

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

UNITED STATES ANTIMONY CORP
Form 10QSB
November 13, 2007

=====

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

FORM 10-QSB

(Mark One)

- [X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended September 30, 2007
- [] 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

(Name of small business issuer 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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES [X] No []

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

YES [] No [X]

Transitional Small Business Disclosure Format

YES [] No [X]

At November 15, 2007 the registrant had outstanding 42,473,691 shares of par value \$0.01 common stock.

=====

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

UNITED STATES ANTIMONY CORPORATION
QUARTERLY REPORT ON FORM 10-QSB
FOR THE PERIOD
ENDED SEPTEMBER 30, 2007

TABLE OF CONTENTS

	Page
PART I - FINANCIAL INFORMATION	
Item 1: Financial Statements.....	1-7
Item 2: Management's Discussion and Analysis of Results of Operations and Financial Condition.....	7-11
Item 3: Controls and Procedures.....	12
PART II - OTHER INFORMATION	
Item 1: Legal Proceedings.....	13
Item 2: Unregistered Sales of Equity Securities and Use of Proceeds.....	13
Item 3: Defaults upon Senior Securities.....	13
Item 4: Submission of Matters to a Vote of Security Holders.....	13
Item 5: Other Information.....	13
Item 6: Exhibits and Reports on Form 8-K.....	13
SIGNATURE.....	14
CERTIFICATIONS.....	15-16

[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, 2007 -----
ASSETS	
Current assets:	
Cash	\$ 64,926
Accounts receivable, less allowance for doubtful accounts of \$30,000	146,543
Inventories	312,018

Total current assets	523,487

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

Properties, plants and equipment, net	2,686,226
Restricted cash for reclamation bonds	65,736

Total assets	\$ 3,275,449
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Checks issued and payable	\$ 63,110
Accounts payable	690,473
Accrued payroll and payroll taxes	78,662
Other accrued liabilities	77,807
Deferred revenue	168,768
Accrued interest payable	60,846
Payable to related parties	225,575
Convertible note payable to a related party	100,000
Long-term debt, current	90,227

Total current liabilities	1,555,468
Deferred revenue, noncurrent	400,000
Long-term debt, noncurrent	69,932
Accrued reclamation and remediation costs, noncurrent	107,500

Total liabilities	2,132,900

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 at December 31, 2006)	7,500
Series C: 177,904 shares issued and outstanding	
(liquidation preference \$97,847 at December 31, 2006)	1,779
Series D: 1,751,005 shares issued and outstanding	
(liquidation preference \$4,508,690 at December 31, 2006)	17,510
Common stock, \$0.01 par value, 50,000,000 shares authorized;	
42,473,691 shares issued and outstanding	424,737
Additional paid-in capital	21,206,849
Accumulated deficit	(20,515,826)

Total stockholders' equity	1,142,549

Total liabilities and stockholders' equity	\$ 3,275,449
	=====

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

United States Antimony Corporation and Subsidiaries
Consolidated Statements of Operations (Unaudited)

	For the three months ended		For the
	-----		-----
	Sept. 30,	Sept. 30,	Sept.
	2007	2006	2007
	-----	-----	-----

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

Antimony Division			
Revenues	\$ 980,196	\$ 780,917	\$ 3,172
	-----	-----	-----
Cost of sales:			
Production costs	693,589	477,478	2,287
Depreciation	5,125	10,096	15
Freight and delivery	41,621	43,295	155
General and administrative	1,704	6,791	9
Direct sales expense	12,083	13,001	33
	-----	-----	-----
Total cost of sales	754,122	550,661	2,502
	-----	-----	-----
Gross profit - antimony	226,074	230,256	670
	-----	-----	-----
Zeolite Division			
Revenues	326,018	384,527	850
	-----	-----	-----
Cost of sales:			
Production costs	281,450	270,550	858
Depreciation	49,509	29,037	109
Freight and delivery	14,556	18,454	53
General and administrative	36,494	31,670	138
Royalties	39,441	35,539	101
Direct sales expense	13,492	19,419	37
	-----	-----	-----
Total cost of sales	434,942	404,669	1,299
	-----	-----	-----
Gross profit (loss) - zeolite	(108,924)	(20,142)	(448)
	-----	-----	-----
Total revenues - combined	1,306,214	1,165,444	4,023
Total cost of sales - combined	1,189,064	955,330	3,801
	-----	-----	-----
Gross profit - combined	117,150	210,114	222
	-----	-----	-----
Other operating (income) expenses:			
Corporate general and administrative	32,717	66,614	212
Exploration expense	85,434	125,655	201
Gain on sale of properties, plants and equipment	(30,000)	--	(127)
	-----	-----	-----
Other operating (income) expenses	88,151	192,269	286
	-----	-----	-----
Income (loss) from operations	28,999	17,845	(64)
	-----	-----	-----
Other expenses:			
Interest expense, net	14,197	24,592	34
Factoring expense	28,776	26,013	73
	-----	-----	-----
Other expenses	42,973	50,605	108
	-----	-----	-----
Net loss	\$ (13,974)	\$ (32,760)	\$ (172)
	=====	=====	=====
Net loss per share of common stock - basic and diluted	Nil	Nil	
	=====	=====	=====
Basic and diluted weighted average shares outstanding	41,825,068	37,283,985	41,021
	=====	=====	=====

