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UNITED STATES ANTIMONY CORP

Form 10-Q

May 15, 2008

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 March 31, 2008

☐ 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

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

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 X No
----- -----

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

YES No X
----- -----

At May 15, 2008 the registrant had outstanding 42,801,524 shares of par value
\$0.01 common stock.

Indicate by check mark whether the registrant is a large accelerated filer, an

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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 ☐
Smaller reporting company ☒ (Do not check if a smaller reporting company)

=====

UNITED STATES ANTIMONY CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD
ENDED MARCH 31, 2008

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET

	(UNAUDITED) MARCH 31, 2008 -----	DECEMBER 31, 2007 -----
ASSETS		
Current assets:		
Cash	\$ 23,624	\$
Accounts receivable, less allowance for doubtful accounts of \$30,000	131,950	
Inventories	215,040	
	-----	-----
Total current assets	370,614	
Properties, plants and equipment, net	2,782,768	2,782,768
Restricted cash for reclamation bonds	65,736	
	-----	-----
Total assets	\$ 3,219,118	\$ 3,219,118
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Checks issued and payable	\$ 54,580	\$
Accounts payable	695,502	
Accrued payroll and payroll taxes	142,367	
Other accrued liabilities	102,075	
Deferred revenue	288,929	
Accrued interest payable	27,231	
Payable to related parties	255,352	
Convertible note payable to a related party	100,000	
Long-term debt, current	78,384	
	-----	-----
Total current liabilities	1,744,420	1,744,420
Deferred revenue, noncurrent	640,000	
Long-term debt, noncurrent	25,852	
Accrued reclamation and remediation costs, noncurrent	107,500	
	-----	-----
Total liabilities	2,517,772	2,517,772
	-----	-----
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, 2007)	7,500	7,500
Series C: 177,904 shares issued and outstanding (liquidation preference \$97,847 at December 31, 2007)	1,779	1,779
Series D: 1,751,005 shares issued and outstanding (liquidation preference and cumulative dividends of \$4,549,838 at December 31, 2007)	17,509	17,509
Common stock, \$0.01 par value, 50,000,000 shares authorized; 42,801,524 and 42,519,243 shares issued and outstanding, respectively	428,015	428,015
Additional paid-in capital	21,354,426	21,354,426
Accumulated deficit	(21,107,883)	(21,107,883)
	-----	-----

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Total stockholders' equity	701,346	
	-----	----
Total liabilities and stockholders' equity	\$ 3,219,118	\$ 3
	=====	=====

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

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

	FOR THE THREE MONTHS MARCH 31, 2008	MARCH 31, 2007
	-----	-----
ANTIMONY DIVISION		
Revenues	\$ 1,113,742	\$ 1,113,742
	-----	-----
Cost of sales:		
Production costs	824,728	824,728
Depreciation	3,486	3,486
Freight and delivery	65,785	65,785
General and administrative	21,532	21,532
Direct sales expense	11,250	11,250
	-----	-----
Total cost of sales	926,781	926,781
	-----	-----
Gross profit - antimony	186,961	186,961
	-----	-----
ZEOLITE DIVISION		
Revenues	313,652	313,652
	-----	-----
Cost of sales:		
Production costs	266,323	266,323
Depreciation	46,199	46,199
Freight and delivery	19,223	19,223
General and administrative	37,424	37,424
Royalties	40,122	40,122
Direct sales expense	20,300	20,300
	-----	-----
Total cost of sales	429,591	429,591
	-----	-----
Gross profit (loss) - zeolite	(115,939)	(115,939)
	-----	-----
Total revenues - combined	1,427,394	1,427,394
Total cost of sales - combined	1,356,372	1,356,372
	-----	-----
Gross profit - combined	71,022	71,022
	-----	-----
Other operating (income) expenses:		
Corporate general and administrative	127,678	127,678
Exploration expense	83,756	83,756
Gain on sale of properties, plants and equipment	(41,268)	(41,268)
	-----	-----
Other operating (income) expenses	170,166	170,166
	-----	-----
Income (loss) from operations	(99,144)	(99,144)
	-----	-----

