

UNITED STATES ANTIMONY CORP

Form 10-Q

November 13, 2009

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, 2009

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period _____ to _____

Commission file number 33-00215

UNITED STATES ANTIMONY CORPORATION

(Exact name of registrant as specified in its charter)

Montana
(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 16, 2009 the registrant had outstanding 51,687,091 shares of par value \$0.01 common stock.

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

Large accelerated filer ☐

Accelerated filer ☐

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

Smaller reporting
company ☐

UNITED STATES ANTIMONY CORPORATION

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD

ENDED SEPTEMBER 30, 2009

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PART I-FINANCIAL INFORMATION

Item 1. Financial Statements

United States Antimony Corporation and Subsidiaries
Consolidated Balance Sheets

| | (Unaudited) | |
|---|-----------------------|-------------------------|
| | September 30, 2009 | December 31, 2008 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$23,422 | \$53,848 |
| Accounts receivable, less allowance for doubtful accounts of \$7,872 and \$10,000, respectively | 240,529 | 66,761 |
| Inventories | 127,993 | 109,217 |
| Total current assets | 391,944 | 229,826 |
| Properties, plants and equipment, net | 3,173,811 | 2,960,624 |
| Restricted cash for reclamation bonds | 73,199 | 80,664 |
| Total assets | \$3,638,954 | \$3,271,114 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Checks issued and payable | \$38,863 | \$20,282 |
| Accounts payable | 529,753 | 655,381 |
| Accrued payroll and payroll taxes | 69,309 | 53,080 |
| Other accrued liabilities | 41,264 | 57,695 |
| Deferred revenue | 148,612 | 65,441 |
| Accrued interest payable | 27,354 | 26,348 |
| Payable to related parties | 11,664 | 232,752 |
| Long-term debt, current | 79,098 | 114,596 |
| Convertible note payable to a related party | — | 100,000 |
| Total current liabilities | 945,917 | 1,325,575 |
| Long-term debt, noncurrent | 60,501 | 54,541 |
| Accrued reclamation and remediation costs, noncurrent | 107,500 | 107,500 |
| Total liabilities | 1,113,918 | 1,487,616 |
| 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 \$855,000) | 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 \$4,590,987) | 17,509 | 17,509 |
| Common stock, \$0.01 par value, 60,000,000 shares authorized; | | |

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| | | |
|---|--------------|--------------|
| 51,334,091 and 45,868,535 shares issued and outstanding, respectively | 513,340 | 458,688 |
| Stock subscriptions receivable | (156,000) | (83,333) |
| Additional paid-in capital | 23,101,137 | 22,015,681 |
| Accumulated deficit | (20,960,229) | (20,634,326) |
| Total stockholders' equity | 2,525,036 | 1,783,498 |
| Total liabilities and stockholders' equity | \$3,638,954 | \$3,271,114 |

