UNITED STATES ANTIMONY CORP
Form 10QSB
May 20, 2005

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

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2005

[_] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period ____________ to ____________

Commission file number 33-00215

UNITED STATES ANTIMONY CORPORATION
(Name of small business issuer in its charter)

MONTANA	81-0305822
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

P.O. BOX 643, THOMPSON FALLS, MONTANA 59873
(Address of principal executive offices) (Zip code)

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] No [_]

At May 19, 2005, the registrant had outstanding 31,595,483 shares of par value $0.01 common stock.

UNITED STATES ANTIMONY CORPORATION
QUARTERLY REPORT ON FORM 10-QSB

FOR THE QUARTERLY PERIOD
ENDED MARCH 31, 2005

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PART I-FINANCIAL INFORMATION

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

	(UNAUDITED) MARCH 31, 2005
ASSETS	
Current assets:	
Cash	
Accounts receivable, less allowance for doubtful accounts of $30,000	$ 52,3

Inventories		239,2
Total current assets		291,5
Investment in USAMSA, net		2,6
Properties, plants and equipment, net		763,3
Restricted cash for reclamation bonds		89,4
Deferred financing costs, net amortization		20,6
Total assets	$	1,167,5

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:		
Checks issued and payable	$	82,2
Accounts payable		427,4
Accrued payroll and related taxes		125,9
Other accrued liabilities		71,3
Deferred revenue		25,9
Accrued interest payable		36,7
Payable to related parties		291,3
Long-term debt, current		69,5
Accrued reclamation costs, current		80,0
Total current liabilities		1,210,4
Secured convertible and convertible notes payable		350,0
Long-term debt, noncurrent		605,1
Accrued reclamations costs, noncurrent		62,5
Total liabilities		2,228,1
Commitments and contingencies (Note 3) Stockholders' deficit:		
Preferred stock, $0.01 par value, 10,000,000 shares authorized:		
Series A: 4,500 shares issued and outstanding		
Series B: 750,000 shares issued and outstanding		7,5
Series C: 177,904 shares issued and outstanding		1,7
Series D: 1,899,600 shares issued and outstanding		18,9
Common stock, $0.01 par value, 50,000,000 shares authorized; 31,627,500 issued and outstanding		316,2
Additional paid-in capital		18,144,8
Accumulated deficit		(19,550,0
Total stockholders' deficit		(1,060,6
Total liabilities and stockholders' deficit	$	1,167,5

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

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

	FOR THE
	MARCH 31, 2005

Revenues:		
Sales of antimony products and other	$	722,5
Sales of zeolite products		309,9
		1,032,5
Cost of sales:		
Cost of antimony production		483,7
Antimony depreciation		10,3
Antimony freight and delivery		50,3
Cost of zeolite production		258,3
Zeolite depreciation		18,2
Zeolite freight and delivery		22,5
		843,5
Gross profit		188,9
Other operating expenses:		
Corporate general and administrative		81,4
Antimony general and administrative		6,2
Antimony sales expenses		13,7
Bear River Zeolite sales expenses		19,4
Bear River Zeolite general and administrative		71,2
		192,2
Other (income) expense:		
USAMSA expense		8
Interest expense		35,4
Factoring expense		28,2
Interest income and other		(3
		64,2
Net loss	$	67,5
Basic net loss per share of common stock	$	N
Basic weighted average shares outstanding		31,542,5

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

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

FOR THE
MARCH 31, 2005

Cash flows from operating activities:		
Net loss	$	(67,5
Adjustments to reconcile net loss to net cash used by operations:		
Depreciation and amortization		31,2
Series D stock issued to directors		
Change in:		
Restricted cash		2,0
Accounts receivable		4,4
Inventories		(1,3
Accounts payable		(13,6
Accrued payroll and property taxes		23,5
Accrued other		(5,0
Judgment payable		
Deferred Revenue		(4,0
Accrued interest payable		5,8
Payable to related parties		3,6
Net cash used by operating activities		(20,8
Cash flows from investing activities:		
Purchase of properties, plants and equipment		(108,8
Net cash used in investing activities		(108,8
Cash flows from financing activities:		
Proceeds from issuance of common stock and warrants		
Proceeds from exercise of warrants		28,0
Payments on notes payable to bank		
Proceeds from notes payable to bank		7,7
Change in checks issued and payable		82,2
Net cash provided by financing activities		118,0
Net change in cash		(11,6
Cash, beginning of period		
Cash, end of period	$	
Supplemental disclosures:		
Common stock issued in satisfaction of accounts payable	$	

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

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PART I - FINANCIAL INFORMATION, CONTINUED:

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY
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, 2005 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2005. Certain consolidated financial statement amounts for the three-month period ended March 31, 2004 have been reclassified to conform to the 2005 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, 2004.

