

UNITED STATES ANTIMONY CORP
Form 10-Q
November 05, 2012

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, 2012

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period _____ to _____

Commission file number 001-08675

UNITED STATES ANTIMONY CORPORATION
(Exact name of registrant as specified in its charter)

Montana
(State or other jurisdiction of incorporation
or organization)

81-0305822
(I.R.S. Employer Identification No.)

P.O. Box 643, Thompson Falls, Montana
(Address of principal executive offices)

59873
(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 10, 2012, the registrant had outstanding 61,786,822 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,

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

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 <input type="checkbox"/> | Accelerated filer <input type="checkbox"/> | Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company <input type="checkbox"/> |
|--|--|--|---|

UNITED STATES ANTIMONY CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD
ENDED SEPTEMBER 30, 2012

TABLE OF CONTENTS

| | Page |
|---|------|
| PART I – FINANCIAL INFORMATION | |
| Item 1: Financial Statements (unaudited) | 3 |
| Item 2: Management’s Discussion and Analysis of Results of Operations and Financial Condition | 13 |
| Item 3: Quantitative and Qualitative Disclosure about Market Risk | 15 |
| Item 4: Controls and Procedures | 15 |
| PART II – OTHER INFORMATION | |
| Item 1: Legal Proceedings | 16 |
| Item 2: Unregistered Sales of Equity Securities and Use of Proceeds | 16 |
| Item 3: Defaults upon Senior Securities | 16 |
| Item 4: Mine Safety Disclosures | 16 |
| Item 5: Other Information | 17 |
| Item 6: Exhibits and Reports on Form 8-K | 17 |
| SIGNATURE | 18 |
| CERTIFICATIONS | |

[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 Sheets

| | (Unaudited) September 30, 2012 | December 31, 2011 |
|---|--------------------------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,376,701 | \$ 5,427 |
| Certificates of deposit (Note 4) | 242,800 | - |
| Accounts receivable, less allowance for doubtful accounts of \$4,031 and \$7,600, respectively | 491,735 | 1,438,564 |
| Inventories | 1,454,633 | 1,066,813 |
| Other current assets | 57,659 | 56,208 |
| Deferred tax asset | 470,869 | 396,558 |
| Total current assets | 5,094,397 | 2,963,570 |
| Properties, plants and equipment, net | 8,342,025 | 6,047,004 |
| Restricted cash for reclamation bonds | 74,782 | 74,777 |
| Other assets | 155,036 | 54,766 |
| Total assets | \$ 13,666,240 | \$ 9,140,117 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Checks issued and payable | \$ - | \$ 113,908 |
| Deferred revenue | 31,668 | 43,760 |
| Accounts payable | 970,845 | 994,940 |
| Due to factor | 240,446 | 146,589 |
| Accrued payroll, taxes and interest | 93,105 | 141,928 |
| Other accrued liabilities | 32,434 | 119,292 |
| Payables to related parties | 13,382 | 331,978 |
| Long-term debt, current | 305,911 | 79,631 |
| Total current liabilities | 1,687,791 | 1,972,026 |
| Long-term debt, noncurrent | 136,993 | 158,218 |
| Asset retirement and accrued reclamation costs | 247,530 | 241,500 |
| Total liabilities | 2,072,314 | 2,371,744 |
| Commitments and contingencies (Note 5) | | |
| 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 | | |

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

| | | |
|--|---------------|--------------|
| (liquidation preference \$877,500) | 7,500 | 7,500 |
| Series C: 177,904 shares issued and outstanding (liquidation preference \$97,847) | 1,779 | 1,779 |
| Series D: 1,751,005 shares issued and outstanding (liquidation preference and cumulative dividends of \$4,714,433) | 17,509 | 17,509 |
| Common stock, \$0.01 par value, 90,000,000 shares authorized; 61,786,822 and 59,349,300 shares issued and outstanding, respectively | 617,868 | 593,492 |
| Additional paid-in capital | 30,723,895 | 25,635,129 |
| Accumulated deficit | (19,774,625) | (19,487,036) |
| Total stockholders' equity | 11,593,926 | 6,768,373 |
| Total liabilities and stockholders' equity | \$ 13,666,240 | \$ 9,140,117 |

