

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

UNITED STATES ANTIMONY CORP
Form 10-Q
November 14, 2008

=====

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended September 30, 2008
- TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period _____ to _____

Commission file number 33-00215

UNITED STATES ANTIMONY CORPORATION

(Exact name of registrant as specified in its charter)

MONTANA

81-0305822

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

P.O. BOX 643, THOMPSON FALLS, MONTANA 59873

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (406) 827-3523

Indicate by check mark 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

Indicate by check mark whether the registrant is a shell company as defined by Rule 12b-2 of the Exchange Act.

YES No

At November 15, 2008 the registrant had outstanding 43,409,858 shares of par value \$0.01 common stock.

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

Large accelerated filer Accelerated filer Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

UNITED STATES ANTIMONY CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD
ENDED SEPTEMBER 30, 2008

TABLE OF CONTENTS

	Page
PART I - FINANCIAL INFORMATION	
Item 1: Financial Statements.....	1-8
Item 2: Management's Discussion and Analysis of Results of Operations and Financial Condition.....	8-12
Item 3: Quantitative and Qualitative Disclosure about Market Risk.....	12
Item 4: Controls and Procedures.....	12-13
PART II - OTHER INFORMATION	
Item 1: Legal Proceedings.....	14
Item 2: Unregistered Sales of Equity Securities and Use of Proceeds.....	14
Item 3: Defaults upon Senior Securities.....	14
Item 4: Submission of Matters to a Vote of Security Holders.....	14
Item 5: Other Information.....	14
Item 6: Exhibits and Reports on Form 8-K.....	14
SIGNATURE.....	15
CERTIFICATIONS.....	16-17

[The balance of this page has been intentionally left blank.]

PART I-FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

(UNAUDITED)
SEPTEMBER 30,
2008

DECEMBER
2008

ASSETS

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

Current assets:		
Cash	\$	3,660
Accounts receivable, less allowance for doubtful accounts of \$30,000		108,293
Inventories		185,407

Total current assets		297,360
Properties, plants and equipment, net		2,944,498
Restricted cash for reclamation bonds		80,210

Total assets	\$	3,322,068
		=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Checks issued and payable	\$	51,614
Accounts payable		801,053
Accrued payroll and payroll taxes		108,987
Other accrued liabilities		106,245
Deferred revenue, current		70,757
Accrued interest payable		28,232
Payable to related parties		234,468
Convertible note payable to a related party		100,000
Long-term debt, current		97,084

Total current liabilities		1,598,440
Deferred revenue, noncurrent		--
Long-term debt, noncurrent		78,332
Accrued reclamation and remediation costs, noncurrent		107,500

Total liabilities		1,784,272

Commitments and contingencies (Note 3)

Stockholders' equity:		
Preferred stock \$0.01 par value, 10,000,000 shares authorized:		
Series A: no shares issued and outstanding		--
Series B: 750,000 shares issued and outstanding (liquidation preference \$847,500)		7,500
Series C: 177,904 shares issued and outstanding (liquidation preference \$97,847)		1,779
Series D: 1,751,005 shares issued and outstanding (liquidation preference and cumulative dividends of \$4,549,838)		17,509
Common stock, \$0.01 par value, 60,000,000 shares authorized; 43,409,858 and 42,519,243 shares issued and outstanding, respectively		434,099
Additional paid-in capital		21,558,343
Accumulated deficit		(20,481,434)