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

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

| | For the three months ended | | For the nine months ended | |
|--|----------------------------|-----------------------|---------------------------|-----------------------|
| | September 30, 2009 | September 30, 2008 | September 30, 2009 | September 30, 2008 |
| Antimony Division | | | | |
| Revenues | \$ 801,601 | \$ 875,987 | \$ 1,857,545 | \$ 2,989,018 |
| Cost of sales: | | | | |
| Production costs | 547,402 | 717,159 | 1,289,741 | 2,335,392 |
| Depreciation | 27,965 | 14,473 | 40,846 | 22,103 |
| Freight and delivery | 30,599 | 46,342 | 87,151 | 158,886 |
| General and administrative | 20,658 | 9,631 | 60,959 | 39,890 |
| Direct sales expense | 11,250 | 11,250 | 33,750 | 33,750 |
| Total cost of sales | 637,874 | 798,855 | 1,512,447 | 2,590,021 |
| Gross profit - antimony | 163,727 | 77,132 | 345,098 | 398,997 |
| Zeolite Division | | | | |
| Revenues | 411,369 | 553,864 | 1,079,869 | 1,282,878 |
| Cost of sales: | | | | |
| Production costs | 213,344 | 299,148 | 591,950 | 827,332 |
| Depreciation | 50,262 | 45,982 | 149,966 | 139,790 |
| Freight and delivery | 12,601 | 44,766 | 51,847 | 97,969 |
| General and administrative | 39,473 | 45,376 | 115,925 | 125,514 |
| Royalties | 53,208 | 70,752 | 143,446 | 163,549 |
| Direct sales expense | 17,476 | 19,067 | 53,223 | 56,528 |
| Total cost of sales | 386,364 | 525,091 | 1,106,357 | 1,410,682 |
| Gross profit (loss) - zeolite | 25,005 | 28,773 | (26,488) | (127,804) |
| Total revenues - combined | 1,212,970 | 1,429,851 | 2,937,414 | 4,271,896 |
| Total cost of sales - combined | 1,024,238 | 1,323,946 | 2,618,804 | 4,000,703 |
| Gross profit - combined | 188,732 | 105,905 | 318,610 | 271,193 |
| Other operating (income) expenses: | | | | |
| Corporate general and administrative | 101,049 | 71,735 | 309,547 | 262,764 |
| Exploration expense | 117,631 | 100,631 | 266,253 | 278,305 |
| Expired exclusivity contract | — | — | — | (800,000) |
| Gain on sale of properties, plants and equipment | — | (25,000) | — | (66,268) |
| Other operating (income) expenses | 218,680 | 147,366 | 575,800 | (325,199) |
| Income (loss) from operations | (29,948) | (41,461) | (257,190) | 596,392 |
| Other (income) expenses: | | | | |
| Interest (income) expense, net | 892 | 4,792 | 5,983 | 19,415 |
| Factoring expense | 18,878 | 28,527 | 62,730 | 91,721 |
| Other expenses | 19,770 | 33,319 | 68,713 | 111,136 |
| Net income (loss) | \$ (49,718) | \$ (74,780) | \$ (325,903) | \$ 485,256 |
| Net income (loss) per share of common stock: | | | | |

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| | | | | |
|-------------------|--------|--------|---------|-----------|
| Basic and diluted | \$ NIL | \$ NIL | \$(0.01 |) \$0.011 |
|-------------------|--------|--------|---------|-----------|

Weighted average shares outstanding:

| | | | | |
|---------|------------|------------|------------|------------|
| Basic | 51,061,186 | 43,233,454 | 49,340,637 | 42,923,306 |
| Diluted | 51,561,186 | 45,561,787 | 49,840,637 | 46,033,307 |
| Diluted | 46,595,843 | 42,645,817 | 46,033,307 | 41,021,940 |

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

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

| | For the nine months ended | |
|--|---------------------------|-----------------------|
| | September 30, 2009 | September 30, 2008 |
| Cash Flows From Operating Activities: | | |
| Net income (loss) | \$(325,903) | \$485,256 |
| Adjustments to reconcile net income (loss) to net cash used by operating activities: | | |
| Depreciation expense | 190,812 | 161,893 |
| Gain on sale of properties, plants and equipment | — | (66,268) |
| Gain on expiration of exclusivity agreement | — | (800,000) |
| Share-based compensation | 39,000 | — |
| Change in: | | |
| Accounts receivable, net | (173,768) | 60,383 |
| Inventories | (18,776) | 67,207 |
| Accounts payable | (198,298) | (43,786) |
| Accrued payroll and payroll taxes | 16,229 | (4,625) |
| Other accrued liabilities | (16,431) | 6,394 |
| Deferred revenue | 83,171 | (56,481) |
| Accrued interest payable | 1,006 | 3,001 |
| Payable to related parties | (21,088) | (19,617) |
| Net cash used by operating activities | (424,046) | (206,643) |
| Cash Flows From Investing Activities: | | |
| Purchase of properties, plants and equipment | (312,329) | (216,396) |
| Proceeds from sale of properties, plants and equipment | — | 66,268 |
| Restricted cash for reclamation bonds | 7,465 | (14,474) |
| Net cash used by investing activities | (304,864) | (164,602) |
| Cash Flows From Financing Activities: | | |
| Proceeds from sale of common stock, net of commissions | 715,108 | 324,001 |
| Proceeds from long-term debt | — | 6,437 |
| Principal payments of long-term debt | (48,538) | (19,410) |
| Payments received on stock subscription agreements | 13,333 | — |
| Change in checks issued and payable | 18,581 | (17,870) |
| Net cash provided by financing activities | 698,484 | 293,158 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (30,426) | (78,087) |
| Cash and cash equivalents at beginning of period | 53,848 | 81,747 |
| Cash and cash equivalents at end of period | \$23,422 | \$3,660 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