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

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, 2007	Sep
Cash Flows From Operating Activities:		
Net loss	\$ (172,849)	\$
Adjustments to reconcile net loss to net cash used by operating activities:		
Common stock issued for directors services	--	
Depreciation expense	124,969	
Deferred financing costs as interest expense	3,750	
Gain on sale of properties, plants and equipment	(127,541)	
Change in:		
Accounts receivable	(52,947)	
Inventories	(26,206)	
Restricted cash for reclamation bonds	17,360	
Accounts payable	10,969	
Accrued payroll and payroll taxes	10,393	
Other accrued liabilities	(2,494)	
Deferred revenue	(44,236)	
Accrued interest payable	1,655	
Payable to related parties	1,126	
Net cash used by operating activities	(256,051)	
Cash Flows From Investing Activities:		
Purchase of properties, plants and equipment	(678,445)	
Proceeds from sale of properties, plants and equipment	127,541	
Net cash used by investing activities	(550,904)	
Cash Flows From Financing Activities:		
Proceeds from sale of common stock and warrants, net of commissions	834,578	
Principal payments of long-term debt	(191,883)	
Change in checks issued and payable	10,821	
Net cash provided by financing activities	653,516	
NET DECREASE IN CASH AND CASH EQUIVALENTS	(153,439)	
Cash and cash equivalents at beginning of period	218,365	
Cash and cash equivalents at end of period	\$ 64,926	\$

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Non-cash investing and financing activities:

Properties, plants & equipment acquired with accounts payable	\$	24,256	\$
Properties, plants & equipment purchased with long-term debt		43,153	
Common stock issued for conversion of preferred stock		66	
Common stock issued for conversion of debt and related accrued interest		--	
Common stock issued for acquisition of properties, plants, & equipment		--	

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-QSB. 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, 2007 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2007. Certain consolidated financial statement amounts for the nine month period ended September 30, 2006 have been reclassified to conform to the 2007 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/A for the year ended December 31, 2006.

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, 2007, the Company had negative working capital of approximately \$1,030,000, an accumulated deficit of approximately \$20.5 million, and total stockholders' equity of approximately \$1,143,000. These factors, among others, indicate that there is substantial 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. LOSS PER COMMON SHARE:

The Company accounts for its 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 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. Common stock equivalents, including warrants to purchase the Company's common stock (approximately 6,967,727 shares at September 30, 2007) and common stock issuable

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

upon the conversion of a convertible note payable (approximately 500,000 shares at September 30, 2007) are excluded from the calculations when their effect is antidilutive.

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.

In March of 2007, the Company sustained an industrial accident at the BRZ mine. Based upon preliminary discussions with federal safety regulators, the Company has recorded an estimated penalty of \$39,635 as of September 30, 2007; the actual amount could differ from this estimate.

4

PART I - FINANCIAL INFORMATION, CONTINUED:

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

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:

	For the nine months ended and as of September 30, 2007

Capital expenditures:	
Antimony	
United States	\$ --
Mexico	126,700

Subtotal Antimony	126,700
Zeolite	619,154

	\$ 745,854
	=====
Properties, plants and equipment, net:	
Antimony	
United States	\$ 122,338
Mexico	874,440

Subtotal Antimony	996,778

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

Zeolite		1,689,448

	\$	2,686,226
		=====
Inventory:		
Antimony		
United States	\$	267,559
Mexico		--

Subtotal Antimony		267,559
Zeolite		44,459

	\$	312,018
		=====
Total Assets:		
Antimony		
United States	\$	540,014
Mexico		874,440

Subtotal Antimony		1,414,454
Zeolite		1,796,069
Corporate		64,926

	\$	3,275,449
		=====

5

PART I - FINANCIAL INFORMATION, CONTINUED:

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

5. RELATED PARTY TRANSACTIONS

A director of the Company acts as legal counsel to the Company. During the nine-month period ended September 30, 2007, the Company paid legal fees and expenses to this director in the amount of \$40,000. Of this amount, \$7,500 has been capitalized as properties, plant and equipment.