Total stockholders' equity		1,537,796

Total liabilities and stockholders' equity	\$	3,322,068
		=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008	SEPTEMBER 30, 2007	FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006
	-----	-----	-----
Antimony Division			
Revenues	\$ 875,987	\$ 980,196	\$ 2,989,311
	-----	-----	-----
Cost of sales:			
Production costs	717,159	693,589	2,335,111
Depreciation	14,473	5,125	22,222
Freight and delivery	46,342	41,621	158,333
General and administrative	9,631	1,704	39,000
Direct sales expense	11,250	12,083	33,000
	-----	-----	-----
Total cost of sales	798,855	754,122	2,590,000
	-----	-----	-----
Gross profit - antimony	77,132	226,074	398,311
	-----	-----	-----
Zeolite Division			
Revenues	553,864	326,018	1,282,000
	-----	-----	-----
Cost of sales:			
Production costs	299,148	281,450	827,000
Depreciation	45,982	49,509	139,000
Freight and delivery	44,766	14,556	97,000
General and administrative	45,376	36,494	125,000
Royalties	70,752	39,441	163,000
Direct sales expense	19,067	13,492	56,000
	-----	-----	-----
Total cost of sales	525,091	434,942	1,410,000
	-----	-----	-----
Gross profit (loss) - zeolite	28,773	(108,924)	(127,000)
	-----	-----	-----
Total revenues - combined	1,429,851	1,306,214	4,271,311
Total cost of sales - combined	1,323,946	1,189,064	4,000,000
	-----	-----	-----
Gross profit - combined	105,905	117,150	271,311
	-----	-----	-----
Other operating (income) expenses:			
Corporate general and administrative	71,735	32,717	262,000
Exploration expense	100,631	85,434	278,000
Expired exclusivity contract	--	--	(800,000)
Gain on sale of properties, plants and equipment	(25,000)	(30,000)	(66,000)
	-----	-----	-----
Other operating (income) expenses	147,366	88,151	(325,000)
	-----	-----	-----
Income (loss) from operations	(41,461)	28,999	596,311
	-----	-----	-----
Other expenses:			
Interest expense, net	4,792	14,197	19,000
Factoring expense	28,527	28,776	91,000
	-----	-----	-----
Other expenses	33,319	42,973	111,000
	-----	-----	-----

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

Net income (loss)	\$ (74,780)	\$ (13,974)	\$ 485,256
	=====	=====	=====
Net income (loss) per share of common stock:			
Basic	\$ NIL	\$ NIL	\$ 0
	=====	=====	=====
Diluted	\$ NIL	\$ NIL	\$ 0
	=====	=====	=====
Weighted average shares outstanding:			
Basic	43,233,454	41,825,068	42,923,454
	=====	=====	=====
Diluted	45,561,787	41,825,068	46,033,454
	=====	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

2

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	FOR THE NINE MONTHS	
	SEPTEMBER 30, 2008	SEPTEMBER 30, 2007
	-----	-----
Cash Flows From Operating Activities:		
Net income (loss)	\$ 485,256	\$ (13,974)
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation expense	161,893	
Deferred financing costs as interest expense	--	
Gain on sale of properties, plants and equipment	(66,268)	
Gain on expiration of exclusivity agreement	(800,000)	
Change in:		
Accounts receivable, net	60,383	
Inventories	67,207	
Accounts payable	(43,786)	
Accrued payroll and payroll taxes	(4,625)	
Other accrued liabilities	6,394	
Deferred revenue	(56,481)	
Accrued interest payable	3,001	
Payable to related parties	(19,617)	
	-----	-----
Net cash used by operating activities	(206,643)	(13,974)
	-----	-----
Cash Flows From Investing Activities:		
Purchase of properties, plants and equipment	(216,396)	
Proceeds from sale of properties, plants and equipment	66,268	
Restricted cash for reclamation bonds	(14,474)	
	-----	-----
Net cash used by investing activities	(164,602)	
	-----	-----
Cash Flows From Financing Activities:		
Proceeds from sale of common stock and warrants, net of commissions	324,001	

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

Proceeds from long-term debt	6,437	
Principal payments of long-term debt	(19,410)	
Change in checks issued and payable	(17,870)	
	-----	-----
Net cash provided by financing activities	293,158	
	-----	-----
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (78,087)	
Cash and cash equivalents at beginning of period	81,747	
	-----	-----
Cash and cash equivalents at end of period	\$ 3,660	\$
	=====	=====
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-cash investing and financing activities:		
Properties, plants & equipment acquired with accounts payable	\$ 36,091	\$
	-----	-----
Properties, plants & equipment acquired with long-term debt	\$ 76,788	\$
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

3

PART I - FINANCIAL INFORMATION, CONTINUED:

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION:

The unaudited consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America for interim financial information, as well as the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the interim financial statements have been included. Operating results for the nine month period ended September 30, 2008 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2008. Certain consolidated financial statement amounts for the nine month period ended September 30, 2007 have been reclassified to conform to the 2008 presentation. These reclassifications had no effect on the net loss or accumulated deficit as previously reported.

For further information refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007.

