodily injury claims, would be approximately $2,915,000. In the event a future claim for damages is filed against the Company that relates to the remaining $2,915,000 environmental reserve, management believes that the claim may be covered by insurance depending upon the nature and timing of the claim.

Pension Plans

The Company currently sponsors a voluntary qualified 401(k) savings plan and a nonqualified pension plan, available to all full-time employees. Participants may make contributions of up to 15% of their compensation with the Company matching one-half of each participant's contribution up to 6% of compensation. The non-qualified plan mirrors the qualified 401(k) plan.

Total expense relative to these plans for the years ended December 31, 2006 and 2005 was $91,100 and $104,211, respectively.

MRC Financing

Since 1995 MRC has been funded through a series of private placements to its existing equity holders. The last private placement was completed bringing its ownership interest in MRC to 82.48%. Future funding of MRC will be required to cover such items as the federal land exchange litigation appeal and the railroad repairs but there is no assurance that such funding will be obtained. It is anticipated a $1,200,000 private placement to existing MRC members will be undertaken during the second quarter of 2007.

Contingent Distributions on Class B, C and D Units

Upon the sale of certain of the Company's assets at a price equal to or greater than certain minimum sales prices, distributions will be made on the Class B, C and D Units in accordance with their respective terms. For additional information, see "Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Class B, C and D Units" and "Note 12. EQUITY" above.

Note 16. LEGAL PROCEEDINGS

In the normal course of our business we are involved in various claims and legal proceedings. A number of litigation matters previously reported, were settled, dismissed or were inactive in 2006. For example, the *Slemmer* litigation (*Thomas M. Slemmer*, et al. v. *Fontana Union Water Company*, et al., (San Bernardino County Superior Court, California, Case No. SCVSS 086856)).and associated insurance coverage dispute were fully resolved in 2006. Significant legal proceedings, including those which may have a material adverse effect on our business or financial condition, are summarized below. However, this Note 16 does not, and is not intended to, discuss all of the litigation matters to which we may be or become a party. Should we be unable to resolve any legal proceeding in the manner we anticipate and for a total cost within close proximity to any potential damage liability we have estimated, our business and results of operations may be materially and adversely affected.

Eagle Mountain Landfill Project Land Exchange Litigation. In October 1999, Kaiser's wholly-owned subsidiary, Kaiser Eagle Mountain, Inc. (now Kaiser Eagle Mountain, LLC), completed a land exchange with the BLM. This completed land exchange has been challenged in two separate federal lawsuits. On September 20, 2005, the U. S. District Court for the Central District of California, Eastern Division, issued its opinion in *Donna Charpied,* et al., Plaintiffs v. *United States Department of Interior*, et al., Defendants (Case No. ED CV 99-0454 RT (Mex)) and in *National Parks and Conservation Association*, Plaintiff v. *Bureau of Land Management*, et al., Defendants (ED CV 00-0041 RT (Mex)). The decision is adverse to the landfill project in that it sets aside a land exchange completed between the Company and U.S. Bureau of Land Management ("BLM") in October 1999 as well as two BLM rights-of-way. It also effectively reinstates a reverter title issue involving the Eagle Mountain Townsite.

In the exchange, the Company's wholly owned subsidiary, Kaiser Eagle Mountain, Inc. (now Kaiser Eagle Mountain, LLC) transferred approximately 2,800 acres of Kaiser-owned property along its railroad right-of-way to the BLM and a cash equalization payment in exchange for approximately 3,500 acres of land within the Eagle Mountain landfill project area. The land exchanged by the Company was identified as prime desert tortoise habitat and was a prerequisite to completion of the permitting of the Eagle Mountain landfill project. Following completion of the land exchange, two lawsuits were filed challenging it and requesting its reversal. The plaintiffs argued that the land exchange should have been reversed, because, among other reasons, the BLM failed to comply with the National Environmental Policy Act and the Federal Land Policy and Management Act. The U.S. District Court concluded that the environmental impact statement was deficient in its explanation and/or environment analysis with regard to: (i) the issue of eutrophication which deals with the introduction of nutrients, in this case primarily nitrogen, as a result of the existence of the landfill project; (ii) Big Horn Sheep, which is not an endangered species; (iii) the statement of purpose and need for the landfill project; and (iv) the reasonable range of alternatives to the proposed project. The court did rule in favor of the landfill project with regard to the environmental analysis and explanation for: (i) noise; (ii) night lighting; (iii) visual impacts; (iv) the desert tortoise; (v) groundwater; and (vi) air. The court also ruled that the environmental impact statement was deficient under the Federal Land Policy and Management Act with regard to: (i) the appraisal undertaken by the BLM in the land exchange; and (ii) a full discussion of the BLM's conclusions on the public need for the landfill project. A copy of the decision can be found as Exhibit 99.1 to the Company's Report on Form 8-K dated September 20, 2005.