2. LOSS PER COMMON SHARE:

The Company accounts for its income (loss) per common share according to the Statement of Financial Accounting Standards No. 128 "Earnings Per Share" ("SFAS No. 128"). Under the provisions of SFAS No. 128, primary and fully diluted earnings per share are replaced with basic and diluted earnings per share. Basic earnings per share is arrived at by dividing net income (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 and common stock issuable upon the conversion of debentures are excluded from the calculations when their effect is antidilutive.

3. COMMITMENTS AND CONTINGENCIES:

Until 1989, the Company mined, milled and leached gold and silver in the Yankee Fork Mining District in Custer County, Idaho. In 1994, the U.S. Forest Service, under the provisions of the Comprehensive Environmental Response Liability Act of 1980 ("CERCLA"), designated the cyanide leach plant as a contaminated site. In 1996, the Idaho Department of Environmental Quality requested that the Company sign a consent decree related to completing the reclamation and remediation at the Preachers Cove mill. The Company has been diligently reclaiming the property and anticipates it will have the reclamation complete in the near term.

In November of 2001, the Environmental Protection Agency ("EPA") listed two by-products of the Company's antimony oxide manufacturing process as hazardous wastes under subtitle C of the Resource Conservation and Recovery Act ("RCRA"), and emergency notification requirements for releases to the environment under CERCLA. On November 26, 2002, the Company received a notice of violation related to a hazardous waste discharge that was discovered during a hazardous waste compliance evaluation inspection conducted at the Company's Thompson Falls antimony facility. In response to the notice, the Company removed certain antimony materials from its production area and agreed to ensure that future releases of hazardous waste would not occur. At March 31, 2005, management believes that no additional liability will result from the violation.

3. COMMITMENTS AND CONTINGENCIES, CONTINUED:

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

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 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.

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 for the quarters ended March 31, 2004 and 2005 are as follows:

	2005	2004
Revenues:		
Antimony	$ 722,535	$ 510,324
Zeolite	309,989	342,013
	$ 1,032,524	$ 852,337
Cost of sales:		
Production and freight and delivery:		
Antimony	$ 587,991	$ 478,140
Zeolite	280,957	308,163
Depreciation:		
Antimony	10,300	10,300
Zeolite	18,200	13,800
	$ 897,448	$ 810,403
Gross profit (loss)	$ 135,076	$ 41,934
Other operating expenses:		
Sales expense:		
Antimony	$ 13,766	$ 11,805
Zeolite	19,469	15,428
General and administrative expense:		
Antimony	6,236	4,364
Zeolite	71,299	18,789
	$ 108,026	$ 50,386
Capital expenditures:		
Antimony	$ 0	$ 19,700
Zeolite	108,812	58,218
	$ 108,812	$ 77,218

Properties, plant and equipment, net:		
Antimony	$ 102,857	$ 128,208
Zeolite	660,458	505,192
	$ 763,315	$ 633,400

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

The Company's operations resulted in a net loss of $67,520 for the three-month period ended March 31, 2005, compared with a net loss of $107,687 for the three-month period ended March 31, 2004. The decrease in the loss for the first quarter of 2005 compared to the similar quarter of 2004 is primarily due to increased sales prices for antimony oxide and an increase in sales of zeolite during the first quarter of 2005.

Total revenues from antimony product sales for the first quarter of 2005 were $ 722,535 compared with $582,415 for the comparable quarter of 2004, an increase of $140,120. During the three-month period ended March 31, 2005, 62% of the Company's revenues from antimony product sales were from sales to one customer and 18% were from sales to a second individual customer. Sales of antimony products during the first quarter of 2005 consisted of 528,376 pounds at an average sale price of $1.37 per pound. During the first quarter of 2004 sales of antimony products consisted of 401,496 pounds at an average sale price of $1.17 per pound. The increase in sale prices of antimony products from the first quarter of 2004 to the first quarter of 2005 is the result of a corresponding increase in antimony metal prices.