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Other expenses:		
Interest expense, net	7,846	
Factoring expense	34,203	
	-----	-----
Other expenses	42,049	
	-----	-----
Net loss	\$ (141,193)	\$
	=====	=====
Net loss per share of common stock - basic and diluted	\$ (0.003)	
	=====	=====
Basic and diluted weighted average shares outstanding	42,645,817	40
	=====	=====

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

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

	FOR THE THREE MONTH MARCH 31, 2008	MARCH
	-----	-----
Cash Flows From Operating Activities:		
Net loss	\$ (141,193)	\$
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	49,685	
Deferred financing costs as interest expense	--	
Gain on sale of properties, plants and equipment	(41,268)	
Change in:		
Accounts receivable	36,726	
Inventories	37,574	
Restricted cash for reclamation bonds	--	
Accounts payable	(119,221)	
Accrued payroll and payroll taxes	28,755	
Other accrued liabilities	2,224	
Deferred revenue	1,691	
Accrued interest payable	2,000	
Payable to related parties	1,267	
	-----	-----
Net cash used by operating activities	(141,760)	
	-----	-----
Cash Flows From Investing Activities:		
Purchase of properties, plants and equipment	(49,363)	
Proceeds from sale of properties, plants and equipment	41,268	
	-----	-----
Net cash used by investing activities	(8,095)	
	-----	-----
Cash Flows From Financing Activities:		
Proceeds from sale of common stock and warrants, net of commissions	114,001	
Principal payments of long-term debt	(7,365)	
Change in checks issued and payable	(14,904)	
	-----	-----
Net cash provided by financing activities	91,732	

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NET DECREASE IN CASH AND CASH EQUIVALENTS	(58,123)	
Cash and cash equivalents at beginning of period	81,747	
Cash and cash equivalents at end of period	\$ 23,624	\$
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-cash investing and financing activities:		
Properties, plants & equipment acquired with accounts payable	\$ 5,978	\$

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 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 month period ended March 31, 2008 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2008. Certain consolidated financial statement amounts for the three month period ended March 31, 2007 have been reclassified to conform to the 2008 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, 2007.

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 March 31, 2008, the Company had negative working capital of approximately \$1,370,000, an accumulated deficit of approximately \$21.1 million, and total stockholders' equity of approximately \$700,000. In addition, the Company has minimal available authorized shares available to sell in order to raise additional funds (see Note 5). These factors, among others, indicate that there is substantial doubt that the Company will be able to meet its obligations and continue in existence as a going concern. The financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern.

2. LOSS PER COMMON SHARE:

The Company accounts for its loss per common share according to the

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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 7,126,127 shares at March 31, 2008) and common stock issuable upon the conversion of a convertible note payable, including accrued interest (approximately 700,000 shares at March 31, 2008) are excluded from the calculations when their effect is antidilutive.

3. COMMITMENTS AND CONTINGENCIES:

The Company's management believes that USAC is currently in substantial compliance with environmental regulatory requirements and that its accrued environmental reclamation and remediation costs are representative of management's estimate of costs required to fulfill its reclamation and remediation obligations. Such costs are accrued at the time the expenditure becomes probable and the costs can reasonably be estimated. The Company recognizes, however, that in some cases future environmental expenditures cannot be reliably determined due to the uncertainty of specific remediation methods, conflicts between regulating agencies relating to remediation methods and environmental law interpretations, and changes in environmental laws and regulations. Any changes to the Company's reclamation plans as a result of these factors could have an adverse effect on the Company's operations. The range of possible losses in excess of the amounts accrued cannot be reasonably estimated at this time.

In March of 2007, the Company sustained an industrial accident at the BRZ mine. Based upon preliminary discussions with federal safety regulators, the Company has recorded an estimated penalty of \$100,140 as of March 31, 2008; the actual amount could differ from this estimate.