6. ADOPTION OF NEW ACCOUNTING PRINCIPLES

On January 1, 2007, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 155 "Accounting for Certain Hybrid Financial Instruments," which amends SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS No. 155 resolves issues addressed in Statement 133 Implementation Issue No. D1 "Application of Statement 133 to Beneficial Interests in Securitized Financial Assets," and:

- o Permits fair value remeasurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation;
- o Clarifies which interest-only strips are not subject to the requirements of SFAS No. 133;
- o Establishes a requirement to evaluate interests in securitized

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation;

- o Clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives; and
- o Amends SFAS No. 140 to eliminate the prohibition on a qualifying special-purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument.

The Company adopted SFAS No. 155 using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2007. There was no impact on the financial statements as of and for the nine months ended September 30, 2007 as a result of the adoption of SFAS No 155. In accordance with the modified prospective transition method, the financial statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS No. 155.

On January 1, 2007, the Company adopted Financial Accounting Standards Board Interpretation No. 48 ("FIN No. 48") "Accounting for Uncertainty in Income Taxes," FIN No. 48 clarifies the accounting for uncertainly in income taxes recognized in accordance with SFAS No. 109 "Accounting for Income Taxes," prescribing a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in a tax return. In the course of our assessment, we have determined that we are subject to examination of our income tax filings in the United States and state jurisdictions for the 2004 through 2006 tax years. In the event that the Company is assessed penalties and or interest; penalties will be charged to other operating expense and interest will be charged to interest expense.

The Company adopted FIN No. 48 using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2007. There was no impact on the financial statements as of and for the nine months ended September 30, 2007 as a result of the adoption of FIN No. 48. In accordance with the modified prospective transition method, the financial statements for prior periods have not been restated to reflect, and do not include, the impact of FIN No. 48.

6

PART I - FINANCIAL INFORMATION, CONTINUED:

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

7. NEW ACCOUNTING PRONOUNCEMENTS

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159), which will permit entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains on items for which the fair value option has been elected are to be reported in earnings. SFAS 159 will become effective in our 2008 financial statements. We have not yet determined the effect that adoption of SFAS 159 may have on our results of operations or financial position.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," (SFAS 157), which will become effective in our 2008 financial statements. SFAS 157 establishes a framework for measuring fair value and expands disclosure about fair value measurements, but does not require any new fair value

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

measurements. We have not yet determined the effect that adoption of SFAS 157 may have on our results of operations or financial position.

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, 2007 COMPARED TO THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2006.

The Company's operations resulted in a net loss of \$13,974 for the three-month period ended September 30, 2007, compared with a net loss of \$32,760 for the same period ended September 30, 2006. The decrease in the loss for the third quarter of 2007 compared to the similar period of 2006 is primarily due to gain on sale of mining interests.

ANTIMONY DIVISION:

Total revenues from antimony product sales for the third quarter of 2007 were \$980,196 compared with \$780,917 for the comparable quarter of 2006, an increase of \$199,279. During the three-month period ended September 30, 2007, 56% of the Company's revenues from antimony product sales were from sales to one customer. Sales of antimony products during the third quarter of 2007 consisted of 384,548 pounds at an average sale price of \$2.55 per pound. During the third quarter of 2006, sales of antimony products consisted of 307,321 pounds at an average sale price of \$2.54 per pound.

7

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

The cost of antimony production was \$693,589, or \$1.80 per pound sold during the third quarter of 2007 compared to \$477,478 or \$1.55 per pound sold during the third quarter of 2006. The increase in price per pound was primarily due to increased costs of raw materials.

Antimony depreciation for the third quarter of 2007 was \$5,125 which was comparable to \$10,096 for the third quarter of 2006.