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

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

| | For the three months ended | | For the nine months ended | |
|---|----------------------------|--------------|---------------------------|--------------|
| | September | September | September | September |
| | 30, 2012 | 30, 2011 | 30, 2012 | 30, 2011 |
| REVENUES | \$2,655,123 | \$3,332,008 | \$9,206,978 | \$9,262,039 |
| COST OF REVENUES | (2,517,497) | (2,505,682) | (8,659,703) | (7,913,079) |
| GROSS PROFIT | 137,626 | 826,326 | 547,275 | 1,348,960 |
| OPERATING EXPENSES: | | | | |
| General and administrative | 239,093 | 28,582 | 655,077 | 198,186 |
| Professional fees | 54,722 | 34,764 | 187,366 | 160,604 |
| TOTAL OPERATING EXPENSES | 293,815 | 63,346 | 842,443 | 358,790 |
| INCOME (LOSS) FROM OPERATIONS | (156,189) | 762,980 | (295,168) | 990,170 |
| OTHER INCOME (EXPENSE): | | | | |
| Interest income | 2,789 | 248 | 6,337 | 4,326 |
| Interest expense | (2,162) | (2,569) | (2,162) | (4,204) |
| Factoring expense | (19,563) | (52,586) | (70,907) | (126,000) |
| TOTAL OTHER INCOME (EXPENSE) | (18,936) | (54,907) | (66,732) | (125,878) |
| INCOME (LOSS) BEFORE INCOME TAXES | (175,125) | 708,073 | (361,900) | 864,292 |
| INCOME TAX (EXPENSE) BENEFIT | - | - | 74,311 | (24,426) |
| NET INCOME (LOSS) | \$(175,125) | \$708,073 | \$(287,589) | \$839,866 |
| Net income (loss) per share of common stock: | | | | |
| Basic | \$ Nil | \$0.01 | \$ Nil | \$0.01 |
| Diluted | \$ Nil | \$0.01 | \$ Nil | \$0.01 |
| Weighted average shares outstanding: | | | | |
| Basic | 61,786,822 | 59,150,784 | 61,051,943 | 58,157,638 |
| Diluted | 61,786,822 | 59,692,102 | 61,051,943 | 58,662,586 |

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

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

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

| | For the nine months ended | |
|--|---------------------------|---------------|
| | September | September |
| | 30, 2012 | 30, 2011 |
| Cash Flows From Operating Activities: | | |
| Net income (loss) | \$(287,589) | \$839,866 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization expense | 349,375 | 297,866 |
| Accretion of asset retirement obligation | 6,030 | - |
| Common stock issued to directors for services | 176,191 | - |
| Deferred income tax expense (benefit) | (74,311) | 21,926 |
| Change in: | | |
| Accounts receivable, net | 946,829 | (123,002) |
| Inventories | (387,820) | (1,099,035) |
| Other current assets | 250,737 | (279,193) |
| Other assets | (100,275) | (88,196) |
| Accounts payable | (24,095) | 627,752 |
| Accrued payroll, taxes and interest | (48,823) | (12,302) |
| Other accrued liabilities | (86,858) | (36,324) |
| Deferred revenue | (12,092) | - |
| Payables to related parties | (318,596) | 28,158 |
| Net cash provided by operating activities | 388,703 | 177,516 |
| Cash Flows From Investing Activities: | | |
| Purchase of certificates of deposit | (242,800) | (9) |
| Purchase of properties, plants and equipment | (2,292,246) | (1,744,892) |
| Net cash used by investing activities | (2,535,046) | (1,744,901) |
| Cash Flows From Financing Activities: | | |
| Net proceeds from (payments to) factor | 93,857 | 497,300 |
| Proceeds from sale of common stock, net of offering costs | 4,624,763 | 1,160,218 |
| Issuance of common stock pursuant to exercise of warrants | 60,000 | - |
| Principal payments on long-term debt | (147,095) | (110,487) |
| Payments received on stock subscription agreements | - | 82,563 |
| Change in checks issued and payable | (113,908) | - |
| Net cash provided by financing activities | 4,517,617 | 1,629,594 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 2,371,274 | 62,209 |
| Cash and cash equivalents at beginning of period | 5,427 | 448,861 |
| Cash and cash equivalents at end of period | \$2,376,701 | \$511,070 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Noncash investing and financing activities: | | |
| Properties, plants and equipment acquired with long-term debt | \$352,150 | \$239,900 |

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

| | | |
|---|-----------|--------|
| Properties, plants and equipment acquired with accounts payable | - | 89,654 |
| Common stock issued for prepaid directors fees | \$426,819 | - |
| Common stock issued pursuant to cashless exercise of warrants | \$253 | - |

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

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 three and nine month periods ended September 30, 2012, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2012.