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PART I - FINANCIAL INFORMATION, CONTINUED:

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

4. BUSINESS SEGMENTS

The Company has two operating segments, antimony and zeolite. Management reviews and evaluates the operating segments exclusive of interest and factoring expenses. Therefore, interest expense is not allocated to the segments. Selected information with respect to segments is as follows:

	FOR THE THREE MONTHS ENDED AND AS OF MARCH 31, 2008
Capital expenditures:	
Antimony	
United States	\$ --
Mexico	7,559

Subtotal Antimony	7,559
Zeolite	47,778

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	\$	55,337
		=====
Properties, plants and equipment, net:		
Antimony		
United States	\$	113,726
Mexico		958,040

Subtotal Antimony		1,071,766
Zeolite		1,711,002

	\$	2,782,768
		=====
Inventory:		
Antimony		
United States	\$	175,752
Mexico		--

Subtotal Antimony		175,752
Zeolite		39,288

	\$	215,040
		=====
Total Assets:		
Antimony		
United States	\$	437,211
Mexico		958,040

Subtotal Antimony		1,395,251
Zeolite		1,798,143
Corporate		25,724

	\$	3,219,118
		=====

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PART I - FINANCIAL INFORMATION, CONTINUED:

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

5. COMMON STOCK

The Company's Articles of Incorporation authorize 50,000,000 shares of \$0.01 par value common stock available for issuance with such rights and preferences, including liquidation, dividend, conversion and voting rights, as the Board of Directors may determine. At March 31, 2008, the number of common shares outstanding and reserved is as follows:

Common shares issued and outstanding	42,801,524
Allocated shares for:	
Warrants to purchase common stock	7,126,127
Conversion of note payable, including accrued interest	700,000
United States Antimony Corporation 2000 stock plan	500,000

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	8,326,127
Total outstanding and reserved	51,127,651
Authorized shares	50,000,000

Number of shares overallocated	(1,127,651)
	=====

In addition, the Company has shares of Series D stock of 1,751,005 and warrants for purchase of 111,185 shares of Series D stock that is convertible on a one to one basis for shares of common stock. However, such conversion is subject to the availability of authorized but unissued shares of common stock.

In order to ensure that the number of shares outstanding does not exceed the amount authorized, the Company has no plans on selling additional shares of common stock in the near future, will not authorize any grants under the stock plan, and the president of the Company will not convert the note payable due him. The Company plans to pursue increasing its authorized shares during the second quarter of 2008. In the meantime, the Company is not able to raise funds by selling shares of its common stock (see going concern discussion in Note 1).

6. ADOPTION OF NEW ACCOUNTING PRINCIPLES

Effective January 1, 2008, we adopted the provisions of SFAS No. 157, "Fair Value Measurements", for our financial assets and financial liabilities without a material effect on our results of operations and financial position. The effective date of SFAS No. 157 for non-financial assets and non-financial liabilities has been deferred by FSP 157-2 to fiscal years beginning after November 15, 2008, and we do not anticipate the impact of adopting SFAS 157 for non-financial and non-financial liabilities to have a material impact on our results of operations and financial position.

SFAS No. 157 expands disclosure requirements to include the following information for each major category of assets and liabilities that are measured at fair value on a recurring basis:

The fair value measurement;

- a. The level within the fair value hierarchy in which the fair value measurements in their entirety fall, segregating fair value measurements using quoted prices in active markets for identical assets or liabilities (Level 1), significant other observable inputs (Level 2), and significant unobservable inputs (Level 3);

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PART I - FINANCIAL INFORMATION, CONTINUED:

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED), CONTINUED:

- b. For fair value measurements using significant unobservable inputs (Level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:
 - 1) Total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings (or changes in net assets), and a description of where those gains or losses included in earnings (or changes in net assets) are reported in the statement of income (or activities);
 - 2) The amount of these gains or losses attributable to the change in

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unrealized gains or losses relating to those assets and liabilities still held at the reporting period date and a description of where those unrealized gains or losses are reported;

- 3) Purchases, sales, issuances, and settlements (net); and
- 4) Transfers in and/or out of Level 3.

At March 31, 2008, the company has no assets or liabilities that are measured at fair value on a recurring basis.

We also adopted the provisions of SFAS No. 159, "The Fair Value Option for Financial Liabilities", effective January 1, 2008. SFAS No. 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. The adoption of SFAS No. 159 has not had a material effect on our financial position or results of operations as of and for the three months ended March 31, 2008.