The financial statements have been prepared on a going concern basis, which assumes realization of assets and liquidation of liabilities in the normal course of business. At September 30, 2008, the Company had negative working capital of approximately \$1,301,000 and an accumulated deficit of approximately \$20.5 million. These factors, among others, indicate that there is substantial

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

doubt that the Company will be able to meet its obligations and continue in existence as a going concern. The financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern.

2. EARNINGS (LOSS) PER COMMON SHARE:

The Company accounts for its earnings and loss per common share according to the Statement of Financial Accounting Standards No. 128 "Earnings Per Share" ("SFAS No. 128"). Under the provisions of SFAS No. 128, primary and fully diluted earnings per share are replaced with basic and diluted earnings per share. Basic earnings per share is arrived at by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding, and does not include the impact of any potentially dilutive common stock equivalents. At September 30, 2008 common stock equivalents, including warrants to purchase the Company's common stock and common stock issuable upon the conversion of a convertible note payable, including accrued interest are excluded from the calculations when their effect is antidilutive. For the three and nine months ended September 30, 2008, common stock equivalents of 2,328,333 and 3,110,001, respectively, are included as diluted weighted average shares. For the same periods, 4,495,710 and 3,714,042 respectively, of common stock equivalents are excluded from diluted weighted average shares because their exercise price was greater than the average market price during the periods.

3. COMMITMENTS AND CONTINGENCIES:

The Company's management believes that USAC is currently in substantial compliance with environmental regulatory requirements and that its accrued environmental reclamation and remediation costs are representative of management's estimate of costs required to fulfill its reclamation and remediation obligations. Such costs are accrued at the time the expenditure becomes probable and the costs can reasonably be estimated. The Company recognizes, however, that in some cases future environmental expenditures cannot be reliably determined due to the uncertainty of specific remediation methods, conflicts between regulating agencies relating to remediation methods and environmental law interpretations, and changes in environmental laws and regulations. Any changes to the Company's reclamation plans as a result of these factors could have an adverse effect on the Company's operations. The range of possible losses in excess of the amounts accrued cannot be reasonably estimated at this time.

4

PART I - FINANCIAL INFORMATION, CONTINUED:

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED), CONTINUED:

In March of 2007, the Company sustained an industrial accident at the BRZ mine resulting in a penalty of approximately \$88,000, which was recorded as a liability. As of September 30, 2008 approximately \$62,000 of this liability remained.

4. BUSINESS SEGMENTS

The Company has two operating segments, antimony and zeolite. Management reviews and evaluates the operating segments exclusive of interest and factoring expenses. Therefore, interest expense is not allocated to the segments. Selected information with respect to segments is as follows:

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

FOR THE NINE MONTHS ENDED
AND AS OF SEPTEMBER 30, 2008

Capital expenditures:	
Antimony	
United States	\$ --
Mexico	122,492

Subtotal Antimony	122,492
Zeolite	206,783

	\$ 329,275
	=====
Properties, plants and equipment, net:	
Antimony	
United States	\$ 95,109
Mexico	1,072,973

Subtotal Antimony	1,168,082
Zeolite	1,776,416

	\$ 2,944,498
	=====
Inventory:	
Antimony	
United States	\$ 135,305
Mexico	--

Subtotal Antimony	135,305
Zeolite	50,102

	\$ 185,407
	=====
Total Assets:	
Antimony	
United States	\$ 346,238
Mexico	1,072,973

Subtotal Antimony	1,419,211
Zeolite	1,898,196
Corporate	4,661

	\$ 3,322,068
	=====

5

PART I - FINANCIAL INFORMATION, CONTINUED:

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED), CONTINUED:

5. DEFERRED REVENUE

On October 25, 2006, the Company entered into an agreement to exclusively sell pozzlan zeolite (PZ) to one individual, who is a shareholder of the Company, over the next five years. The agreement calls for the individual to purchase a

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

minimum of 3,000 tons of PZ per month. If the minimum sales are not purchased for a 90-day period of time, the exclusivity of sales to this individual is forfeited. The agreement called for a sales price between \$30 and \$40 per ton until June 1, 2007, at which time the Company can adjust its price as necessary based on its production costs.

The agreement commenced upon receipt of \$500,000 from the shareholder (buyer), which occurred in 2006, and upon completion of permitting and construction of the new mill with operational milling equipment (completed as of December 31, 2007).