Certain consolidated financial statement amounts for the three and nine month periods ended September 30, 2011 have been reclassified to conform to the 2012 presentation. These reclassifications had no effect on the net income 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-K for the year ended December 31, 2011.

During the nine months ended September 30, 2012 and 2011, the Company incurred interest expense of \$29,667 and \$0, respectively, all of which has been capitalized as part of the cost of constructing the Puerto Blanco Mill in Mexico.

2. Income (Loss) Per Common Share:

Basic earnings per share is calculated by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated based on the weighted average number of common shares outstanding during the period plus the effect of potentially dilutive common stock equivalents, including warrants to purchase the Company's common stock and convertible preferred stock. Management has determined that the calculation of diluted earnings per share for the three and nine month periods ending September 30, 2012, is not applicable since any additions to outstanding shares related to common stock purchase warrants would be anti-dilutive.

As of September 30, 2012 and 2011, the potentially dilutive common stock equivalents not included in the calculation of diluted earnings per share as their effect would have been anti-dilutive are as follows:

| | For the Three Months Ended | | For the Nine Months Ended | |
|-----------------------------|----------------------------|------------|---------------------------|------------|
| | September | September | September | September |
| | 30, 2012 | 30, 2011 | 30, 2012 | 30, 2011 |
| Warrants | 1,776,917 | | 1,776,917 | |
| Convertible preferred stock | 1,751,005 | 1,751,005 | 1,751,005 | 1,751,005 |
| Total possible dilution | 3,527,922 | 1,751,005 | 3,527,922 | 1,751,005 |
| Basic weighted shares | | | | |
| outstanding | 61,786,822 | 59,150,784 | 61,051,943 | 58,157,638 |
| Warrants | - | 541,318 | - | 504,948 |

| | | | | |
|--|------------|------------|------------|------------|
| Basic and diluted weighted shares outstanding | 61,786,822 | 59,692,102 | 61,051,943 | 58,662,586 |
|--|------------|------------|------------|------------|

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited), Continued:

3. Inventories

| | September 30, 2012 | December 31, 2011 |
|----------------|--------------------|-------------------|
| Antimony Metal | \$ 176,139 | \$ 152,026 |
| Antimony Oxide | 175,982 | 180,404 |
| Antimony Ore | 878,467 | 644,113 |
| Total antimony | 1,230,588 | 976,543 |
| Zeolite | 224,045 | 90,270 |
| | \$ 1,454,633 | \$ 1,066,813 |

4. Accounts Receivable and Due to Factor

The Company factors designated trade receivables pursuant to a factoring agreement with LSQ Funding Group L.C., an unrelated factor (the "Factor"). The agreement specifies that eligible trade receivables are factored with recourse. We submit selected trade receivables to the factor, and receive 85% of the face value of the receivable by wire transfer. Upon payment by the customer, we receive the remainder of the amount due from the factor, less a one-time servicing fee of 2% for the receivables factored. This servicing fee is recorded on the consolidated statement of operations in the period of sale to the factor.

Trade receivables assigned to the Factor are carried at the original invoice amount less an estimate made for doubtful accounts. Under the terms of the recourse provision, the Company is required to reimburse the Factor, upon demand, for factored receivables that are not paid on time. Accordingly, these receivables are accounted for as a secured financing arrangement and not as a sale of financial assets. The allowance for doubtful accounts is based on management's regular evaluation of individual customer's receivables and consideration of a customer's financial condition and credit history. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. Interest is not charged on past due accounts.

We present the receivables, net of allowances, as current assets and we present the amount potentially due to the Factor as a secured financing in current liabilities.

| | September 30, 2012 | December 31, 2011 |
|--|-----------------------|----------------------|
| Accounts Receivable | | |
| Accounts receivable - non factored | \$ 255,320 | \$ 1,299,575 |
| Accounts receivable - factored with recourse | 240,446 | 146,589 |
| Less allowance for doubtful accounts | (4,031) | (7,600) |
| Accounts receivable - net | \$ 491,735 | \$ 1,438,564 |

5. Commitments and Contingencies:

In 2005, a subsidiary of the Company signed an option agreement that gives it the exclusive right to explore and develop the San Miguel I and San Miguel II concessions for an annual payment of \$50,000, and an option to purchase payment of \$100,000 annually. Total payments will not exceed \$1,430,344, reduced by taxes paid. During the nine months ended September 30, 2012 and the year ended December 31, 2011, \$0 and \$186,956 respectively, was paid and capitalized as mineral rights in accordance with the Company's accounting policies.