| | | |
|--|-----------|--------|
| Noncash investing and financing activities: | | |
| Warrants exercised for forgiveness of payable to related party | \$200,000 | \$— |
| Stock issued for conversion of convertible note payable to related party | 100,000 | — |
| Stock issued for subscription receivable | 86,000 | — |
| Properties, plants and equipment acquired with A/P | 72,670 | 36,091 |

| | | |
|---|--------|--------|
| Properties, plants & equipment acquired with long-term debt | 19,000 | 76,788 |
|---|--------|--------|

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

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PART I - FINANCIAL INFORMATION, CONTINUED:

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

1. Basis of Presentation and Changes in Accounting Policies:

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 month period ended September 30, 2009 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2009. Certain consolidated financial statement amounts for the nine month period ended September 30, 2008 have been reclassified to conform to the 2009 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, 2008.

The Financial Accounting Standards Board (FASB) issued the FASB Accounting Standards Codification (ASC) on July 1, 2009, which is effective for reporting periods ending on or after September 15, 2009. The ASC changed the way that U. S. generally accepted accounting principles (U.S. GAAP) are referenced by reorganizing the thousands of individual pronouncements that comprised U.S. GAAP into 90 accounting topics utilizing a consistent structure for each topic. The ASC does not change how the Company accounts for its transactions or the nature of related disclosures made. However, when referring to guidance issued by the FASB, the Company must now refer to topics in the ASC rather than to Statements of Financial Accounting Standards or other accounting pronouncements. Any references to U.S. GAAP in this report have been updated to reflect the guidance in the ASC

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, 2009, the Company had negative working capital of approximately \$554,000 and an accumulated deficit of approximately \$21 million. 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. The Company's management is confident, however, given recent increases in pricing, the expectation of acquiring new customers, and continued reduction in capital spending, that it will be able to generate cash from operations and financing sources that will enable it to meet its obligations over the next twelve months.

Fair Value Measures

ASC 820, "Fair Value Measurements and Disclosures", requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 prioritizes the inputs into three levels that may be used to measure fair value:

- Level 1: Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

- Level 2: Applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3: Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

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PART I - FINANCIAL INFORMATION, CONTINUED:

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

Our financial assets and liabilities consist principally of items measured using Level 1 inputs including cash, accounts receivable, accounts payable and accrued liabilities, and debt. Other non-financial assets, including mining claims and accrued remediation are measured using Level 3 inputs. The recorded values of our assets and liabilities approximate their current fair values using Level 1 or Level 3 inputs at September 30, 2009.

2. Earnings (Loss) Per Common Share:

Basic earnings per share is arrived at by dividing net income or loss available to common stockholders by the weighted average number of common shares outstanding, and does not include the impact of any potentially dilutive common stock equivalents. At September 30, 2009 common stock equivalents, including warrants to purchase the Company's common stock are excluded from the calculations since 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.

At September 30, 2009 the Company accrued \$40,802 for penalties assessed at the Bear River Zeolite facility. The Company is currently trying to eliminate the penalty through an appeals process.

4. Concentrations of Risk

During the quarters ended September 30, 2009 and 2008, approximately 50% and 72%, respectively, of the Company's antimony revenues were generated by sales to one customer. The loss of the Company's "key" customer could adversely affect its business.