7. NEW ACCOUNTING PRONOUNCEMENTS

In December 2007, the FASB revised SFAS No. 141 "Business Combinations". The revised standard is effective for transactions where the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS No. 141(R) will change the accounting for the assets acquired and liabilities assumed in a business combination, as follows:

- o Acquisition costs will be generally expensed as incurred;
- o Noncontrolling interests (formally known as "minority interests") will be valued at fair value at the acquisition date;
- o Acquired contingent liabilities will be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non-acquired contingencies;
- o In-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date;
- o Restructuring costs associated with a business combination will be generally expensed subsequent to the acquisition date; and
- o Changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense.

The adoption of SFAS No. 141(R) does not currently have a material effect on our consolidated financial statements. However, any future business acquisitions occurring on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 will be accounted for in accordance with this statement.

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PART I - FINANCIAL INFORMATION, CONTINUED:

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED), CONTINUED:

In December 2007, FASB issued SFAS No. 160 "Non Controlling Interests in consolidated financial statements - an amendment of ARB No. 51," which is effective for fiscal years and interim periods within those years beginning on or after December 15, 2008. SFAS No. 160 amends ARB 51 to establish accounting and reporting standards for the non controlling ownership interest in a subsidiary and for the deconsolidation of a subsidiary. The Company is currently evaluating the potential impact of this statement on our consolidated financial statements.

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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, 2008 COMPARED TO THE THREE MONTH PERIOD ENDED MARCH 31, 2007.

The Company's operations resulted in a net loss of \$141,193 for the three-month period ended March 31, 2008, compared with a net loss of \$44,788 for the same period ended March 31, 2007. The increase in the loss for the first quarter of 2008 compared to the similar period of 2007 is primarily due to an increase in the production costs of antimony, in addition to increased corporate general and administrative professional fees, decreased losses from the Zeolite Division and increases in exploration costs.

ANTIMONY DIVISION:

Total revenues from antimony product sales for the first quarter of 2008 were \$1,113,742 compared with \$1,094,057 for the comparable quarter of 2007, an increase of \$19,685. During the three-month period ended March 31, 2008, 74% of the Company's revenues from antimony product sales were from sales to one customer. Sales of antimony products during the first quarter of 2008 consisted of 442,010 pounds at an average sale price of \$2.52 per pound. During the first quarter of 2007, sales of antimony products consisted of 470,892 pounds at an average sale price of \$2.32 per pound.

The cost of antimony production was \$824,728, or \$1.87 per pound sold during the first quarter of 2008 compared to \$757,966 or \$1.67 per pound sold during the first quarter of 2007. The increase in price per pound was primarily due to increased costs of raw materials.

Antimony depreciation for the first quarter of 2008 was \$3,486 which was comparable to \$5,125 for the first quarter of 2007.

Antimony freight and delivery expense for the first quarter of 2008 was \$65,785 compared to \$64,019 during the first quarter of 2007. The increase was due to the increase of freight costs.

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PART I - FINANCIAL INFORMATION, CONTINUED:

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

General and administrative expenses in the antimony division were \$21,532 during the first quarter of 2008 compared to \$3,793 during the same quarter in 2007. The increase is due to an increase in finance charges on purchases, increased travel expenses and increased insurance expenses.

Antimony sales expenses were \$11,250 for the first quarter of 2008 compared

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to \$9,870 for the same quarter in 2007.

ZEOLITE DIVISION:

Total revenue from sales of zeolite products during the first quarter of 2008 were \$313,652 at an average sales price of \$124.12 per ton, compared with the same quarter sales in 2007 of \$255,708 at an average sales price of \$132.29 per ton. The increase in revenue for the first quarter of 2008 compared to the same quarter of 2007 was primarily due to the increase of 594 tons of zeolite sold during the first quarter of 2008.

The cost of zeolite production was \$266,323, or \$105.39 per ton sold, for the first quarter of 2008 compared to \$298,372, or \$154.36 per ton sold, during the first quarter of 2007. The increase was due to the sale of 594 more tons of zeolite during the first quarter of 2008 than in the first quarter of 2007.