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited), Continued:

From time to time, the Company is assessed fines and penalties by the Mine Safety and Health Administration (“MSHA”). Using appropriate regulatory channels, management may contest these proposed assessments. The Company has accrued \$7,360 and \$73,225 in other accrued liabilities as of September 30, 2012, and at December 31, 2011, respectively, related to such assessments.

During the nine months ended September 30, 2012, the Company negotiated a new credit facility increasing the Company’s lines of credit by \$202,000. As part of this agreement, two \$101,000 certificates of deposit were pledged as collateral. The increased loan facility allows us access to borrowings at an interest rate of 3.15% for the portion of the credit line used. At September 30, 2012, we did not have any outstanding line of credit debt.

6. Long – Term Debt

Long-term debt at September 30, 2012 and December 31, 2011 is as follows:

| | 2012 | 2011 |
|--|----------|--------|
| Note payable to ThermoFisher financial Services, bearing interest at 5.67%; payable in monthly installments of \$3522; maturing September 2013; collateralized by equipment. | \$41,000 | \$- |
| Note payable to De Lage Landen financial Services, bearing interest at 5.3%; payable in monthly installments of \$549; maturing March 2016; collateralized by equipment. | 21,004 | - |
| Note payable to Catepillar Finance, bearing interest at 6.15%; payable in monthly installments of \$2,032; maturing June 2015; collateralized by equipment. | 59,851 | 77,040 |
| Note payable to CNH Capital America, LLC, bearing interest at 4.5%; payable in monthly installments of \$505; maturing June 2013; collateralized by equipment. | 4,454 | 8,648 |
| Note payable to GE Capital, bearing interest at 2.25%; payable in monthly installments of \$359; maturing July 2013; collateralized by equipment. | 3,552 | 6,531 |
| Note payable to Robert and Phyllis Rice, bearing interest at 1%; payable in monthly installments of \$2,000; maturing March 2015; collateralized by equipment. | 63,206 | 80,882 |
| Note payable to De Lage Landen Financial Services at 5.2%; payable in monthly installments of \$709; maturing July 2014; collateralized by equipment. | 14,183 | 19,229 |
| Note payable to Catepillar Finance, bearing interest at 6.15%; payable in monthly installments of \$766; maturing August 2014; collateralized by equipment. | 16,590 | 21,990 |

| | | |
|--|----------------|----------------|
| Note payable to De Lage Landen Financial Services at 5.2%; payable in monthly installments of \$697; maturing January 2015; collateralized by equipment. | 18,360 | 23,529 |
| Note payable to Catepillar Finance, bearing interest at 5.95%; payable in monthly installments of \$827; maturing September 2015; collateralized by equipment. | 27,210 | - |
| Note payable for Corral Blanco land, bearing interest at 6%; payable in three installments; maturing May 1, 2013; collateralized by land. | 173,494 | - |
| Total debt | 442,904 | 237,849 |
| Less current portion | (305,911) | (79,631) |
| Noncurrent portion | \$136,993 | \$158,218 |

Debt outstanding will mature as follows:

| Twelve months ending | September 30, |
|----------------------|---------------|
| 2013 | \$ 305,911 |
| 2014 | 83,928 |
| 2015 | 49,821 |
| 2016 | 3,244 |
| | \$ 442,904 |

PART I - FINANCIAL INFORMATION, CONTINUED:

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited), Continued:

7. Concentrations of Risk

During the nine months ended September 30, 2012 and 2011, approximately 56% and 53% of the Company's revenues were generated by sales to three customers. Loss of any of the Company's key customers could adversely affect its business.

| Largest Customers | For the Nine Months Ended | |
|---------------------|---------------------------|-----------------------|
| | September 30, 2012 | September 30, 2011 |
| Customer A | \$ 2,038,378 | \$ 1,074,963 |
| Customer B | 2,033,470 | 1,932,345 |
| Customer C | 1,091,079 | 1,856,991 |
| | \$ 5,162,927 | \$ 4,864,299 |
| % of total revenues | 56.10 % | 52.50 % |

8. Related Party Transactions

During the first three and nine months of 2012 and 2011, the Company paid \$1,858 and \$23,884 in 2012, and \$43,387 and \$120,259 in 2011, respectively, to directors of the Company for services provided in permitting and other construction related activities at Mexican mill sites.