We and the U.S. Department of Interior have appealed the decision to the U. S. 9th Circuit Court of Appeals. There can be no assurance that we will be successful in any appeal. If the decision is fully affirmed on appeal, the decision would jeopardize the viability of the landfill project. The U.S. Department of Interior's first brief and our separate first brief were filed in January 2007. The opponents first set of briefs are due in April 2007. The current briefing schedule, which may be modified, has the last brief as being filed in July 2007. It is likely that the complete appeal process will take several years. In addition, the decision could adversely impact the agreement to sell the landfill project to the District, including termination of the agreement.

Asbestos Litigation. There are pending asbestos litigation claims, primarily bodily injury, against Kaiser LLC and Kaiser Steel Corporation (the bankruptcy estate of Kaiser Steel Corporation is embodied in KSC Recovery, Inc.). There currently are approximately nine active suits. Many of the plaintiffs allege that they or their family members were aboard Kaiser ships or worked in shipyards in the Oakland/San Francisco, California area or Vancouver, Washington area in the 1940's and that the Company and/or KSC Recovery were in some manner associated with one or more shipyards or has successor liability. However, there is an increasing number of claims related to other facilities such as the former Kaiser Steel Mill Site Property.

Most of these lawsuits are third party premises claims alleging injury resulting from exposure to asbestos or asbestos containing products and involve multiple defendants. The Company anticipates that it, often along with KSC Recovery, will be named as a defendant in additional asbestos lawsuits. A number of large manufacturers and/or installers of asbestos and asbestos containing products have filed for bankruptcy over the past several years, increasing the likelihood that additional suits will be filed against the Company. In addition, the trend has been toward increasing trial damages and settlement demands. Virtually all of the complaints against us and KSC Recovery are non-specific, but involve allegations relating to pre-bankruptcy activities. It is difficult to determine the amount of damages that we could be liable for in any particular case until near the time of trial; indeed, many of these cases do not include pleadings with specific damages. The Company vigorously defends all asbestos claims as is appropriate for a particular case.

Of the claims resolved to date, approximately 78% have been resolved without payment to the plaintiffs, and of the 46 cases that have been settled to date involving a payment made to plaintiffs, the settlement amount was $37,500 or less for 38 of such cases. The Company believes that it currently has substantial insurance coverage for the asbestos claims and has tendered these suits to appropriate insurance carriers.

Bankruptcy Claims. The bankruptcy estate of KSC was officially closed by order of U.S. Bankruptcy Court for the District of Colorado on October 2, 1996. However, the bankruptcy case was reopened in 1999 in connection with certain litigation matters. Since that time, the bankruptcy case was again closed, however, the administration of KSC's bankrupt estate will continue for several more years.

From time to time various environmental and similar types of claims that relate to Kaiser Steel pre-bankruptcy activities, are asserted against KSC and Kaiser LLC. Excluding the asbestos claims, there has been an average of two to four such claims a year for the past several years. There were no such claims in 2005 but in 2006 a claim that was settled in 2000 was reopened under the terms of the 2000 settlement agreement. It is currently not considered to be a material claim in that the first settlement was for a claim in the bankruptcy estate of less than $25,000. In connection with the KSC plan of reorganization, Kaiser, as the reorganized successor to KSC, was discharged from all liabilities that may have arisen prior to confirmation of the plan, except as otherwise provided by the plan and by law. Although Kaiser believes that in general all pre-petition claims were discharged under the KSC bankruptcy plan, there have been some challenges as to the validity of the discharge of certain specified claims, such as asbestos claims. If any of these or other similar claims are ultimately determined to survive the KSC bankruptcy, it could have a materially adverse effect on Kaiser's business and value.

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Item 13. EXHIBITS

(a) Exhibits.

NOTE: Item 13 in the Annual Report for our 10-KSB, as originally filed, is unchanged except for the filing of additional and current certifications of our principal executive officer and principal financial officer and a current consent by our independent registered public accounting firm.

The following exhibits are filed as part of this Form 10-KSB/A.

EXHIBIT INDEX

EXHIBIT NUMBER	DOCUMENT DESCRIPTION
23	Consent of Moss Adams LLP Independent Registered Public Accounting Firm.
31.1	Certificate of Richard E. Stoddard, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a) filed with this Report.
31.2	Certificate of James F. Verhey, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a) filed with this Report.
32	Certificate of Richard E. Stoddard, Chief Executive Officer, and James F. Verhey, Chief Financial Officer, pursuant to Section 1350, filed with this Report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 6, 2007

KAISER VENTURES LLC

By: /s/ Richard E. Stoddard
Name: Richard E. Stoddard
Title: President, Chief Executive Officer
and Chairman of the Board of Managers

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

4. **MANAGERS**

Signature	Title	Date
/s/ Ronald E. Bitonti Ronald E. Bitonti	Manager	August 6, 2007
/s/ Todd G. Cole Todd G. Cole	Manager	August 6, 2007
/s/ Gerald A. Fawcett Gerald A. Fawcett	Manager	August 6, 2007
/s/ Marshall F. Wallach Marshall F. Wallach	Manager	August 6, 2007