5. Related Party Transactions

During the second quarter of 2009, the Company paid \$28,000 to a director of the Company for development of Mexican mill sites.

In the nine month period ended September 30, 2009, the Company's Principal Executive Officer exercised his conversion rights under the Unsecured Convertible Note Payable owed him at a conversion price of \$0.20 per share, and was issued 500,000 shares of common stock.

During the nine month period ended September 30, 2009, the Company's Principal Executive Officer exercised a stock purchase warrant held for \$0.20 per share and was issued 1,000,000 shares of common stock. The warrant was exercised using accounts payable formerly owed to him.

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PART I - FINANCIAL INFORMATION, CONTINUED:

United States Antimony Corporation and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited), Continued:

6. 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 three months ended | | For the nine months ended | |
|--|----------------------------|-----------------|---------------------------|-----------|
| | September | September | September | September |
| | 30, 2009 | 30, 2008 | 30, 2009 | 30, 2008 |
| Capital expenditures: | | | | |
| Antimony | | | | |
| United States | \$22,000 | \$25,000 | \$22,000 | \$34,515 |
| Mexico | 141,625 | 46,818 | 348,622 | 87,977 |
| Subtotal Antimony | 163,625 | 71,818 | 370,622 | 122,492 |
| Zeolite | 11,481 | 32,397 | 33,377 | 206,783 |
| | \$175,106 | \$104,215 | \$403,999 | \$329,275 |
| | | As of September | As of December 31, | |
| | | 30, 2009 | 2008 | |
| Properties, plants and equipment, net: | | | | |
| Antimony | | | | |
| United States | | \$ 73,987 | \$ 94,137 | |
| Mexico | | 1,480,980 | 1,131,053 | |
| Subtotal Antimony | | 1,554,967 | 1,225,190 | |
| Zeolite | | 1,618,844 | 1,735,434 | |
| | | \$ 3,173,811 | \$ 2,960,624 | |
| Inventory: | | | | |
| Antimony | | | | |
| United States | | \$ 54,077 | \$ 56,432 | |
| Mexico | | — | — | |
| Subtotal Antimony | | 54,077 | 56,432 | |
| Zeolite | | 73,916 | 52,785 | |
| | | \$ 127,993 | \$ 109,217 | |
| Total Assets: | | | | |
| Antimony | | | | |
| United States | | \$ 338,273 | \$ 266,746 | |
| Mexico | | 1,502,338 | 1,131,053 | |
| Subtotal Antimony | | 1,840,611 | 1,397,799 | |
| Zeolite | | 1,796,279 | 1,818,867 | |
| Corporate | | 2,064 | 54,448 | |
| | | \$ 3,638,954 | \$ 3,271,114 | |

PART I - FINANCIAL INFORMATION, CONTINUED:

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

7. Adoption of New Accounting Principles

On January 1, 2009, the Company adopted provisions of ASC 820-10-55, "Fair Value Measurements and Disclosure – Implementation", which delayed the effective date of ASC 820 for one year for certain nonfinancial assets and nonfinancial liabilities, excluding those that are recognized or disclosed in financial statements at fair value on a recurring basis (that is, at least annually). For purposes of applying the provisions, nonfinancial assets and nonfinancial liabilities include all assets and liabilities other than those meeting the definition of a financial asset or a financial liability in ASC 825. These provisions deferred the effective date of ASC 820 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of these provisions. The Company had previously adopted ASC 820 on January 1, 2008. The adoption of ASC 820-11-55 did not have a material effect on the Company.

On January 1, 2009, the Company adopted provisions of ASC 470-20, "Debt with Conversion and Other Options". These provisions specify that issuers of such instruments should separately account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. The adoption of these standards did not have a material effect on the Company's financial statements.

On January 1, 2009, the Company adopted provisions of ASC 805, "Business Combinations", and ASC 810-10-65, "Noncontrolling Interests in Consolidated Financial Statements". ASC 805 requires an acquirer to measure the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquiree at their fair values on the acquisition date, with goodwill being the excess value over the net identifiable assets acquired. ASC 810-10-65 clarifies that a noncontrolling interest in a subsidiary should be reported as equity in the consolidated financial statements. The calculation of earnings per share will continue to be based on income amounts attributable to the parent. The adoption of these standards did not have a material effect on the Company's financial statements.

