

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

UNITED STATES ANTIMONY CORP  
Form 10QSB  
May 15, 2007

=====

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended March 31, 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

-----  
(State or other jurisdiction of  
incorporation or organization)

81-0305822

-----  
(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  No

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

YES  No

Transitional Small Business Disclosure Format

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

YES  No

At May 15, 2007, the registrant had outstanding 40,907,976 shares of par value \$0.01 common stock.

UNITED STATES ANTIMONY CORPORATION  
QUARTERLY REPORT ON FORM 10-QSB  
FOR THE PERIOD  
ENDED MARCH 31, 2007

TABLE OF CONTENTS

	Page
	----
PART I - FINANCIAL INFORMATION	
Item 1: Financial Statements.....	1-7
Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations.....	7-9
Item 3: Controls and Procedures.....	10
PART II - OTHER INFORMATION	
Item 1: Legal Proceedings.....	11
Item 2: Unregistered Sales of Equity Securities and Use of Proceeds.....	11
Item 3: Defaults upon Senior Securities.....	11
Item 4: Submission of Matters to a Vote of Security Holders.....	11
Item 5: Other Information.....	11
Item 6: Exhibits and Reports on Form 8-K.....	11
SIGNATURE.....	12
CERTIFICATIONS.....	13-14

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

i

PART I-FINANCIAL INFORMATION

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

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

	(Unaudited) March 31, 2007	December 31, 2006
	-----	-----
ASSETS		
Current assets:		
Cash	\$ 18,602	\$ 218,365
Accounts receivable, less allowance for doubtful accounts of \$30,000	172,862	93,596
Inventories	171,373	285,812
Deferred financing costs, net of amortization	1,875	3,750
	-----	-----
Total current assets	364,712	601,523
Properties, plants and equipment, net	2,383,742	2,065,341
Restricted cash for reclamation bonds	79,332	83,096
	-----	-----
Total assets	\$ 2,827,786	\$ 2,749,960
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Checks issued and payable	\$ 59,394	\$ 52,289
Accounts payable	555,995	655,252
Accrued payroll and payroll taxes	104,123	68,269
Other accrued liabilities	82,408	80,301
Deferred revenue	212,276	213,004
Accrued interest payable	55,832	59,191
Payable to related parties	191,119	224,449
Convertible note payable	100,000	100,000
Long-term debt, current	157,234	138,842
	-----	-----
Total current liabilities	1,518,381	1,591,597
Deferred revenue, noncurrent	400,000	400,000
Long-term debt, noncurrent	71,896	170,065
Accrued reclamation costs, noncurrent	107,500	107,500
	-----	-----
Total liabilities	2,097,777	2,269,162
	-----	-----
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	7,500
Series C: 177,904 shares issued and outstanding (liquidation preference \$97,847 at December 31, 2006)	1,779	1,779
Series D: 1,757,672 shares issued and outstanding (liquidation preference \$4,525,357 at December 31, 2006)	17,576	17,576
Common stock, \$0.01 par value, 50,000,000 shares authorized; 40,907,976 and 39,761,309 shares issued and outstanding	409,079	397,613
Additional paid-in capital	20,681,861	20,399,328
Accumulated deficit	(20,387,786)	(20,342,998)
	-----	-----
Total stockholders' equity	730,009	480,798
	-----	-----
Total liabilities and stockholders' equity	\$ 2,827,786	\$ 2,749,960
	=====	=====

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

1

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

	For the three months ended March 31, 2007	March 31, 2006
	-----	-----
Antimony Division		
Revenues	\$ 1,094,057	\$ 761,738
	-----	-----
Cost of sales:		
Production costs	757,966	544,574
Depreciation	5,125	6,080
Freight and delivery	64,019	51,148
General and administrative	3,793	9,640
Direct sales expense	9,870	16,021
	-----	-----
	840,773	627,463
	-----	-----
Income from operations - antimony	253,284	134,275
	-----	-----
Zeolite Division		
Revenues	255,708	210,020
	-----	-----
Cost of sales:		
Production costs	298,372	266,808
Depreciation	29,270	27,257
Freight and delivery	15,982	10,895
General and administrative	25,293	21,512
Royalties	30,136	27,085
Direct sales expense	10,465	13,170
	-----	-----
	409,518	366,727
	-----	-----
Loss from operations - zeolite	(153,810)	(156,707)
	-----	-----
Total revenues - combined	1,349,765	971,758
Total cost of sales - combined	1,250,291	994,190
	-----	-----
Income (loss) from operations - combined	99,474	(22,432)
	-----	-----
Other (income) expense:		
Corporate general and administrative	96,267	102,985
Exploration expense	79,629	133,650
Interest expense, net	5,203	23,066
Factoring expense	22,211	18,996
Gain on sale of properties, plants and equipment	(59,048)	--
	-----	-----
Other (income) expense	144,262	278,697
	-----	-----
Net loss	\$ (44,788)	\$ (301,129)