During the first three and nine months of 2012 and 2011, the Company paid \$15,625 and \$54,340 in 2012, and \$21,330 and \$65,912 in 2011, respectively, to John Lawrence, our President and Chief Executive Officer, as reimbursement for personally owned equipment used by the Company.

9. Stockholder's Equity

Issuance of Common Stock for Cash

During the nine months ending September 30, 2012, the Company sold an aggregate of 2,056,334 shares of unregistered common stock to existing stockholders and other parties for \$5,066,502. In connection with the sales of the Company's common stock, 1,207,750 warrants to purchase shares of the Company's common stock at \$2.50 per share, and 476,917 warrants at \$4.50 per share, were issued. Expenses of \$441,739 connected to the issuance of the unregistered shares were deducted from additional paid in capital. 200,000 shares were issued as an exercise of warrants at \$.30 per share for a total of \$60,000. Also in the first nine months of 2012, 25,265 shares were issued in a cashless exercise of 50,000 warrants, which resulted in an addition of \$263 to capital stock, and a corresponding reduction to additional paid in capital. No share or warrants to purchase shares of the Company's common stock were issued in the first nine months of 2011.

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited), Continued:

Issuance of Common Stock for Services

At December 31, 2011, the Company declared, but did not issue, 95,835 shares of unregistered common stock to be paid to its directors for services, having a fair value of \$230,004, based on the current stock price at the date declared. During the first nine months of 2012, the company issued 149,500 shares of unregistered common stock with a fair market value of \$401,819 to the Directors as compensation for past and future services. During the first nine months of 2012, the Company awarded 39,406 of the remaining 53,665 shares of unregistered common stock to its directors for services. 6,423 new shares with a fair value of \$25,000 were issued to new Directors during 2012. This expense is classified with general and administrative expense in the consolidated statement of operations.

Common Stock Warrants

The Company's Board of Directors has the authority to issue stock warrants for the purchase of preferred or unregistered common stock to directors and employees of the Company.

Transactions in common stock warrants are as follows:

| | Number of Warrants | Exercise Prices |
|-----------------------------|-----------------------|--------------------|
| Balance, December 31, 2010 | 725,000 | \$0.20-\$0.75 |
| Warrants exercised | (125,000) | \$0.30-\$0.40 |
| Balance, December 31, 2011 | 600,000 | \$0.30-\$0.60 |
| Warrants granted | 1,684,667 | \$2.50-\$4.50 |
| Warrants exercised | (250,000) | \$0.30-\$2.50 |
| Warrants expired | (150,000) | \$0.40 |
| Balance, September 30, 2012 | 1,884,667 | \$0.25-\$4.50 |

The above common stock warrants expire as follows:

Year Ended December 31:

| | |
|------------|-----------|
| 2014 | 1,157,750 |
| 2015 | 476,917 |
| Thereafter | 250,000 |
| | 1,884,667 |

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited), Continued:

10. 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 and factoring is not allocated to the segments. Selected information with respect to segments is as follows:

| | September 30, 2012 | As of December 31, 2011 |
|--|-----------------------|-------------------------------|
| Properties, plants and equipment, net: | | |
| Antimony | | |
| United States | \$ 1,774,326 | \$ 1,657,473 |
| Mexico | 4,861,559 | 2,791,233 |
| Subtotal Antimony | 6,635,885 | 4,448,706 |
| Zeolite | 1,706,140 | 1,598,298 |
| Total | \$ 8,342,025 | \$ 6,047,004 |
| Total Assets: | | |
| Antimony | | |
| United States | \$ 5,432,421 | \$ 2,387,425 |
| Mexico | 5,960,744 | 4,291,187 |
| Subtotal Antimony | 11,393,165 | 6,678,612 |
| Zeolite | 2,273,075 | 2,461,505 |
| Total | \$ 13,666,240 | \$ 9,140,117 |