Antimony freight and delivery expense for the third quarter of 2007 was \$41,621 compared to \$43,295 during the third quarter of 2006. The decrease was due to the decrease of freight costs.

General and administrative expenses in the antimony division were \$1,704 during the third quarter of 2007 compared to \$6,791 during the same quarter in 2006. The decrease is due to a decrease in finance charges on purchases.

Antimony sales expenses were \$12,083 for the third quarter of 2007 compared to \$13,001 for the same quarter in 2006.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

ZEOLITE DIVISION:

Total revenue from sales of zeolite products during the third quarter of 2007 were \$326,018 at an average sales price of \$120.93 per ton, compared with the same quarter sales in 2006 of \$384,527 at an average sales price of \$148.35 per ton. The decrease in revenue for the third quarter of 2007 compared to the same quarter of 2006 was primarily due to the decrease in the average sales price of \$27.42 per ton sold during the third quarter of 2007.

The cost of zeolite production was \$281,450, or \$104.39 per ton sold, for the third quarter of 2007 compared to \$270,550, or \$104.43 per ton sold, during the third quarter of 2006. The increase was due to the sale of 104 more tons of zeolite during the third quarter of 2007 than in the third quarter of 2006.

Zeolite depreciation for the third quarter of 2007 was \$49,509 compared to \$29,307 for the third quarter of 2006. The increase in depreciation is due to the continued purchase of capital assets associated with zeolite production.

Zeolite freight and delivery for the third quarter of 2007 was \$14,556 compared to \$18,454 for the third quarter of 2006.

During the third quarter of 2007, the Company incurred costs totaling \$36,494 associated with general and administrative expenses at Bear River Zeolite Company, compared to \$31,670 of such expenses in the comparable quarter of 2006. The increase was primarily due to increases in fines and travel expenses.

Zeolite sales expenses were \$13,492 during the third quarter of 2007 compared to \$19,419 during the third quarter of 2006. The decrease is caused by fewer commissions paid to sales personnel.

Zeolite royalties expenses were \$39,441 during the third quarter of 2007 compared to \$35,539 during the third quarter of 2006.

8

ADMINISTRATIVE OPERATIONS

Interest expense of \$14,197 was incurred during the third quarter of 2007 compared to \$24,592 during the third quarter of 2006. The decrease in interest resulted from additional principal payments on debt, using cash provided by sales of mining claims.

Accounts receivable factoring expense was \$28,776 during the third quarter of 2007 compared to \$26,013 during the third quarter of 2006.

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

General and administrative expenses for the corporation were \$32,717 during the third quarter of 2007 compared to \$66,614 for the same quarter in 2006. The decrease is primarily due to recovery of items previously expensed.

Exploration expense has decreased by \$40,221 from the quarter ended September 30, 2006 because of greater focus on plant construction than on exploration.

The Company sold certain mining claims during the third quarter of 2007 that resulted in a gain on sale of property \$30,000 during the third quarter of 2007. No such sales were transacted during the third quarter of 2006.

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

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

PERIOD ENDED SEPTEMBER 30, 2006.

The Company's operations resulted in a net loss of \$172,849 for the nine month period ended September 30, 2007, compared with a net loss of \$440,029 for the same period ended September 30, 2006. The decrease in the loss for the first nine months of 2007 compared to the similar period of 2006 is primarily due to an increase in sales of antimony, a decrease in expenses related to the exploration of the Mexican Project and the gain on sales of mining claims.

ANTIMONY DIVISION:

Total revenues from antimony product sales for the first nine months of 2007 were \$3,172,863 compared with \$2,408,774 for the first nine months of 2006, an increase of \$764,089. During the nine month period ended September 30, 2007, 49% 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 2007 consisted of 1,256,520 pounds at an average sale price of \$2.53 per pound. During the first nine months of 2006, sales of antimony products consisted of 1,093,851 pounds at an average sale price of \$2.20 per pound.

The cost of antimony production was \$2,287,751, or \$1.82 per pound sold during the first nine months of 2007 compared to \$1,637,184 or \$1.50 per pound sold during the first nine months of 2006. The increase in price per pound is primarily due to increased raw materials cost.

Antimony depreciation for the first nine months of 2007 was \$15,376 which was comparable to \$25,609 for the first nine months of 2006.

Antimony freight and delivery expense for the first nine months of 2007 was \$155,628 compared to \$148,304 during the first nine months of 2006. The increase is due to the increase in product shipped.