On January 1, 2009, the Company adopted provisions of ASC 815, "Derivatives and Hedging". ASC 815 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under ASC 815 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. The adoption of this standard did not have a material effect on the Company's financial statements.

8. Subsequent Events

We have evaluated all events subsequent to the balance sheet date of September 30, 2009 through the date of filing this Form 10-Q with the SEC on November 16, 2009. We have determined that there are no subsequent events that require recognition or disclosure in these financial statements.

PART I - FINANCIAL INFORMATION, 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.

Results of Operations

For the three month period ended September 30, 2009 compared to the three month period ended September 30, 2008.

The Company's operations resulted in a net loss of \$49,718 for the three-month period ended September 30, 2009, compared with net loss of \$74,780 for the same period ended September 30, 2008. The difference in income for the third quarter of 2009 compared to the similar period of 2008 is primarily due to a decrease in production costs relative to revenues. Both period's losses are largely the result of expenses related to Mexican exploration.

Antimony Division:

Total revenues from antimony product sales for the third quarter of 2009 were \$801,601 compared with \$875,987 for the comparable quarter of 2008, a decrease of \$74,386. During the three-month period ended September 30, 2009, 50% of the Company's revenues from antimony product sales were from sales to one customer. Sales of antimony products during the third quarter of 2009 consisted of 343,074 pounds at an average sale price of \$2.34 per pound. During the third quarter of 2008, sales of antimony products consisted of 320,431 pounds at an average sale price of \$2.73 per pound. The decrease in antimony revenues is due to declining prices for the commodity and decreased raw material supplies.

The cost of antimony production was \$547,402, or \$1.60 per pound sold during the third quarter of 2009 compared to \$717,159 or \$2.24 per pound sold during the third quarter of 2008. The decrease in cost per pound is primarily due to a renegotiated raw material supply agreement.

Antimony depreciation for the third quarter of 2009 was \$27,965 compared to \$14,473 for the third quarter of 2008. The increase in depreciation is due to the fact that many assets were placed in service in Mexico during the third quarter of 2009.

Antimony freight and delivery expense for the third quarter of 2009 was \$30,599 compared to \$46,342 during the third quarter of 2008. The decrease in freight and delivery expense is primarily due to a decrease in the amount of freight delivered.

General and administrative expenses in the antimony division were \$20,658 during the third quarter of 2009 compared to \$9,631 during the same quarter in 2008. The increase is due to an increase in travel fees for Mexico and insurance expenses.

Antimony sales expenses were \$11,250 for the third quarter of 2009 and the same for the third quarter in 2008.

PART I - FINANCIAL INFORMATION, CONTINUED:

ITEM 2. Management's Discussion and Analysis of Results of Operations and Financial Condition, continued

Zeolite Division:

Total revenue from sales of zeolite products during the third quarter of 2009 were \$411,369 at an average sales price of \$135.41 per ton, compared with the same quarter sales in 2008 of \$553,864 at an average sales price of \$142.45 per ton.

The cost of zeolite production was \$213,344, or \$70.23 per ton sold, for the third quarter of 2009 compared to \$299,148, or \$76.94 per ton sold, during the third quarter of 2008. The decrease was due to decreased labor expense during the third quarter of 2009 compared to the third quarter of 2008.

Zeolite depreciation for the third quarter of 2009 was \$50,262 compared to \$45,982 for the third quarter of 2008.

Zeolite freight and delivery for the third quarter of 2009 was \$12,601 compared to \$44,766 for the third quarter of 2008. The decrease is due to a decrease in freight expense due to a program of having customers pay their own freight.

During the third quarter of 2009, the Company incurred costs totaling \$39,473 associated with general and administrative expenses at Bear River Zeolite Company, compared to \$45,376 of such expenses in the comparable quarter of 2008. The decrease is primarily due to a decrease in insurance and travel expenses.