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited), Continued:

| | For the three months ended | | For the nine months ended | |
|-----------------------|----------------------------|--------------------|---------------------------|--------------------|
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| Capital expenditures: | | | | |
| Antimony | | | | |
| United States | \$ 96,206 | \$ 16,501 | \$ 158,644 | \$ 95,790 |
| Mexico | 786,086 | 579,525 | 2,220,913 | 1,668,761 |
| Subtotal Antimony | 882,292 | 596,026 | 2,379,557 | 1,764,551 |
| Zeolite | 107,467 | 121,756 | 264,839 | 309,896 |
| Total | \$ 989,759 | \$ 717,782 | \$ 2,644,396 | \$ 2,074,447 |

| | For the three months ended | | For the nine months ended | |
|-----------------|----------------------------|--------------------|---------------------------|--------------------|
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| Revenues: | | | | |
| Antimony | \$ 1,974,535 | \$ 2,649,889 | \$ 6,678,725 | \$ 7,337,484 |
| Precious metals | 144,082 | 142,421 | 525,707 | 480,003 |
| Zeolite | 536,506 | 539,698 | 2,002,546 | 1,444,552 |
| Total | \$ 2,655,123 | \$ 3,332,008 | \$ 9,206,978 | \$ 9,262,039 |

| | For the three months ended | | For the nine months ended | |
|---------------|----------------------------|--------------------|---------------------------|--------------------|
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| Gross profit: | | | | |
| Antimony | \$ 156,059 | \$ 732,748 | \$ 421,037 | \$ 1,260,228 |
| Zeolite | (18,433) | 93,578 | 126,238 | 88,732 |
| Total | \$ 137,626 | \$ 826,326 | \$ 547,275 | \$ 1,348,960 |

| | For the three months ended | | For the nine months ended | |
|--------------------------------|----------------------------|--------------------|---------------------------|--------------------|
| | September 30, 2012 | September 30, 2011 | September 30, 2012 | September 30, 2011 |
| Depreciation and amortization: | | | | |
| Antimony | \$ 76,914 | \$ 51,746 | \$ 192,020 | \$ 148,612 |
| Zeolite | 55,077 | 53,617 | 157,355 | 149,254 |
| Total | \$ 131,991 | \$ 105,363 | \$ 349,375 | \$ 297,866 |

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Unaudited), Continued:

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.

For the three and nine month periods ended September 30, 2012 compared to the three and nine month periods ended September 30, 2011

Results of Operations by Division

| Antimony - Combined USA and Mexico | 3rd Qtr 2012 | 3rd Qtr 2011 | Nine Months 2012 | Nine Months 2011 |
|--|-----------------|-----------------|------------------------|------------------------|
| Lbs of Antimony Metal USA | 314,053 | 385,279 | 1,020,085 | 1,037,237 |
| Lbs of Antimony Metal Mexico: | 57,545 | 45,918 | 233,163 | 166,789 |
| Total Lbs of Antimony Metal Sold | 371,598 | 431,197 | 1,253,248 | 1,204,026 |
| Sales Price/Lb Metal | \$5.31 | \$6.15 | \$5.33 | \$6.09 |
| EBITDA/Lb Metal | \$0.62 | \$1.82 | \$0.49 | \$1.17 |
| Operating Income/Lb Metal | \$0.42 | \$1.70 | \$0.34 | \$1.05 |
| Gross antimony revenue - net of discount | \$1,974,535 | \$2,649,889 | \$6,678,725 | \$7,337,484 |
| Precious metals revenue | 144,082 | 142,421 | 525,707 | 480,003 |
| Production costs - USA | (1,173,827) | (1,639,741) | (4,200,298) | (5,128,984) |
| Product cost - Mexico | (268,735) | (214,437) | (1,088,871) | (778,905) |
| Direct sales and freight | (63,225) | (87,500) | (277,204) | (200,612) |
| General and administrative | (246,148) | (56,487) | (702,626) | (171,702) |
| Mexico non-production costs | (135,049) | (9,651) | (316,346) | (128,444) |
| EBITDA | 231,633 | 784,494 | 619,087 | 1,408,840 |
| Depreciation & amortization | (75,574) | (51,746) | (198,050) | (148,612) |
| Operating income - antimony | \$156,059 | \$732,748 | \$421,037 | \$1,260,228 |
| Zeolite | | | | |
| Tons sold | 2,260 | 2,819 | 8,960 | 8,662 |
| Sales Price/Ton | \$237.39 | \$191.45 | \$223.50 | \$166.77 |
| EBITDA/Ton | \$237.39 | \$191.45 | \$223.50 | \$166.77 |
| Operating Income (Loss)/Ton | \$(8.16) | \$33.20 | \$14.09 | \$10.24 |
| Gross zeolite revenue | \$536,506 | \$539,698 | \$2,002,546 | \$1,444,552 |
| Production costs | (402,165) | (262,645) | (1,380,675) | (835,758) |
| Direct sales and freight | (39,659) | (42,610) | (129,378) | (129,691) |
| Royalties | (47,945) | (24,266) | (176,992) | (121,317) |