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

Net loss per share of common stock - basic and diluted	NIL	\$ (0.009)
Basic and diluted weighted average shares outstanding	40,213,987	34,610,907

2

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

	For the three months ended March 31, 2007	March 2006
<b>Cash Flows From Operating Activities:</b>		
Net loss	\$ (44,788)	\$ (30,000)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	34,395	34,395
Deferred financing costs as interest expense	1,875	1,875
Gain on sale of properties, plant and equipment	(59,048)	(59,048)
Change in:		
Accounts receivable	(79,266)	(79,266)
Inventories	114,439	114,439
Restricted cash for reclamation bonds	3,764	3,764
Accounts payable	(137,942)	(137,942)
Accrued payroll and payroll taxes	35,854	35,854
Other accrued liabilities	2,106	2,106
Deferred revenue	(728)	(728)
Accrued interest payable	(3,359)	(3,359)
Payable to related parties	(33,330)	(33,330)
Net cash provided by (used by) operating activities	(166,028)	(30,000)
<b>Cash Flows From Investing Activities:</b>		
Purchase of properties, plants and equipment	(314,111)	(314,111)
Proceeds from sale of properties, plants and equipment	59,048	59,048
Net cash used by investing activities	(255,063)	(255,063)
<b>Cash Flows From Financing Activities:</b>		
Proceeds from sale of common stock and warrants, net of commissions	294,000	294,000
Principal payments of long-term debt	(79,777)	(79,777)
Change in checks issued and payable	7,105	7,105
Net cash provided by financing activities	221,328	221,328
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(199,763)	(258,735)
Cash and cash equivalents at beginning of period	218,365	218,365
Cash and cash equivalents at end of period	\$ 18,602	\$ 59,630

# Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

### Non-cash investing and financing activities:

Property, plants & equipment acquired with payable	\$ 38,685	\$
	=====	=====
Common stock issued in exchange for equipment	\$ --	\$
	=====	=====

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 three month period ended March 31, 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 three month period ended March 31, 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 for the year ended December 31, 2006.

#### 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 7,951,086 at March 31, 2007) and common stock issuable upon the conversion of a convertible note payable (approximately 500,000 at March 31, 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 costs are representative of management's estimate of costs required to fulfill its reclamation obligations. Such costs are accrued at the time the expenditure becomes probable and the costs can

## Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

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 affect 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. The Company is not able to determine the amount of the uninsured loss and expenses, if any, at this time.

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 are as follows:

	For the three months ended and as of May 31, 2007
	-----
Capital expenditures:	
Antimony	
United States	\$       --
Mexico	2,000
	-----
Subtotal Antimony	2,000
Zeolite	350,796
	-----
	\$   352,796
	=====
Properties, plants and equipment, net:	
Antimony	
United States	\$   132,589
Mexico	749,740
	-----
Subtotal Antimony	882,329
Zeolite	1,501,413
	-----
	\$  2,383,742
	=====
Inventory:	
Antimony	
United States	\$   161,007
Mexico	--
	-----
Subtotal Antimony	161,007
Zeolite	10,366
	-----

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

	\$ 171,373
	=====
Total Assets:	
Antimony	
United States	\$ 455,894
Mexico	749,740
	-----
Subtotal Antimony	1,205,634
Zeolite	1,609,969
Corporate	12,183
	-----
	\$ 2,827,786
	=====

5

PART I - FINANCIAL INFORMATION, CONTINUED:

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

5. 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 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 three months ended March 31, 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



## Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

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 2003 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 three months ended March 31, 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:

#### 6. 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 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 MARCH 31, 2007 COMPARED TO THE THREE MONTH

## Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

PERIOD ENDED MARCH 31, 2006.

The Company's operations resulted in a loss of \$44,788 for the three-month period ended March 31, 2007, compared with a net loss of \$301,129 for the same period ended March 31, 2006. The decrease in the loss for the first quarter 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 rights.

### ANTIMONY DIVISION:

Total revenues from antimony product sales for the first quarter of 2007 were \$1,094,057 compared with \$761,738 for the comparable quarter of 2006, an increase of \$332,319. During the three-month period ended March 31, 2007, 44% of the Company's revenues from antimony product sales was from sales to one customer. Sales of antimony products during the first quarter of 2007 consisted of 470,892 pounds at an average sale price of \$2.32 per pound. During the first quarter of 2006 sales of antimony products consisted of 396,300 pounds at an average sale price of \$1.85 per pound.