Zeolite royalties expenses were \$53,208 during the third quarter of 2009 compared to \$70,752 during the third quarter of 2008. The decrease is due to a decrease in tons of zeolite sold during the third quarter of 2009.

Zeolite sales expenses were \$17,476 during the third quarter of 2009 compared to \$19,067 during the third quarter of 2008. The decrease is caused by lower costs related to the direct selling expenses.

Administrative Operations

General and administrative expenses for the corporation were \$101,049 during the third quarter of 2009 compared to \$71,735 for the same quarter in 2008. The increase is due to increased office labor, telephone, and other miscellaneous expenses.

Exploration expense for the third quarter of 2009 was \$117,631, an increase of \$17,000 from the quarter ended September 30, 2008. The increase is primarily due to increasing Mexican antimony exploration.

Interest expense of \$892 was incurred during the third quarter of 2009 compared to \$4,792 expensed during the third quarter of 2008. The decrease in expense is due to the conversion of a significant loan balance to common stock between periods and higher earnings on interest-bearing accounts.

Accounts receivable factoring expense was \$18,878 during the third quarter of 2009 compared to \$28,527 during the third quarter of 2008. This decrease is due to the fact that fewer invoices are being factored.

PART I - FINANCIAL INFORMATION, CONTINUED:

ITEM 2. Management's Discussion and Analysis of Results of Operations and Financial Condition, continued

For the nine month period ended September 30, 2009 compared to the nine month period ended September 30, 2008.

The Company's operations resulted in a net loss of \$325,903 for the nine month period ended September 30, 2009, compared with net income of \$485,256 for the same period ended September 30, 2008. The decrease in income of \$811,159 for the first nine months of 2009 compared to the similar period of 2008 is primarily due to the recognition of revenue related to an expired exclusivity contract in 2008. Mexican exploration costs were a major contributing factor to the 2009 loss.

Antimony Division:

Total revenues from antimony product sales for the first nine months of 2009 were \$1,857,545 compared with \$2,989,018 for the first nine months of 2008, a decrease of \$1,131,473. During the nine month period ended September 30, 2009, 43% 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 2009 consisted of 841,154 pounds at an average sale price of \$2.21 per pound. During the first nine months of 2008, sales of antimony products consisted of 1,128,824 pounds at an average sale price of \$2.65 per pound. The decrease in sales was due to a lack of raw materials and lower prices.

The cost of antimony production was \$1,289,741, or \$1.53 per pound sold during the first nine months of 2009 compared to \$2,335,392 or \$2.07 per pound sold during the first nine months of 2008. The decrease in price per pound is primarily due to a renegotiated supply agreement.

Antimony depreciation for the first nine months of 2009 was \$40,846 which was comparable to \$22,103 for the first nine months of 2008. This increase is primarily due to the fact that many assets were placed in service in Mexico in 2009.

Antimony freight and delivery expense for the first nine months of 2009 was \$87,151 compared to \$158,886 during the first nine months of 2008. The decrease in freight and delivery expense is primarily due to decreased production of antimony during 2009.

General and administrative expenses in the antimony division were \$60,959 during the first nine months of 2009 compared to \$39,890 during the same period in 2008. The increase is due to an increase in property tax expense, travel fees for Mexico and insurance expense.

Antimony sales expenses were \$33,750 for the first nine months of 2009 and 2008.

Zeolite Division:

Total revenue from sales of zeolite products during the first nine months of 2009 were \$1,079,869 at an average sales price of \$131.10 per ton compared with the same period's sales in 2008 of \$1,282,878 at an average sales price of \$133.37 per ton. The decrease in revenue for the first nine months of 2009 compared to the first nine months of 2008 was due to a decrease in tons sold during the first nine months of 2009.

The cost of zeolite production was \$591,950, or \$71.86 per ton sold, for the first nine months of 2009 compared to \$827,332, or \$86.01 per ton sold, during the first nine months of 2008. The decrease was principally due to new management.