During the year ended December 31, 2007, the Company received an additional \$300,000 to extend the life of the agreement and provide exclusivity for certain other sales areas. The extension agreement was with a company, Zeolite Company of America (ZCA), of which the shareholder is part owner. The extension agreement lowered the monthly sales requirement to 350 tons per month and set the sale price at \$40 per ton beginning December 31, 2007. Should ZCA not purchase or pay for the 350 tons per month for any three month period, ZCA would lose its exclusivity and price commitment.

During the second quarter of 2008 the exclusivity agreement became void due to ZCA's failure to perform. As a result, the Company recognized the entire \$800,000 of deferred revenue related to the contract in the second quarter of 2008.

6. COMMON STOCK

By a vote at a special meeting of the stockholders held September 20, 2008, the Company's Articles of Incorporation were amended to revise authorized common shares to 60,000,000.

7. ADOPTION OF NEW ACCOUNTING PRINCIPLES

Effective January 1, 2008, we adopted the provisions of SFAS No. 157, "Fair Value Measurements", for our financial assets and financial liabilities without a material effect on our results of operations and financial position. The effective date of SFAS No. 157 for non-financial assets and non-financial liabilities has been deferred by FSP 157-2 to fiscal years beginning after November 15, 2008, and we do not anticipate the impact of adopting SFAS 157 for non-financial and non-financial liabilities to have a material impact on our results of operations and financial position.

SFAS No. 157 expands disclosure requirements to include the following information for each major category of assets and liabilities that are measured at fair value on a recurring basis: The fair value measurement;

- a. The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3);
- b. For fair value measurements using significant unobservable inputs (Level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:

PART I - FINANCIAL INFORMATION, CONTINUED:

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED), CONTINUED:

- 1) Total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings (or changes in net assets), and a description of where those gains or losses included in earnings (or changes in net assets) are reported in the statement of income (or activities);
- 2) The amount of these gains or losses attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting period date and a description of where those unrealized gains or losses are reported;
- 3) Purchases, sales, issuances, and settlements (net); and
- 4) Transfers in and/or out of Level 3.

At September 30, 2008, the company has no assets or liabilities that are measured at fair value on a recurring basis.

We also adopted the provisions of SFAS No. 159, "The Fair Value Option for Financial Liabilities", effective January 1, 2008. SFAS No. 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. The adoption of SFAS No. 159 has not had a material effect on our financial position or results of operations as of and for the nine months ended September 30, 2008.

8. NEW ACCOUNTING PRONOUNCEMENTS

In December 2007, the FASB revised SFAS No. 141 "Business Combinations". The revised standard is effective for transactions where the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS No. 141(R) will change the accounting for the assets acquired and liabilities assumed in a business combination, as follows:

- o Acquisition costs will be generally expensed as incurred;
- o Noncontrolling interests (formally known as "minority interests") will be valued at fair value at the acquisition date;
- o Acquired contingent liabilities will be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non-acquired contingencies;
- o In-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date;
- o Restructuring costs associated with a business combination will be generally expensed subsequent to the acquisition date; and
- o Changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense.

The adoption of SFAS No. 141(R) does not currently have a material effect on our consolidated financial statements. However, any future business acquisitions occurring on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 will be accounted for in accordance with this statement.

PART I - FINANCIAL INFORMATION, CONTINUED:

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED), CONTINUED:

In December 2007, FASB issued SFAS No. 160 "Non Controlling Interests in consolidated financial statements - an amendment of ARB No. 51," which is effective for fiscal years and interim periods within those years beginning on or after December 15, 2008. SFAS No. 160 amends ARB 51 to establish accounting and reporting standards for the non controlling ownership interest in a subsidiary and for the deconsolidation of a subsidiary. The Company is currently evaluating the potential impact of this statement on our consolidated financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

GENERAL

This report contains both historical and prospective statements concerning the Company and its operations. Prospective statements (known as "forward-looking statements") may or may not prove true with the passage of time because of future risks and uncertainties. The Company cannot predict what factors might cause actual results to differ materially from those indicated by prospective statements.

RESULTS OF OPERATIONS

FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2008 COMPARED TO THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2007.