7

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

The cost of antimony production was \$757,966, or \$1.67 per pound sold during the first quarter of 2007 compared to \$544,574 or \$1.37 per pound sold during the first quarter of 2006. The increase in price per pound was due to the increased costs of raw material, electricity and fuel.

Antimony depreciation for the first quarter of 2007 was \$5,125 which was comparable to \$6,080 for the first quarter of 2006.

Antimony freight and delivery expense for the first quarter of 2007 was \$64,019 compared to \$51,148 during the first quarter of 2006. The increase was due to the increase of freight costs due to higher fuel prices.

General and administrative expenses in the antimony division were \$3,793 during the first quarter of 2007 compared to \$9,640 during the same quarter in 2006. The decrease is due to a decrease in finance charges on purchases.

Antimony sales expenses were \$9,870 for the first quarter of 2007 compared to \$16,021 for the same quarter in 2006. The decrease is due to fewer commissions paid to sales personnel.

### ZEOLITE DIVISION:

Sales of zeolite products during the first quarter of 2007 were \$255,708 compared with the same quarter sales in 2006 of \$210,020. The increase in sales for the first quarter of 2007 compared to the same quarter of 2006 was due to an increase of approximately 156 tons sold during the first quarter of 2007.

The cost of zeolite production was \$298,372 for the first quarter of 2007 compared to \$266,808 during the first quarter of 2006. The increase was principally due to the increased prices for fuel and materials.

Zeolite depreciation for the first quarter of 2007 was \$29,270 compared to \$27,257 for the first quarter of 2006. The increase in depreciation is due to the continued purchase of capital assets associated with zeolite

## Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

production.

Zeolite freight and delivery for the first quarter of 2007 was \$15,982 compared to \$10,895 for the first quarter of 2006. The increase is due to higher fuel prices

During the first quarter of 2007, the Company incurred costs totaling \$25,293 associated with general and administrative expenses at Bear River Zeolite Company, compared to \$21,512 of such expenses in the comparable quarter of 2006. The increase was due to an increase in insurance expense.

Zeolite sales expenses were \$10,465 during the first quarter of 2007 compared to \$13,170 during the first quarter of 2006. The decrease is related to fewer commissions paid to sales personnel.

### ADMINISTRATIVE OPERATIONS

Interest expense of \$5,203 was incurred during the first quarter of 2007 compared to \$23,066 during the first quarter of 2006. The decrease in interest resulted from conversion of a convertible note to common stock and additional principal payments on debt with cash provided by sales of mining interests.

Accounts receivable factoring expense was \$22,211 during the first quarter of 2007 compared to \$18,996 during the first quarter of 2006. The increase was primarily due to the increase in sales.

8

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

General and administrative expenses for the corporation were \$96,267 during the first quarter of 2007 compared to \$102,985 for the same quarter in 2006. The decrease is due to decrease in accounting expense.

Exploration expense has decreased by \$54,021 from the quarter ended March 31, 2006 due to an increased focus on plant construction.

The company sold certain mining interests during the first quarter of 2007 that resulted in a gain on sale of property \$59,048 during the first quarter of 2007. No such sales were transacted during the first quarter of 2006.

### FINANCIAL CONDITION AND LIQUIDITY

At March 31, 2007, Company assets totaled \$2,827,786 and stockholders' equity was \$730,009. Stockholders' equity increased \$249,211 from December 31, 2006, primarily due to sales of common stock. At March 31, 2007, the Company's total current liabilities exceeded its total current assets by \$1,153,669. Due to 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 to 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

## Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

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 three months of 2007 was \$166,028, and resulted primarily from a decrease in accounts payable, including those owed to related parties, and the non-cash affects of depreciation and amortization expenses.

Cash used in investing activities during the first three months of 2007 was \$255,063 and primarily related to the BRZ Raymond Mill Project.

Net cash provided by financing activities was \$221,328 during the first three months of 2007 and was primarily generated from proceeds from the sale of common stock.

9

### 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 March 31, 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 March 31, 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 March 31, 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 March 31, 2007 the Company sold 363,334 shares of its restricted common stock and warrants for \$0.30 per share or \$109,000, issued 283,333 shares of its restricted common stock to exercising warrant holders for \$0.30 per share or \$85,000 and issued 500,000 shares of its restricted common stock to an exercising warrant holder for \$0.20 per share or \$100,000. 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

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: 14 May 2007

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10QSB

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