Zeolite depreciation for the first quarter of 2008 was \$46,199 compared to \$29,270 for the first quarter of 2007. The increase in depreciation is due to the continued purchase of capital assets associated with zeolite production.

Zeolite freight and delivery for the first quarter of 2008 was \$19,223 compared to \$15,982 for the first quarter of 2007. The increase is due to an increase in tons of zeolite sold during the first quarter of 2008.

During the first quarter of 2008, the Company incurred costs totaling \$37,424 associated with general and administrative expenses at Bear River Zeolite Company, compared to \$25,293 of such expenses in the comparable quarter of 2007. The increase was primarily due to increases in travel expenses.

Zeolite royalties expenses were \$40,122 during the first quarter of 2008 compared to \$30,136 during the first quarter of 2007. The increase is due to an increase in tons of zeolite sold during the first quarter of 2008.

Zeolite sales expenses were \$20,300 during the first quarter of 2008 compared to \$10,465 during the first quarter of 2007. The increase is caused by higher costs related to the direct selling expenses.

ADMINISTRATIVE OPERATIONS

Interest expense of \$7,846 was incurred during the first quarter of 2008 compared to \$5,203 during the first quarter of 2007.

Accounts receivable factoring expense was \$34,203 during the first quarter of 2008 compared to \$22,211 during the first quarter of 2007.

General and administrative expenses for the corporation were \$127,678 during the first quarter of 2008 compared to \$96,267 for the same quarter in 2007. The increase is primarily due to an increase in professional fees during the period.

PART I - FINANCIAL INFORMATION, CONTINUED:

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

Exploration expense has increased by \$4,127 from the quarter ended March 31, 2007.

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The Company sold certain mining claims during the first quarter of 2008 that resulted in a gain on sale of property \$41,268 compared to a gain on sale of property of \$59,048 during the first quarter of 2007 due to similar sales.

FINANCIAL CONDITION AND LIQUIDITY

At March 31, 2008, Company assets totaled \$3,219,118 and total stockholders' equity was \$701,346. Total stockholders' equity decreased \$27,193 from December 31, 2007, primarily because of operating losses. At March 31, 2008, the Company's total current liabilities exceeded its total current assets by \$1,373,806. Because of the Company's operating losses and negative working capital, the Company's independent accountants included a paragraph in the Company's 2007 financial statements relating to a going concern uncertainty. To continue as a going concern, the Company must generate profits from its antimony and zeolite sales and acquire additional capital resources through the sale of its securities or from short and long-term debt financing. Without financing and profitable operations, the Company may not be able to meet its obligations, fund operations and continue in existence. While management is optimistic that the Company will be able to sustain profitable operations and meet its financial obligations, there can be no assurance of such. The Company's management is confident, however, given recent increases in metal prices, 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.

In order to ensure that the number of shares outstanding does not exceed the amount authorized, the Company has no plans on selling additional shares of common stock in the near future, will not authorize any grants under the stock plan, and the president of the Company will not convert the note payable due him. The Company plans to pursue increasing its authorized shares during 2008. In the meantime, the Company is not able to raise funds by selling shares of its common stock (see going concern discussion in Note 1 to the financial statements).

Cash used by operating activities during the first three months of 2008 was \$141,760, and resulted primarily from a decrease in accounts receivable and payable, and the non-cash affects of depreciation and amortization expenses and the gain on sale of properties, plants and equipment.

Cash used in investing activities during the first three months of 2008 was \$8,095 and primarily related to the BRZ Raymond Mill Project.

Net cash provided by financing activities was \$91,732 during the first three months of 2008 and was primarily generated from proceeds from the sale of common stock and exercise of warrants.

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PART I - FINANCIAL INFORMATION, CONTINUED:

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

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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, 2008.

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, 2008. These material weaknesses are as follows:

- o 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.
- 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, 2008 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.

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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, 2008, the Company sold shares of its restricted common stock and warrants as follows: 100,000 shares for \$0.40 per share (\$40,000), 100,000 shares for \$0.35 (\$35,000), and 82,333 for \$0.47 (\$39,000). 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

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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

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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)

/s/ John C. Lawrence

Date: 14 May 2008

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

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