General and administrative expenses in the antimony division were \$9,690 during the first nine months of 2007 compared to \$23,791 during the same quarter in 2006. The decrease is due to a decrease in finance charges on purchases.

9

Antimony sales expenses were \$33,750 for the first nine months of 2007 compared to \$48,632 for the same quarter in 2006. The decrease is due to fewer commissions paid to sales personnel.

ZEOLITE DIVISION:

Total revenue from sales of zeolite products during the first nine months of 2007 were \$850,694 at an average sales price of \$125.88 per ton compared with the same period's sales in 2006 of \$880,892 at an average sales price of \$126.64 per ton. The decrease in revenue for the first nine months of 2007 compared to the first nine months of 2006 was primarily due to a decrease of 198 tons sold during the first nine months of 2007.

The cost of zeolite production was \$858,818, or \$127.08 per ton sold, for the first nine months of 2007 compared to \$779,097, or \$112.00 per ton sold, during the first nine months of 2006. The increase was principally due to the increased prices for fuel, labor, and materials.

Zeolite depreciation for the first nine months of 2007 was \$109,593 compared to \$84,844 for the first nine months of 2006. 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 2007 was \$53,445

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

compared to \$39,986 for the first nine months of 2006. The increase is due to a decrease in freight income, which is netted against freight and delivery costs, for the first nine months of 2007.

During the first nine months of 2007, the Company incurred costs totaling \$138,403 associated with general and administrative expenses at Bear River Zeolite Company, compared to \$75,961 of such expenses in the comparable quarter of 2006. The increase was due to increases in fines and travel expenses.

Zeolite royalties expenses were \$101,049 during the first nine months of 2007 compared to \$100,922 during the first nine months of 2006.

Zeolite sales expenses were \$37,759 during the first nine months of 2007 compared to \$55,824 during the first nine months of 2006. The decrease is related to fewer commissions paid to sales personnel.

ADMINISTRATIVE OPERATIONS

Interest expense of \$34,884 was incurred during the first nine months of 2007 compared to \$75,074 during the first nine months of 2006. The decrease in interest resulted from additional principal payments on debt, using cash provided by sales of mining interests.

Accounts receivable factoring expense was \$73,351 during the first nine months of 2007 compared to \$68,764 during the first nine months of 2006.

General and administrative expenses for the corporation were \$212,720 during the first nine months of 2007 compared to \$230,072 for the first nine months of 2006. The decrease is primarily due to recovery of items previously expensed.

Exploration expense decreased by \$133,901 from the nine months ended September 30, 2006 because of an increased focus on plant construction instead of exploration.

The company sold certain mining claims during the first nine months of 2007 that resulted in a gain on sale of property of \$127,541 during the first nine months of 2007. No such sales were transacted during the first nine months of 2006.

10

FINANCIAL CONDITION AND LIQUIDITY

At September 30, 2007, Company assets totaled \$3,275,449 and total stockholders' equity was \$1,142,549. Total stockholders' equity increased \$661,751 from December 31, 2006, primarily because of sales of common stock. At September 30, 2007, the Company's total current liabilities exceeded its total current assets by \$1,031,981. Because of the Company's operating losses and negative working capital, the Company's independent accountants included a paragraph in the Company's 2006 financial statements relating to a going concern uncertainty. 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, 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 2007 was

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

\$256,051, and resulted primarily from an increase in accounts receivable and the non-cash affects of depreciation and amortization expenses and the gain on sale of properties, plants and equipment.

Cash used in investing activities during the first nine months of 2007 was \$550,904 and primarily related to the BRZ Raymond Mill Project.

Net cash provided by financing activities was \$653,516 during the first nine months of 2007 and was primarily generated from proceeds from the sale of common stock and exercise of warrants.

11

ITEM 3. 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 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, 2007.

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, 2007. These material weaknesses are as follows:

- 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, 2007 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.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

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

During the three month period ended September 30, 2007, the Company sold shares of its restricted common stock and warrants as follows: 649,000 shares for \$0.25 per share (\$162,250), 200,000 shares for \$0.54 (\$108,000), and 200,000 for \$0.50 (\$100,000). In addition, the Company issued 6,667 shares of restricted common stock in conversion of 6,667 shares of preferred series D stock. 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

None

Reports on Form 8-K None

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 9, 2007

John C. Lawrence, Director and President

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

(Principal Executive, Financial and
Accounting Officer)