The Company's operations resulted in a net loss of \$74,780 for the three-month period ended September 30, 2008, compared with a net loss of \$13,974 for the same period ended September 30, 2007. The increased loss for the third quarter of 2008 compared to the similar period of 2007 is primarily due to decreased revenues in the Antimony division, and increased expenses company-wide.

ANTIMONY DIVISION:

Total revenues from antimony product sales for the third quarter of 2008 were \$875,987 compared with \$980,196 for the comparable quarter of 2007, a decrease of \$104,209. During the three-month period ended September 30, 2008, 72% of the Company's revenues from antimony product sales were from sales to one customer. Sales of antimony products during the third quarter of 2008 consisted of 320,431 pounds at an average sale price of \$2.73 per pound. During the third quarter of 2007, sales of antimony products consisted of 384,548 pounds at an average sale price of \$2.54 per pound.

The cost of antimony production was \$717,159, or \$2.24 per pound sold during the third quarter of 2008 compared to \$693,589 or \$1.80 per pound sold during the third quarter of 2007. The increase in price per pound is primarily due to a rise in the cost of propane, a key production input.

Antimony depreciation for the third quarter of 2008 was \$14,473 compared to \$5,125 for the third quarter of 2007.

Antimony freight and delivery expense for the third quarter of 2008 was \$46,342 compared to \$41,621 during the third quarter of 2007.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

General and administrative expenses in the antimony division were \$9,631 during the third quarter of 2008 compared to \$1,704 during the same quarter in 2007. The increase is due to an increase in bank charges, increased interest expenses and increased insurance expenses.

8

PART I - FINANCIAL INFORMATION, CONTINUED:

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION, CONTINUED

Antimony sales expenses were \$11,250 for the third quarter of 2008 compared to \$12,083 for the same quarter in 2007.

ZEOLITE DIVISION:

Total revenue from sales of zeolite products during the third quarter of 2008 were \$553,864 at an average sales price of \$142.45 per ton, compared with the same quarter sales in 2007 of \$326,018 at an average sales price of \$120.93 per ton. The increase in revenue for the third quarter of 2008 compared to the same quarter of 2007 was primarily due to the increase of 1,192 tons of zeolite sold during the third quarter of 2008.

The cost of zeolite production was \$299,148, or \$76.94 per ton sold, for the third quarter of 2008 compared to \$281,450, or \$104.39 per ton sold, during the third quarter of 2007. The decrease was due to increased production and decreased maintenance expense during the third quarter of 2008 compared to the third quarter of 2007.

Zeolite depreciation for the third quarter of 2008 was \$45,982 compared to \$49,509 for the third quarter of 2007.

Zeolite freight and delivery for the third quarter of 2008 was \$44,766 compared to \$14,556 for the third quarter of 2007. The increase is due to an increase in tons of zeolite sold during the third quarter of 2008.

During the third quarter of 2008, the Company incurred costs totaling \$45,376 associated with general and administrative expenses at Bear River Zeolite Company, compared to \$36,494 of such expenses in the comparable quarter of 2007. The increase was primarily due to an increase in fine and penalty expense and guaranteed sales tax expense.

Zeolite royalties expenses were \$70,752 during the third quarter of 2008 compared to \$39,441 during the third quarter of 2007. The increase is due to an increase in tons of zeolite sold during the third quarter of 2008.

Zeolite sales expenses were \$19,067 during the third quarter of 2008 compared to \$13,492 during the third quarter of 2007. The increase is caused by higher costs related to the direct selling expenses.

ADMINISTRATIVE OPERATIONS

General and administrative expenses for the corporation were \$71,735 during the third quarter of 2008 compared to \$32,717 for the same quarter in 2007. The increase is primarily due to a commission expense adjustment in the third quarter of 2007 which significantly decreased general and administrative expenses in that quarter.

Exploration expense has increased by \$15,197 from the quarter ended September 30, 2007. The increase is primarily due to an increase in Mexico antimony

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

exploration.

The Company sold certain mining claims during the third quarter of 2008 that resulted in a gain on sale of property \$25,000 compared to a gain on sale of \$30,000 in the third quarter of 2007.

9

PART I - FINANCIAL INFORMATION, CONTINUED:

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION, CONTINUED

Interest expense of \$4,792 was incurred during the third quarter of 2008 compared to \$14,197 during the third quarter of 2007. The decrease is due to the payoff of a significant loan balance between periods.