Sales of zeolite products during the first quarter of 2005 were $309,989 compared with first quarter sales in 2004 of $195,085. The increase in sales for the first quarter of 2005 compared to the first quarter of 2004 was due to the Company's marketing efforts and a corresponding increase in the number of zeolite customers. Gross profit from antimony and zeolite sales during the first three-month period of 2005 was $188,979 compared with gross profit of $133,352 during the first three-month period of 2004.

The cost of antimony sales was $483,704, or $.92 per pound sold, during the first quarter of 2005 compared to $406,621 or $1.01 per pound sold, during the first quarter of 2004. The decrease was due to increased volume of production.

The cost of zeolite sales was $258,395 for the first quarter of 2005 compared to $154,600 during the first quarter of 2004. The increase was principally due to the construction of the new plant and the increase in sales of zeolite.

Antimony depreciation for the first quarter of 2005 was $10,300 compared to

$10,300 for the first quarter of 2002.

Zeolite depreciation for the first quarter of 2005 was $18,200 compared to $13,800 for the first quarter of 2004. The increase in depreciation is due to the continued purchase of capital assets associated with zeolite production.

Antimony freight and delivery for the first quarter of 2005 was $50,384 and was comparable to $44,156 of freight and delivery expense during the first quarter of 2004.

Zeolite freight and delivery for the first quarter of 2005 was $22,562 compared to $14,671 for the first quarter of 2004. The increase is due to a corresponding increase in zeolite sales.

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

During the first quarter of 2005, the Company incurred costs totaling $71,299 associated with general and administrative expenses of it's 100% owned subsidiary, Bear River Zeolite Company, compared to $71,161 of such expenses in the comparable quarter of 2004. These expenses included royalties.

Zeolite sales expenses were $19,469 during the first quarter of 2004 compared to $19,164 during the first quarter of 2004.

General and administrative expenses in the antimony division were $6,233 during the first quarter of 2005 compared to $4,364 during the first quarter of 2004.

Antimony sales expenses were $13,766 in the first quarter of 2005 and were comparable with $14,068 during the first quarter of 2004.

Interest expense of $35,486 was incurred during the first quarter of 2005 compared to $27,313 during the first quarter of 2004.

Accounts receivable factoring expense was $28,259 of factoring expense incurred during the first quarter of 2005 compared to $19,279 during the first quarter of 2004. The increase was primarily due to an increase in sales during the first quarter of 2005.

Interest and other income decreased from $486 during the first quarter of 2004 to $332 during the first quarter of 2005. The decrease was the result of the decrease in interest rates during the first quarter of 2005.

FINANCIAL CONDITION AND LIQUIDITY

At March 31, 2005, Company assets totaled $1,167,518, and there was a stockholders' deficit of $1,060,661. The stockholders' deficit increased $39,520 from December 31, 2004, primarily due to the net loss incurred during the first quarter of 2005. At March 31, 2005 the Company's total current liabilities exceeded its total current assets by $918,964. Due to the Company's operating losses, negative working capital, and stockholders' deficit, the Company's independent accountants included a paragraph in the Company's 2004 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.

Cash used by operating activities during the first three months of 2005 was $25,975, and resulted from the first quarter net loss of $173,710 as adjusted by increasing accounts payable, decreasing inventories and the non-cash affects of depreciation and amortization expenses.

Cash used in investing activities during the first three months of 2003 was $9,474 and primarily related to the construction of capital assets at the Bear River Zeolite facility.

Net cash provided by financing activities was $35,449 during the first three months of 2005 was primarily generated from an increase in checks issued and payable.

ITEM 3. CONTROLS AND PROCEDURES

An evaluation was performed by the Company's president and principal financial officer of the effectiveness of the design and operation of our disclosure controls and procedures. And on that evaluation, the Company's president and principal financial officer concluded that disclosure controls

and procedures were effective as of March 31, 2005, in ensuring that all material information required to be filed in this quarterly report has been made known to them in a timely fashion.

There has been no change in our internal controls over financial reporting during the quarter ended March 31, 2005 that has materially affect or is reasonable likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES

Neither the constituent instruments defining the rights of the registrant's securities filers nor the rights evidenced by the registrant's outstanding common stock have been modified, limited or qualified.

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

Exhibit: 10.51 Consulting Agreement Dated March 1, 2003

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: May 20, 2005

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