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PART I - FINANCIAL INFORMATION, CONTINUED:

ITEM 2. Management's Discussion and Analysis of Results of Operations and Financial Condition, continued

Zeolite depreciation for the first nine months of 2009 was \$149,966 compared to \$139,790 for the first nine months of 2008. 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 2009 was \$51,847 compared to \$97,969 for the first nine months of 2008. The decrease is due to decreased fuel costs for freight delivery.

During the first nine months of 2009, the Company incurred costs totaling \$115,925 associated with general and administrative expenses at Bear River Zeolite Company, compared to \$125,514 of such expenses in the comparable period of 2008.

Zeolite royalties expenses were \$143,446 during the first nine months of 2009 compared to \$163,549 during the first nine months of 2008.

Zeolite sales expenses were \$53,223 during the first nine months of 2009 compared to \$56,528 during the first nine months of 2008.

Administrative Operations

General and administrative expenses for the corporation were \$309,547 during the first nine months of 2009 compared to \$262,764 for the first nine months of 2008. The increase is primarily due to increased accounting and telephone expenses and increased director compensation.

Exploration expense decreased by \$12,052 for the nine months ended September 30, 2009 because of decreased exploration in Mexico.

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

The company sold certain mining claims during the first nine months of 2008 that resulted in a gain on sale of property of \$66,268 during the first nine months of 2008. No mining claims were sold during the first nine months of 2009.

Interest expense of \$5,983 was incurred during the first nine months of 2009 compared to \$19,415 during the first nine months of 2008. The decrease in interest resulted from increased interest income and lower outstanding debt principle balances.

Accounts receivable factoring expense was \$62,730 during the first nine months of 2009 compared to \$91,721 during the first nine months of 2008. The decrease is primarily due to fewer receivables factored in 2009.

PART I - FINANCIAL INFORMATION, CONTINUED:

ITEM 2. Management's Discussion and Analysis of Results of Operations and Financial Condition, continued

Financial Condition and Liquidity

At September 30, 2009, Company assets totaled \$3,638,954 and total stockholders' equity was \$2,525,036. Total stockholders' equity increased \$741,538 from December 31, 2008, primarily because of sales of common stock and conversion of debt to common stock, offset by net losses incurred. At September 30, 2009, the Company's total current liabilities exceeded its total current assets by \$553,973. To continue as a going concern, the Company must generate profits from its antimony and zeolite sales and/or 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 results. The Company's management is confident, however, given recent increases in pricing, the expectation of acquiring new customers, and continued reduction in capital spending, that it will be able to generate cash from operations and financing sources that will enable it to meet its obligations over the next twelve months.

Cash used by operating activities during the first nine months of 2009 was \$424,046, and resulted primarily from operating losses.

Cash used by investing activities during the first nine months of 2009 was \$304,864 and primarily related to the purchase of property, plant and equipment in Mexico.

Net cash provided by financing activities was \$698,484 during the first nine months of 2009 and was primarily generated from proceeds from the sale of common stock and exercise of warrants.

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk.

Not applicable for small reporting company.

ITEM 4. Controls and Procedures

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, as appropriate, to allow timely 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, 2009.

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, 2009. These material weaknesses are as follows:

- The Company does not have either internally or on its Board of Directors the expertise to produce financial statements to be filed with the SEC.

PART I - FINANCIAL INFORMATION, CONTINUED:

ITEM 4. Controls and Procedures, continued

- 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.
- The Company lacks accounting personnel with sufficient skills and experience to ensure proper accounting for complex, non-routine transactions.
- 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, 2009 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, 2009, the Company sold shares of its restricted common stock directly and through the exercise of outstanding stock purchase warrants as follows: 70,556 shares for \$0.20 per share (\$14,111) and 420,000 shares for \$0.30 per share (\$126,000). 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. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

Certifications

Certifications Pursuant to the Sarbanes-Oxley Act

Reports on Form 8-K None

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 13, 2009

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