Accounts receivable factoring expense was \$28,527 during the third quarter of 2008 compared to \$28,776 during the third quarter of 2007.

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2008 COMPARED TO THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2007.

The Company's operations resulted in net income of \$485,256 for the nine month period ended September 30, 2008, compared with a net loss of \$172,849 for the same period ended September 30, 2007. The increase in income for the first nine months of 2008 compared to the similar period of 2007 is primarily due to the recognition of revenue related to an expired exclusivity contract.

ANTIMONY DIVISION:

Total revenues from antimony product sales for the first nine months of 2008 were \$2,989,018 compared with \$3,172,863 for the first nine months of 2007, a decrease of \$183,845. During the nine month period ended September 30, 2008, 67% of the Company's revenues from antimony product sales were from sales to one customer. Sales of antimony products during the first nine months of 2008 consisted of 1,128,824 pounds at an average sale price of \$2.65 per pound. During the first nine months of 2007, sales of antimony products consisted of 1,256,520 pounds at an average sale price of \$2.53 per pound.

The cost of antimony production was \$2,335,392, or \$2.07 per pound sold during the first nine months of 2008 compared to \$2,287,751 or \$1.82 per pound sold during the first nine months of 2007. The increase in price per pound is primarily due to a rise in the cost of propane, a key production input.

Antimony depreciation for the first nine months of 2008 was \$22,103 compared to \$15,376 for the first nine months of 2007.

Antimony freight and delivery expense for the first nine months of 2008 was \$158,886 compared to \$155,628 during the first nine months of 2007.

General and administrative expenses in the antimony division were \$39,890 during the first nine months of 2008 compared to \$9,690 during the same period in 2007. The increase is due to an increase in finance charges on purchases, travel expenses and insurance expense.

Antimony sales expenses were \$33,750 for the first nine months of 2008 compared to \$33,750 for the same period in 2007.

ZEOLITE DIVISION:

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

Total revenue from sales of zeolite products during the first nine months of 2008 were \$1,282,878 at an average sales price of \$133.37 per ton compared with the same period's sales in 2007 of \$850,694 at an average sales price of \$125.88 per ton. The increase in revenue for the first nine months of 2008 compared to the first nine months of 2007 was primarily due to an increase of 2,861 tons sold during the first nine months of 2008.

10

PART I - FINANCIAL INFORMATION, CONTINUED:

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION, CONTINUED

The cost of zeolite production was \$827,332, or \$86.01 per ton sold, for the first nine months of 2008 compared to \$858,818, or \$127.08 per ton sold, during the first nine months of 2007. The decrease was principally due to increased efficiency and lower maintenance and supplies expenses.

Zeolite depreciation for the first nine months of 2008 was \$139,790 compared to \$109,593 for the first nine months of 2007. The increase in depreciation is due to the continued purchase of capital assets associated with zeolite production.

Zeolite freight and delivery for the first nine months of 2008 was \$97,969 compared to \$53,445 for the first nine months of 2007. The increase is due to a decrease in freight income, which is netted against freight and delivery costs, for the first nine months of 2008.

During the first nine months of 2008, the Company incurred costs totaling \$125,514 associated with general and administrative expenses at Bear River Zeolite Company, compared to \$138,403 of such expenses in the comparable period of 2007.

Zeolite royalties expenses were \$163,549 during the first nine months of 2008 compared to \$101,049 during the first nine months of 2007. This increase is primarily due to the increase in sales over the same period.

Zeolite sales expenses were \$56,528 during the first nine months of 2008 compared to \$37,759 during the first nine months of 2007. The increase is related to more commissions paid to sales personnel.

ADMINISTRATIVE OPERATIONS

General and administrative expenses for the corporation were \$262,764 during the first nine months of 2008 compared to \$212,720 for the first nine months of 2007. The increase is primarily due to one time payments related to a stock placement.

Exploration expenses were \$278,305 for the first nine months of 2008, compared to \$201,730 for the same period in 2007. The increase is primarily due to an increase in Mexico antimony exploration.

The Company recognized the entire \$800,000 of deferred revenue related to an expired exclusivity contract for zeolite in the first half of 2008.

The company sold certain mining claims during the first nine months of 2008 that resulted in a gain on sale of property of \$66,268 during the first nine months of 2008 compared to similar sales of \$127,541 during the first nine months of 2007.