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

| | | | | |
|-----------------------------------|--------------|-------------|--------------|-------------|
| General and administrative | (10,093) | (62,982) | (31,908) | (119,800) |
| EBITDA | 36,644 | 147,195 | 283,593 | 237,986 |
| Depreciation | (55,077) | (53,617) | (157,355) | (149,254) |
| Operating income (Loss) - zeolite | \$(18,433) | \$93,578 | \$126,238 | \$88,732 |
| Company-wide | | | | |
| Gross revenue | \$2,655,123 | \$3,332,008 | \$9,206,978 | \$9,262,039 |
| Production costs | (1,844,727) | (2,116,823) | (6,669,844) | (6,743,647) |
| Other operating costs | (542,119) | (283,496) | (1,634,454) | (871,566) |
| EBITDA | 268,277 | 931,689 | 902,680 | 1,646,826 |
| Depreciation & amortization | (130,651) | (105,363) | (355,405) | (297,866) |
| Operating income | 137,626 | 826,326 | 547,275 | 1,348,960 |
| Net interest | 627 | (2,321) | 4,175 | 122 |
| General and administrative costs | (239,093) | (28,582) | (443,059) | (198,186) |
| Board of Directors compensation | | | (212,018) | |
| Professional fees | (54,722) | (34,764) | (187,366) | (160,604) |
| Factoring expense | (19,563) | (52,586) | (70,907) | (126,000) |
| Income tax benefit (expense) | | | 74,311 | (24,426) |
| Net income (loss) | \$(175,125) | \$708,073 | \$(287,589) | \$839,866 |

PART I - FINANCIAL INFORMATION, CONTINUED:

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

The pounds of antimony produced and sold was down 19,322 lbs from the prior quarter of 2012 and down 59,599 lbs from the same quarter one year ago, and the sales price per pound was down \$0.76 per lb from the nine month period for the prior year. The pounds of product (raw material) from Mexico increased 11,627 lbs over the same quarter and 66,374 lbs over the nine months from one year ago, but were down 12,714 lbs from the prior quarter of 2012. The flotation plant at Puerto Blanco is on line since early October of 2012, and we should see increased product from Mexico in the upcoming quarters. Costs incurred in getting the Mexico plants in operation were substantial in 2012, and will continue during the remainder of the year as production is being ramped up. Conversely, we will have more antimony products from Mexico to sell, and the cost of raw material per pound of antimony produced will decrease as we are able to work more raw materials from Mexico into our production. In addition, we expect to have increased revenue from precious metals as we process more of the raw materials supplied by our Mexico division. We contracted in July 2012 to install a natural gas pipeline for our Mexico smelter operation. Our fuel costs are our second largest expense after raw material in Mexico, and we are expecting the switch from propane to natural gas to decrease our Mexico fuel costs by 75%. We have spent \$132,000 on the pipeline project as of September 30, 2012, and our projections are that the total cost will be approximately \$1 million. We expect the pipeline to be completed in nine months.

We had sales of precious metals since 2008 as follows:

| Silver/Gold | 2009 | 2010 | 2011 | 2012 YTD |
|-----------------------|----------|-----------|-----------|-----------|
| Ounces Gold Shipped | 31.797 | 101.127 | 161.711 | 72.609 |
| Ounces Silver Shipped | 6,870.10 | 31,545.22 | 17,472.99 | 16,370.15 |

The tons of zeolite sold in the third quarter of 2012 decreased by 559 tons sold from the tons sold the third quarter of 2011, but was up by 298 tons for the nine months ended September 30, 2012. The sales price per ton was better than the prior year's sales price. We expect this to continue through the remainder of the year.

Our general and administrative costs are significantly higher than the prior year, and management is aggressively seeking ways to bring this cost down. During the three months ended September 30, 2012, we incurred approximately \$88,000 in one time charges related to our listing on the NYSE MKT stock exchange.