Interest expense of \$19,415 was incurred during the first nine months of 2008

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

compared to \$34,884 during the first nine months of 2007. The decrease in interest resulted from increased interest income and lower outstanding debt principle balances.

Accounts receivable factoring expense was \$91,721 during the first nine months of 2008 compared to \$73,351 during the first nine months of 2007. This increase is a function of increased sales.

11

PART I - FINANCIAL INFORMATION, CONTINUED:

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION, CONTINUED

FINANCIAL CONDITION AND LIQUIDITY

At September 30, 2008, Company assets totaled \$3,322,068 and total stockholders' equity was \$1,537,796. Total stockholders' equity increased \$809,257 from December 31, 2007, primarily because of net income resulting from the recognition of revenue from an expired exclusivity contract. At September 30, 2008, the Company's total current liabilities exceeded its total current assets by \$1,301,080. To continue as a going concern, the Company must generate profits from its antimony and zeolite sales and acquire additional capital resources through the sale of its securities or from short and long-term debt financing. Without financing and profitable operations, the Company may not be able to meet its obligations, fund operations and continue in existence. While management is optimistic that the Company will be able to sustain profitable operations and meet its financial obligations, there can be no assurance of such. The Company's management is confident, however, given recent increases in production and pricing, the expectation of acquiring new customers, and a near-term reduction in capital spending, that it will be able to generate cash from operations and financing sources that will enable it to meet its obligations over the next twelve months.

Cash used by operating activities during the first nine months of 2008 was \$206,643, and resulted primarily from a decrease in accounts receivable and payable and deferred revenue, and the non-cash affects of depreciation and amortization expenses and the gain on sale of properties, plants and equipment.

Cash used by investing activities during the first nine months of 2008 was \$164,602 and primarily related to the purchase of property, plant and equipment in Mexico for anticipated operations.

Net cash provided by financing activities was \$293,158 during the first nine months of 2008 and was primarily generated from proceeds from the sale of common stock and exercise of warrants.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

Not applicable for small reporting company.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, as appropriate, to allow timely

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

decisions regarding required disclosure. Our president, who serves as the chief accounting officer, conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of September 30, 2008.

12

PART I - FINANCIAL INFORMATION, CONTINUED:

ITEM 4. CONTROLS AND PROCEDURES, CONTINUED

Based upon this evaluation, it was determined that there were material weaknesses affecting our internal control over financial reporting and, as a result of those weaknesses, our disclosure controls and procedures were not effective as of September 30, 2008. These material weaknesses are as follows:

- o The Company does not have either internally or on its Board of Directors the expertise to produce financial statements to be filed with the SEC.
- o The Company lacks proper segregation of duties. As with any company the size of ours, this lack of segregation of duties is due to limited resources. The president authorizes the majority of the expenditures and signs checks.
- o The Company lacks accounting personnel with sufficient skills and experience to ensure proper accounting for complex, non-routine transactions.
- o During its year end audit, our independent registered accountants discovered material misstatements in our financial statements that required audit adjustments.

MANAGEMENT'S REMEDIATION INITIATIVES

We are aware of these material weaknesses and plan to put procedures in place to ensure that independent review of material transactions is performed. In addition, we plan to consult with independent experts when complex transactions are entered into.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING.

There have been no changes during the quarter ended September 30, 2008 in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

13

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10-Q

During the three month period ended September 30, 2008, the Company sold shares of its restricted common stock and warrants as follows: 395,834 shares for \$0.32 per share (\$125,000). Both the common stock and the common stock underlying the warrants are restricted as defined under Rule 144. In management's opinion, the offer and sale of the securities were made in reliance on exemptions from registration provided by Section 4(2) and Rule 506 of Regulation D of the Securities Act of 1933, as amended and other applicable Federal and state securities laws.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The registrant has no outstanding senior securities.

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Certifications

Certifications Pursuant to the Sarbanes-Oxley Act

Reports on Form 8-K None

14

SIGNATURE

Pursuant to the requirements of Section 13 or 15(b) 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.

UNITED STATES ANTIMONY CORPORATION
(Registrant)

By: /s/ John C. Lawrence

Date: November 14, 2008

John C. Lawrence, Director and President
(Principal Executive, Financial and
Accounting Officer)