Financial Condition and Liquidity

| | September 30, 2012 | December 31, 2011 |
|------------------------------------|-----------------------|----------------------|
| Current Assets | \$ 5,094,397 | \$ 2,963,570 |
| Current liabilities | (1,687,791) | (1,972,026) |
| Net Working Capital | \$ 3,406,606 | \$ 991,544 |
| Cash provided (used) by operations | \$ 482,560 | \$ 564,041 |
| Cash (used) by investing | (2,535,046) | (2,239,441) |
| Cash provided (used) by financing: | | |
| Principal paid on long-term debt | (147,095) | (124,722) |
| Sale of Stock | 4,684,763 | 1,242,780 |
| Other | (113,908) | 113,908 |
| Net change in cash | \$ 2,371,274 | \$ (443,434) |

Net cash provided by financing activities during the first nine months of 2012 and 2011 was \$4,423,760 and \$1,132,294, respectively, and was primarily generated from the sale of common stock.

PART I - FINANCIAL INFORMATION, CONTINUED:

Our liquidity (cash) and working capital has improved by approximately \$2.2 million from December 31, 2011. This was primarily due to an increase in cash, which is approximately the net cash received from issuing \$4.7 million of common stock, and expending \$2.3 million for capital improvements and operations. Decreases in our accounts receivable increased our cash position at September 30, 2012, and the primary decreases to cash were for payments of accounts payable, checks issued but not cleared at end of year, and payments on long term debt. We have lines of credit of \$202,000 which have not been drawn on at September 30, 2012.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

We sell our antimony products based on a world market price, and we buy a majority of our raw material based on the same market prices. Analysis of our costs indicate that, for the quarter and nine months ended September 30, 2012, raw materials were approximately 50% of our cost of goods sold. Most of our production costs are fixed in nature, and could not be decreased readily without decreasing our production. During the quarter and nine months ending September 30, 2012, a \$2 per pound decrease in our sales price would have likely caused our gross profit to decrease \$1 per pound.

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 decisions regarding required disclosure. Our chief financial 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, 2012.

It was determined that there were material weaknesses affecting our disclosure controls and procedures and, as a result of those weaknesses, our disclosure controls and procedures were not effective as of September 30, 2012. These material weaknesses are as follows:

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.

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

Since December 31, 2011 the Company has appointed three independent Director's to an Audit Committee which has been actively involved in the Company's internal controls over financial reporting through communications with the

Company's management and outside auditors.

15

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 March 31, 2012, the Company sold shares of its restricted common stock directly and through the exercise of outstanding stock purchase warrants as follows: 1,102,500 shares for \$2.00 per share (\$2,205,000), and 200,000 shares for \$.30 per share (\$60,000).

During the three month period ended June 30, 2012, the Company sold shares of its restricted common stock directly and through the exercise of outstanding stock purchase warrants as follows: 953,834 shares for \$3.00 per share (\$2,851,964), and 25,265 shares were issued as a cashless exercise of warrants.

\$441,739 was paid for cost and fees in connection with the issuance of the above shares, and was recorded as a reduction of additional paid in capital.

Common stock sold is 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. Proceeds received on sales of common stock were used for general corporate purposes.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The registrant has no outstanding senior securities.

ITEM 4. MINE SAFETY DISCLOSURES

Pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), issuers that are operators, or that have a subsidiary that is an operator, of a coal or other mine in the United States are required to disclose in their periodic reports filed with the SEC information regarding specified health and safety violations, orders and citations, related assessments and legal actions, and mining-related fatalities. During the six month period ended June 30, 2012, the Company had no material specified health and safety violations, orders or citations, related assessments or legal actions, mining-related fatalities, or similar events in relation to the Company's United States operations requiring disclosure pursuant to Section 1503(a) of the Dodd-Frank Act.

| | Mine Act §104 Violations (1) | Mine Act §104(b) Orders (2) | Mine Act §104(d) Citations and Orders (3) | Mine Act §(b)(2) Violations (4) | Mine Act §107(a) Orders (5) | Proposed Assessments from MSHA (In dollars\$) | Mining Related Fatalities | Mine Act §104(e) Notice (yes/no) (6) | Pending Legal Action before Federal Mine Saftey and Health Review Commission (yes/no) |
|----------------------------------|---------------------------------------|--------------------------------------|--|--|--------------------------------------|--|---------------------------------|---|---|
| Mine Bear River Zeolite | 0 | 0 | 0 | 0 | 0 | \$ 2,282.00 | 0 | No | No |

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

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

Date:

By: /s/ Daniel L. Parks
Daniel L. Parks, Chief Financial
Officer

Date: