UNITED STATES ANTIMONY CORP
Form 10-K/A
August 22, 2013

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

FORM 10-K AMENDED

(Mark One)
þ ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

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

For the transition period _____ to _____

Commission file number 001-08675

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

| | |
|---|---|
| Montana<br>(State or other jurisdiction of incorporation or organization) | 81-0305822<br>(I.R.S. Employer Identification No.) |
| P.O. Box 643, Thompson Falls, Montana<br>(Address of principal executive offices) | 59873<br>(Zip Code) |

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, par value $.01 per share

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 þ No o

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-K contained in this form and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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 definitions of “large accelerated filer,” “accelerated filer” and “small reporting company” in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large Accelerated Filer | o | Accelerated Filer | þ |
| Non-Accelerated Filer | o | Smaller reporting company | o |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes o No þ

The aggregate market value of the voting stock held by non-affiliates of the registrant, based on the average bid price of such stock, was $186,350,380 as of June 30, 2011.

At March 15, 2012, the registrant had 59,349,300 outstanding shares of par value $0.01 common stock.

TABLE OF CONTENTS

PART I


| | | |
|---|---|---|
| ITEM 1. | DESCRIPTION OF BUSINESS | 3 |
| | General | 3 |
| | History | 3 |
| | Overview-2011 | 3 |
| | Antimony Division | 3 |
| | Zeolite Division | 6 |
| | Environmental Matters | 7 |
| | Employees | 8 |
| | Other | 8 |
| ITEM 1A. | RISK FACTORS | 8 |
| ITEM 1B. | UNRESOLVED STAFF COMMENTS | 8 |
| ITEM 2. | DESCRIPTION OF PROPERTIES | 9 |
| | Antimony Division | 9 |
| | Zeolite Division | 14 |
| ITEM 3. | LEGAL PROCEEDINGS | 19 |
| ITEM 4. | MINE SAFETY DISCLOSURES | 20 |


PART II


| | | |
|---|---|---|
| ITEM 5. | MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS | 20 |
| ITEM 6. | SELECTED FINANCIAL DATA | 21 |
| ITEM 7. | MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS | 21 |
| ITEM 7A. | QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK | 25 |
| ITEM 7B. | CRITICAL ACCOUNTING ESTIMATES | 25 |

| | | |
|---|---|---|
| ITEM 8. | FINANCIAL STATEMENTS | 25 |
| ITEM 9. | CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE | 25 |
| ITEM 9A. | CONTROLS AND PROCEDURES | 25 |
| ITEM 9B. | OTHER INFORMATION | 28 |

PART III

| | | |
|---|---|---|
| ITEM 10. | DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS AND COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT | 29 |
| ITEM 11. | EXECUTIVE COMPENSATION | 31 |
| ITEM 12. | SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT | 31 |
| ITEM 13. | CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS | 33 |
| ITEM 14. | PRINCIPAL ACCOUNTANT FEES AND SERVICES | 33 |

PART IV

| | | |
|---|---|---|
| ITEM 15. | EXHIBITS AND REPORTS ON FORM 8-K | 34 |
| SIGNATURES | | 37 |
| CERTIFICATIONS | | |
| FINANCIAL STATEMENTS | | |

ITEM 1. DESCRIPTION OF BUSINESS

General

Explanatory Note: As used in this report, the terms "we," "us" and "our" are used to refer to United States Antimony Corporation and, as the context requires, its management.

Some of the information in this Form 10-K contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words as "may," "will," "expect," "anticipate," "believe," "estimate" and "continue," or similar words. You should read statements that contain these words carefully because they:

discuss our future expectations;

contain projections of our future results of operations or of our financial condition; and

state other "forward-looking" information.

History

United States Antimony Corporation, or USAC, was incorporated in Montana in January 1970 to mine and produce antimony products. In December 1983, we suspended antimony mining operations but continued to produce antimony products from domestic and foreign sources. In April 1998, we formed United States Antimony SA de CV or USAMSA, to mine and smelt antimony in Mexico. Bear River Zeolite Company or BRZ, was incorporated in 2000, and it is mining and producing zeolite in southeastern Idaho. On August 19, 2005, USAC formed Antimonio de Mexico, S. A. de C. V. to explore and develop antimony and silver deposits in Mexico, which is presently being merged into USAMSA. Our principal business is the production and sale of antimony and zeolite products.

Overview-2011

Antimony Sales

During 2011, sales of our antimony products increased approximately 66% from 2010. The profitability of the Antimony Division increased from $903,560 in 2010 to $1,556,013 in 2011.

Zeolite Sales

During 2010, sales of zeolite decreased 15% in 2011 from 2010 and the gross profit decreased from $470,172 in 2010 to $118,185 in 2011.

Other Sales

Precious Metal Sales & Average Prices

| Year | Precious Metal Sales | Au (Oz) Contained | Ag (Oz) Contained |
|---|---|---|---|
| 2009 | $ 39,494 | 31.79725 | 6,870.100 |
| 2010 | $ 483,307 | 78.64239 | 21,775.740 |

| | | | | |
|---|---|---|---|---|
| 2011 | $ | 667,813 | 179.18150 | 23,630.758 |

Antimony Division

Our antimony smelter and precious metals plant is located in the Burns Mining District of Sanders County, Montana, approximately 15 miles west of Thompson Falls, MT. We hold 2 patented mill sites where the plant is located. We have no "proven reserves" or "probable reserves" of antimony, as these terms are defined by the Securities and Exchange Commission. Environmental restrictions preclude mining at this site.

Prior to 1984, we mined antimony underground by driving drifts and using slushers in room and pillar type stopes. Mining was suspended in December 1983, because antimony could be purchased more economically from foreign sources.

Because we depend on foreign sources for raw materials, there are risks of interruption in procurement from these sources and/or volatile changes in world market prices for these materials that are not controllable by us. We are currently developing sources of antimony through our sites in Mexico and working with suppliers in Central America, Europe and South America.

We currently own 100% of the common stock, equipment, and the lease on real property of United States Antimony, Mexico S.A. de C.V. or USAMSA, which was formed in April 1998. We currently own 100% of the stock in Antimony de Mexico SA de CV (AM) which owns the San Miguel property. USAMSA has three divisions (1) the Madero smelter in Coahuila that started operations in 2011, (2) the Puerto Blanco flotation mill in Guanajuato that will start operating in 2012, and (3) the Los Juarez mineral deposit that includes concessions in Queretaro that will also begin operating in 2012.

In our existing operations in Montana, we produce antimony oxide, sodium antimonate, antimony metal, and precious metals. Antimony oxide is a fine, white powder that is used primarily in conjunction with a halogen to form a synergistic flame retardant system for plastics, rubber, fiberglass, textile goods, paints, coatings and paper. Antimony oxide is also used as a color fastener in paint, as a catalyst for production of polyester resins for fibers and film, as a phosphorescent agent in fluorescent light bulbs and as an opacifier for porcelains. Sodium antimonate is primarily used as a fining agent (degasser) for glass in cathode ray tubes used in television picture tubes and as a flame retardant. We also sell antimony metal for use in bearings, storage batteries and ordnance.

We estimate (but have not independently confirmed) that our present share of the domestic market and international market for antimony oxide products is approximately 4% and >1%, respectively. We are the only significant U.S. producer of antimony products, while China supplies 92% of the world antimony demand. We believe we are competitive both domestically and world-wide due to the following:

We have a reputation for quality products delivered on a timely basis.
We are a non-Chinese producer of antimony products.
We have two of the three operating smelters in North and South America.
We are the sole domestic producer of antimony products.
We can ship on short notice to domestic customers.

By the end of 2012, we intend to be vertically integrated with raw material from our own mine, mill, and smelter, along with the raw material from exclusive supply agreements we have with numerous ore and raw material suppliers.

As a vertically integrated company, we will have more control over our raw material costs.

Schedule of Antimony Sales

| | Lbs of Oxide | Lbs of Metal | $ | Largest Customer |
|---|---|---|---|---|
| 2011 | 1,679,355 | 1,401,423 | $ 10,406,636 | 28 % |
| 2010 | 1,679,042 | 1,393,604 | $ 6,174,062 | 37 % |
| 2009 | 1,103,824 | 916,173 | $ 2,526,663 | 40 % |

Concentration of Sales: During the three years ending December 31, 2011, the following sales were made to our three largest customers:

| Largest Customers | For the Year Ended December 31, 2011 | December 31, 2010 | December 31, 2009 |
|---|---|---|---|
| Customer A | $ 1,771,173 | $ 602,980 | $ 194,920 |
| Customer B | 2,941,143 | 2,435,978 | 1,034,860 |
| Customer C | 2,887,862 | 666,600 | 559,480 |
| | $ 7,600,178 | $ 3,705,558 | $ 1,789,260 |
| % of total revenues | 57.90 % | 40.80 % | 43.60 % |

| Three Largest Accounts Receivable | Year End December 31, 2011 | Year End December 31, 2010 |
|---|---|---|
| Kohler Corporation | $ 299,273 | $ 62,454 |
| Alpha Gary Corporation | 254,940 | |
| GE Lighting (LPC) | 252,000 | |
| H.B. Chemical Co. | | 226,600 |
| BASF Catalysts LLC | | 196,810 |
| | $ 806,213 | $ 485,864 |
| % of Total Receivables | 64.20 % | 61.20 % |

While the loss of one of our three largest customers would be a problem in the short term, we have numerous requests from potential buyers that we cannot fill, and we could quickly, in the present market conditions, be able to replace the lost sales. Loss of all three of our largest customers would be more serious and would affect our profitability.

Marketing: We employ full-time marketing personnel and have negotiated various commission-based sales agreements with other chemical distribution companies.

Antimony Price Fluctuations: Our operating results have been, and will continue to be, directly related to the market prices of antimony metal, which have fluctuated widely in recent years. The volatility of prices is illustrated by the following table, which sets forth the average prices of antimony metal per pound, as reported by sources deemed reliable by us.

| Year | USA High/Lb | USA Low/Lb | USA Average Price/Lb | Rotterdam Average Price/Lb |
|---|---|---|---|---|
| 2011 | $ 7.22 | $ 6.70 | $ 6.97 | $ 7.05 |
| 2010 | 9.74 | 2.58 | 3.67 | 4.05 |
| 2009 | 5.89 | 1.78 | 2.37 | 2.33 |
| 2008 | 7.5 | 2.35 | 2.72 | 2.72 |
| 2007 | 5.45 | 2.23 | 2.52 | |
| 2006 | 5.14 | 1.76 | 2.28 | |
| 2005 | 5.45 | 1.36 | 1.58 | |
| 2004 | 5.45 | 0.95 | 1.48 | |
| 2003 | 5.45 | 1.01 | 1.27 | |
| 2002 | 5.25 | 0.71 | 0.99 | |

The range of sales prices for antimony oxide and antimony metal per pound was as follows for the periods indicated:

| Year | Oxide Average Price/Lb | Metal Average Price/Lb |
|---|---|---|
| 2011 | $ 6.16 | $ 7.42 |
| 2010 | 3.67 | $ 4.42 |
| 2009 | 2.28 | $ 2.75 |
| 2008 | 2.88 | $ 3.47 |
| 2007 | 2.52 | $ 3.04 |
| 2006 | 2.28 | $ 2.75 |
| 2005 | 1.73 | $ 2.08 |
| 2004 | 1.32 | $ 1.59 |
| 2003 | 1.21 | $ 1.46 |
| 2002 | 0.88 | $ 1.06 |

Antimony metal prices are determined by a number of variables over which we have no control. These include the availability and price of imported metals, the quantity of new metal supply, and industrial and commercial demand. If metal prices decline and remain depressed, our revenues and profitability may be adversely affected.

We use various antimony raw materials to produce our products. We currently obtain antimony raw material from sources in North America, Mexico, Europe, South America and Australia.

Zeolite Division

We own 100% of Bear River Zeolite Company,or BRZ, an Idaho corporation incorporated on June 1, 2000. BRZ has a lease with Webster Farm, L.L.C. that entitles BRZ to surface mine and process zeolite on property located near Preston, Idaho, in exchange for a royalty payment. In 2010 the royalty was adjusted to $10 per ton sold. The current minimum annual royalty is $60,000. In addition, BRZ has more zeolite on U.S. Bureau of Land Management land. A company controlled by the estate of Al Dugan, a significant stockholder and, as such, an affiliate of USAC, receives a payment equal to 3% of net sales on zeolite products. William Raymond and Nancy Couse are paid a royalty that varies from $1 to $5 per ton. On a combined basis, royalties vary from 8%-13%. BRZ has constructed a processing plant on the property and it has improved its productive capacity. Through December 31, 2011, we had spent approximately $3,900,000 to purchase and construct the processing plant and develop sales.

We have no "proven reserves" or "probable reserves" of zeolite, as these terms are defined by the Securities and Exchange Commission.

"Zeolite" refers to a group of minerals that consist of hydrated aluminosilicates that hold cations such as calcium, sodium, ammonium, various heavy metals, and potassium in their crystal lattice. Water is loosely held in cavities in the lattice. BRZ's zeolite deposits have characteristics which make the mineral useful for a variety of purposes including:

Soil Amendment and Fertilizer. Zeolite has been successfully used to fertilize golf courses, sports fields, parks and common areas, and high value crops, including corn, potatoes, soybeans, red beets, acorn squash, green beans, sorghum sudangrass, brussel sprouts, cabbage, carrots, tomatoes, cauliflower, radishes, strawberries, wheat, lettuce and broccoli.

Water Filtration. Zeolite is used for particulate, heavy metal and ammonium removal in swimming pools, municipal water systems, fisheries, fish farms, and aquariums.

Sewage Treatment. Zeolite is used in sewage treatment plants to remove nitrogen and as a carrier for microorganisms.

Nuclear Waste and Other Environmental Cleanup. Zeolite has shown a strong ability to selectively remove strontium, cesium and various other radioactive isotopes from solution. Zeolite can also be used for the cleanup of soluble metals such as mercury, chromium, copper, lead, zinc, arsenic, molybdenum, nickel, cobalt, antimony, calcium, silver and uranium.

Odor Control. A major cause of odor around cattle, hog, and poultry feed lots is the generation of the ammonium in urea and manure. The ability of zeolite to absorb ammonium prevents the formation of ammonia gas, which generates the odor.

Gas Separation. Zeolite has been used for some time to separate gases, to re-oxygenate downstream water from sewage plants, smelters, pulp and paper plants, and fish ponds and tanks, and to remove carbon dioxide, sulfur

dioxide and hydrogen sulfide from methane generators as organic waste, sanitary landfills, municipal sewage systems and animal waste treatment facilities.

Animal Nutrition. Feeding up to 2% zeolite increases growth rates, decreases conversion rates, prevents worms, and increases longevity.

Miscellaneous Uses. Other uses include catalysts, petroleum refining, building applications, solar energy and heat exchange, desiccants, pellet binding, horse and kitty litter, floor cleaner and carriers for insecticides, pesticides and herbicides.

Environmental Matters

Our exploration, development and production programs conducted in the United States are subject to local, state and federal regulations regarding environmental protection. Some of our production and mining activities are conducted on public lands. We believe that our current discharge of waste materials from our processing facilities is in material compliance with environmental regulations and health and safety standards. The U.S. Forest Service extensively regulates mining operations conducted in National Forests. Department of Interior regulations cover mining operations carried out on most other public lands. All operations by us involving the exploration for or the production of minerals are subject to existing laws and regulations relating to exploration procedures, safety precautions, employee health and safety, air quality standards, pollution of water sources, waste materials, odor, noise, dust and other environmental protection requirements adopted by federal, state and local governmental authorities. We may be required to prepare and present data to these regulatory authorities pertaining to the effect or impact that any proposed exploration for, or production of, minerals may have upon the environment. Any changes to our reclamation and remediation plans, which may be required due to changes in state or federal regulations, could have an adverse effect on our operations. The range of reasonably possible loss in excess of the amounts accrued, by site, cannot be reasonably estimated at this time.

We accrue environmental liabilities when the occurrence of such liabilities is probable and the costs are reasonably estimable. The initial accruals for all our sites are based on comprehensive remediation plans approved by the various regulatory agencies in connection with permitting or bonding requirements. Our accruals are further based on presently enacted regulatory requirements and adjusted only when changes in requirements occur or when we revise our estimate of costs required to comply with existing requirements. As remediation activity has physically commenced, we have been able to refine and revise our estimates of costs required to fulfill future environmental tasks based on contemporaneous cost information, operating experience, and changes in regulatory requirements. In instances where costs required to complete our remaining environmental obligations are clearly determined to be in excess of the existing accrual, we have adjusted the accrual accordingly. When regulatory agencies require additional tasks to be performed in connection with our environmental responsibilities, we evaluate the costs required to perform those tasks and adjust our accrual accordingly, as the information becomes available. In all cases, however, our accrual at year-end is based on the best information available at that time to develop estimates of environmental liabilities.

Antimony Processing Site

We have environmental remediation obligations at our antimony processing site near Thompson Falls, Montana ("the Stibnite Hill Mine Site"). We are under the regulatory jurisdiction of the U.S. Forest Service and subject to the operating permit requirements of the Montana Department of Environmental Quality. At December 31, 2011, we have accrued $100,000 to fulfill our environmental responsibilities.

BRZ

During 2001, we recorded a reclamation accrual for our BRZ subsidiary, based on an analysis performed by us and reviewed and approved by regulatory authorities for environmental bonding purposes. The accrual of $7,500 represents the our estimated costs of reclaiming, in accordance with regulatory requirements, the acreage disturbed by our zeolite operations and remains unchanged at December 31, 2011.

General

Reclamation activities at the Thompson Falls Antimony Plant have proceeded under supervision of the U.S. Forest Service and Montana Department of Environmental Quality. We have complied with regulators' requirements and do

not expect the imposition of substantial additional requirements.

We have posted cash performance bonds with a bank and the U.S. Forest Service in connection with our reclamation activities.

We believe we have accrued adequate reserves to fulfill our environmental remediation responsibilities as of December 31, 2011. We have made significant reclamation and remediation progress on all our properties over the past three years and have complied with regulatory requirements in our environmental remediation efforts.

Employees

As of December 31, 2011, we employed 24 full-time employees in Montana. In addition, we employed 15 people at our zeolite plant in Idaho, and 37 employees at our mining, milling and smelting operation in Mexico. The number of full-time employees may vary seasonally. None of our employees are covered by any collective bargaining agreement.

Other

We hold no material patents, licenses, franchises or concessions, however we consider our antimony processing plant proprietary in nature. We use the trade name "Montana Brand Antimony Oxide" for marketing our antimony products.

We are subject to the requirements of the Federal Mining Safety and Health Act of 1977, the Occupational Safety and Health Administration's regulations, requirements of the state of Montana and the state of Idaho, federal and state health and safety statutes and Sanders County, Montana and Franklin County, Idaho health ordinances.

ITEM 1A. RISK FACTORS

There may be events in the future that we are not able to accurately predict or over which we have no control. The risk factors listed below, as well as any cautionary language in this report, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements.

If we were liquidated, our common stockholders could lose part, or all, of their investment.

In the event of our dissolution, the proceeds (if any) realized from the liquidation of our assets will be distributed to our stockholders, only after the satisfaction of the claims of our creditors and preferred stockholders. The ability of a purchaser of shares to recover all, or any, portion of the purchase price for the shares, in that event, will depend on the amount of funds realized and the claims to be satisfied by those funds.

We may have unasserted liabilities for environmental reclamation.

Our research, development, manufacturing and production processes involve the controlled use of hazardous materials, and we are subject to various environmental and occupational safety laws and regulations governing the use, manufacture, storage, handling, and disposal of hazardous materials and some waste products. The risk of accidental contamination or injury from hazardous materials cannot be completely eliminated. In the event of an accident, we could be held liable for any damages that result and any liability could exceed our financial resources. We also have one ongoing environmental reclamation and remediation projects at our current production facility in Montana. Adequate financial resources may not be available to ultimately finish the reclamation activities if changes in environmental laws and regulations occur, and these changes could adversely affect our cash flow and profitability. We do not have environmental liability insurance now, and we do not expect to be able to obtain insurance at a reasonable cost. If we incur liability for environmental damages while we are uninsured, it could have a harmful effect on our financial condition and results of operations. The range of reasonably possible losses from our exposure to environmental liabilities in excess of amounts accrued to date cannot be reasonably estimated at this time.

We have accruals for asset retirement obligations and environmental obligations.

We have accruals totaling $241,500 on our balance sheet at December 31, 2011, for our environmental reclamation responsibilities and estimated asset retirement obligations. If we are not able to adequately perform these activities on a timely basis, we could be subject to fines and penalties from regulatory agencies.

ITEM 1B. UNRESOLVED STAFF COMMENTS

The Company does not have any unresolved staff comments at December 31, 2011.

ITEM 2. DESCRIPTION OF PROPERTIES

Antimony Division

Our antimony smelter and precious metals plant is located in the Burns Mining District, Sanders County, Montana, approximately 14 miles west of Thompson Falls on Montana Highway 471. This highway is asphalt, and the property is accessed by cars and trucks. The property includes two five-acre patented mill sites that are owned in fee-simple by us. The claims are U. S. Antimony Mill Site No. 1 (Mineral Survey 10953) and U. S. Antimony Mill Site No. 2 (Mineral Survey 10953). There are three other patented Mill Site claims known as the Station Mill Site (Mineral Survey 9190B, 4.394 acres), Excelsior Mill Site (Mineral Survey 9190B, 4.972 acres), and Mammoth Mill Site (Mineral Survey 9190B, 5.000 acres) that we have paid taxes on for 39 years that are subject to a dispute with the U. S. Forest Service concerning ownership. We have been paying Sanders County property taxes on three patented mill site claims in the Burns Mining District of Montana since 1969 when we purchased the original block of claims. USAC was the registered owner of the claims at the Sanders County Courthouse. The claims include the Station Mill Site (4.994 acres), Excelsior Mill Site (4.972 acres), and the Mammoth Mill Site (5.000 acres) Patent Survey No. 9190 A. We discovered that the BLM cancelled the patents on 12 January 2000, because “the claims were not filed with the BLM in accordance with the FLPMA and are deemed to be abandoned and void by operation of law.” Neither we, nor the Sanders County Court House, were ever notified of this decision, and we continue to pay taxes. Although we do not believe that this taking is valid, it does not have a substantial impact on us or our results of operations.

The U. S. Antimony Mill Sites were used to run a flotation mill and processing plant for antimony that we mined on adjacent claims that have been sold. Presently, we run a smelter that includes nine furnaces of a proprietary design to produce antimony metal, antimony oxide, and various other products. We also run a precious metals plant. The facility includes 6 buildings and our main office. There are no plans to resume mining on the claims that have been sold or abandoned, although the mineral rights have been retained on many of the patented mining claims. The U. S. Forest Service and Montana Department of Environmental Quality have told us that the resumption of mining would require an Environmental Impact Statement, massive cash bonding, and would be followed by years of law suits. The mill site is serviced with three-phase electricity from Northwest Power, and water is pumped from a well.

We claim no reserves on any of these properties.

Antimony mining and milling operations in the U.S. were curtailed during 1983 due to continued declines in the price of antimony. We are currently purchasing foreign raw antimony materials and continue to produce antimony metal, oxide and sodium antimonate from our antimony processing facility near Thompson Falls, Montana.

## MINE PROPERTIES

### LOS JUAREZ GROUP

We hold properties that are collectively called the “Los Juarez” property, in Queretaro, as follows:

1. San Miguel I and II are being purchased by a USAC subsidiary, Antimonio de Mexico, S. A. de C. V, or AM, for $1,480,500. To date, we have paid $726,370. The property consists of 40 hectares.
2. San Juan I and II are concessions owned by AM and include 466 hectares.
3. San Juan III is held by a lease agreement by AM in which we will pay a 10% royalty based, on the net smelter returns from another USAC Mexican subsidiary, named United States Antimony Mexico, S. A. de C. V. or USAMSA. It consists of 214 hectares.
4. San Juan IV is owned by USAMSA and consists of 2,336 hectares.

The concessions collectively constitute 3,056 hectares. The claims are accessed by roads that lead to highways.

Part of the USAC Mexican property, including San Miguel I, II and part of San Juan III, was originally drilled by Penoles in 1970, when antimony metal prices were high. They did not proceed with the property, due to the complex metallurgy of antimony. Subsequently, the Mexican Government did additional work and reported a deposit of mineralized material of 1,000,000 metric tons (mt) grading 1.8% antimony and 8.1 ounces of silver per metric ton (opmt) in Consejo de Recursos  Minerales (Publicacion M-4e). Such a deposit does not qualify as a comprehensive evaluation, such as a final or bankable feasibility study that concludes legal and technical viability, and economic feasibility.  The Securities and Exchange Commission does not recognize this report, and the Company claims no reserves.

The mineralized zone is a classic jasperoid-type deposit in the Cretaceous El Doctor Limestone. The mineralization is confined to silicified jasperiods and limestone. The zone strikes north 70 degrees west. The dimensions of the deposit is still conjectural. However, the strike length appears to be more than 4,500 meters.

The mineralization is typically very fine-grained stibnite with silver and a minor amount of gold. It is primarily sulfide in nature due to its encapsulation in silica. The mining for many years will be by open pit methods. Eventually it will be by underground methods. At the present time, mining has included hauling dump rock and limited amounts of rock from mine faces.

SOYATAL MINING DISTRICT, PINAL DE AMOLES, QUERETARO, MEXICO

USAC, through USAMSA, also holds a supply agreement with Pinar de Amores S. A. de C. V. on four concessions in the Soyatal Mining District in the State of Queretaro, totaling 283 hectares. The concessions are the Chihuahua and three Fox-1's. Reportedly, the Soyatal District was the third largest producer of antimony in Mexico. U. S. Geological Survey Bulletin 960-B, 1948, Donald E. White, Antimony Deposits of Soyatal District state of Queretaro, Mexico records the production from 1905-1943 at 25,000 tons of antimony metal content. In 1942, the mines produced ore containing 1,737 tons of metal, and in 1943, they produced ore containing 1,864 tons of metal. This mining was performed primarily all hand labor, with no compressors, trammers, and the ore was transported by mules, in sacks, to the railroad. Recoveries were less than 40% of the values. Mining continued throughout World War II.

White remarks p. 84 and 85"
In the Soyatal Mines, as in practically all antimony mines, it is difficult to estimate the reserves, for the following reasons. (1) The individual deposits are so extremely irregular in size, shape, and grade that the amount of ore in any one of them is unknown until the ore has been mined. (2) As only the relatively high grade shipping ore is recovered, the ore bodies are not systematically sampled and assayed…The total reserves are thus unknown and cannot be estimated accurately, but they probably would suffice to maintain a moderate degree of activity in the district for at least 10 years. The mines may even contain enough ore to equal the total past production."

USAMSA does not claim any reserves at Soyatal. However, hand-sorted rock and mill feed is being mined and purchased by USAMSA, according to a schedule for direct shipping ore.

USAMSA PUERTO BLANCO FLOTATION MILL, GUANAJUATO, MEXICO

A flotation mill was completed at San Luis de la Paz, Guanajuato, Mexico. All of the permits to construct and operate the plant have been obtained. The plant has a capacity of 150 metric tons per day. It includes a 10" x 36" jaw crusher, a 4'x 8' double deck screen, a 29" cone crusher, a 8'x 48" Harding type ball mill, a 8' No. 24 Denver sub A type flotation machines, a 8' disc filter, front end loaders, tools and other equipment. The plant will be used for the processing of rock from Los Juarez, Soyatal, and other properties.

USAMSA MADERO SMELTER, ESTACION MADERO, PARRAS DE LA FUENTE, COAHUILA, MEXICO.

USAC, through its wholly owned subsidiary, USAMSA, owns and operates a smelting facility at Estacion Madero, in the Municipio of Parras de la Fuente, Coahuila, Mexico. The property includes 13.48 hectares. Four furnaces are operating. Other equipment includes cooling ducting, dust collectors, scrubber, laboratory, warehouse, slag vault, stack, jaw crusher, screen, hammer mill, and a 3.5' x 8' rod mill. The plant has a capacity of 40 to 100 tons per month. Currently, crude antimony oxide and meta is being made. Concentrates and hand-sorted rock from Mexico and other areas is being processed. The Madero production is shipped to the Montana plant to produce finished products. Access to the plant is by road and railroad. Set forth below are location maps:

Zeolite Division

LOCATION

The property is located in the southeast corner of Idaho, approximately seven miles east of Preston, Idaho, 34 miles north of Logan, Utah, 79 miles south of Pocatello, Idaho, and 100 miles north of Salt Lake City, Utah.

The mine is located in the N ½ of section 10 and the W ½ of section 2, section 3, and the E ½ section 4, Township 15, Range 40 East of the Boise Meridian, Franklin County, Idaho. The plant and the initial pit is located on the Webster Farm, L.L.C., which is private land.

TRANSPORTATION

The property is accessed by seven miles of paved road and about l mile of gravel road from Preston, Idaho. Preston is near the major north-south Interstate Highway 15 to Salt Lake City or Pocatello.

Several Union Pacific rail sidings may be available to the mine. Bonida is approximately 25 miles west of the mine and includes acreage out of town where bulk rock could be stored possibly in existing silos or on the ground. Three-phase power is installed at this abandoned site. Finished goods could be shipped from the Franklin County Grain Growers feed mill in the town of Preston on the Union Pacific.

The Burlington Northern Railroad can be accessed at Logan, Utah.

Location Map

15

16

PROPERTY AND OWNERSHIP

BRZ leases 320 acres from the Webster Farm, L.L.C. The term of the lease is 15 years and it began on March 1, 2010. This includes the mill site and zeolite in the area of the open pit. The property is the NW ¼ and W ½ of the SW ¼ of section 3 and the N ½ of the W ¼ of section 10, Township 15 South, Range 40 East of the Boise Meridian, Franklin County, Idaho. The lease requires a payment of $10.00 per ton plus an additional annual payment of $10,000 on March 1st of each year. In addition, there are two other royalty holders. Nick Raymond and the estate of George Desborough each have a graduated royalty of $1.00 per ton to $5.00 per ton, depending on the sale price.

The balance of the property is on Bureau of Land Management property and includes 480 acres held by 24, 20-acre Placer claims. Should we drop our lease with Webster Farms LLC., we will retain these placer claims as follows:

| | | | |
|---|---|---|---|
| BRZ 1 | IMC 185308 | BRZ 20 | IMC 186183 |
| BRZ 2 | IMC 185309 | BRZ 21 | IMC 186184 |
| BRZ 3 | IMC 185310 | BRZ 22 | IMC 186185 |
| BRZ 4 | IMC 185311 | BRZ 23 | IMC 186186 |
| BRZ 5 | IMC 185312 | BRZ 24 | IMC 186187 |
| BRZ 6 | IMC 185313 | BRZ 25 | IMC 186188 |
| BRZ 7 | IMC 185314 | BRZ 26 | IMC 186189 |
| BRZ 8 | IMC 185315 | BRZ 27 | IMC 186190 |
| BRZ 9 | IMC 185316 | BRZ 28 | IMC 186191 |
| BRZ 10 | IMC 185317 | BRZ 29 | IMC 186192 |
| BRZ 11 | IMC 185318 | BRZ 30 | IMC 186193 |
| BRZ 12 | IMC 185319 | BRZ 31 | IMC 186194 |

GEOLOGY

The deposit is a very thick, sedimentary deposit of zeolitized volcanic ash of Tertiary age known as the Salt Lake Formation. The sedimentary interval in which the clinoptilolite occurs is more than 1000 feet thick in the area. Thick intervals of the zeolite are separated by thin limestone beds deposited in the freshwater lake where the volcanic ash accumulated.

The deposit includes an 800- foot mountain. Zeolite can be sampled over a vertical extent of 800 feet and on more than 700 acres. The current pit covers more than 3 acres. Despite the apparent size of the deposit, we claim no reserves.

EXPLORATION, DEVELOPMENT, AND MINING

Exploration has been limited to the examination and sampling of surface outcrops and mine faces.

MINING METHODS

Depending on the location, the zeolite is overlain by 1 to 12 feet of zeolite-rich soil. On the ridges, the cover is very little, and in the draws the soil is thicker. The overburden is stripped using a tractor dozer, currently a Caterpillar D 8 K. It is moved to the toe of the pit, and will eventually be dozed back over the pit for reclamation.

Although near-surface rock is easily ripped, it is more economical to drill and blast it. An Ingersol Rand LM 200 air track with a 750 cfm compressor is used to drill 10- foot holes on a 3 to 4 foot center basis. Holes are loaded with ammonium nitrate and primed with powder and non L primers. Breakage is generally good. Initial benches were 20 to 30 foot, but these will be divided into 50 foot benches. Each bench is accessed by a road.

Loading is best performed with a Liehberr R 965 excavator with a 2 yard bucket to allow sorting of the oversize. Alternatively, a Caterpillar 988A loader with a 6 cubic yard bucket is used. The benches are cleaned with the D 8 K.

Haulage is over approximately 4000 foot of road on an uphill grade of 2.5% to the mill. On higher benches, the grade will eventually be downhill. Caterpillar 769 A and 769 B rock trucks are used. They haul 18 to 20 tons per load, and the cycle time is about 30 minutes.

With both trucks and the other existing equipment, the mine is capable of producing 80 tons per hour.

MILLING

PRIMARY CRUSHER

The primary crushing circuit is a conventional closed circuit, utilizing a Stephens-Adamson 42” x 12’ apron feeder, Pioneer 30” x 42” jaw crusher, Nordberg standard 3’ cone crusher, a 5’ by 12’ double deck Kohlberg screen, and has a self-cleaning dust collector. The rock is crushed to minus 1 inch and the circuit has a rated capacity of more than 50 tons per hour.

DRYER

There are two dryer circuits, one for lines one and two and one for the Raymond mill. The dryer circuits include one 50 ton feed bin, and each dryer has a conveyor bypass around each dryer, a bucket elevator, and a dry rock bin. The dryers are 25 feet long, 5 feet in diameter and are fired with propane at 750,000 BTU’s of fuel. One self-cleaning bag house services both dryers. Depending on the wetness of the feed rock, the capacity is in the range of 10 tph per dryer. During most of the year, the dryers are not run.

COARSE PRODUCTS CIRCUITS

There are two lines to produce coarse products: line 1 and line 2.

Line 1 is a closed circuit with a Philadelphia CXFOO16, 15 H.P. hammer mill and a 4’ x 8’ high frequency Midwestern MEV triple deck screen. Line 2 include a Jeffries 30” by 24” 60 HP hammer mill in closed circuit with two 5’ x 12’ triple deck Midwestern Multi Vibe high frequency screens. The circuits also include bucket elevators, (3) 125 ton capacity product silos, a 6 ton capacity Crust Buster blender, augers, Sweco screens, and dust collectors.

FINE PRODUCTS CIRCUIT

The fine products circuit is in one building and it includes (2) 3.5’ x 10.5’ Derrick 2 deck high frequency (3450 RPM) screens and various bucket elevators, augers, bins, and Sweco screens for handling product. Depending on the screening sizes, the plants can generate approximately 150 tons of granules and 125 tons of fines per 24-hour day.

RAYMOND MILL CIRCUIT

The Raymond mill circuit includes a 6058 high-side Raymond mill with a double whizzer, dust collector, two 100 ton product silos, feed bin, conveyors, air slide, bucket elevators, and control booth. The Raymond mill has a rated capacity of more than 10 tons per hour.

ITEM 3. LEGAL PROCEEDINGS

USAC is not a party to any material pending legal proceedings, and no such proceedings are known to be contemplated.

No director, officer or affiliate of USAC and no owner of record or beneficial owner of more than 5.0% of our securities or any associate of any such director, officer or security holder is a party adverse to USAC or has a material interest adverse to USAC in reference to pending litigation.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other regulatory matters required by Section 1503 (a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Annual Report.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Currently, our common stock is traded on the Over the Counter Bulletin Board ("OTCBB") under the symbol "UAMY.OB." The following table sets forth the range of high and low bid prices as reported by the OTCBB for the periods indicated. The quotations reflect inter-dealer prices without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

| 2011 | High | Low |
|---|---|---|
| First Quarter | $ 1.90 | $ 0.41 |
| Second Quarter | 4.1 | 1.56 |
| Third Quarter | 3.45 | 2.05 |
| Fourth Quarter | 3.32 | 1.85 |

| 2010 | High | Low |
|---|---|---|
| First Quarter | $ 0.52 | $ 0.32 |
| Second Quarter | 0.6 | 0.4 |
| Third Quarter | 0.6 | 0.32 |
| Fourth Quarter | 0.6 | 0.36 |

| 2009 | High | Low |
|---|---|---|
| First Quarter | $ 0.35 | $ 0.10 |
| Second Quarter | 0.45 | 0.2 |
| Third Quarter | 0.55 | 0.25 |
| Fourth Quarter | 0.55 | 0.36 |

The approximate number of holders of record of our common stock at March 15, 2012 is 2,500.

We have not declared or paid any dividends to our stockholders during the last five years and do not anticipate paying dividends on our common stock in the foreseeable future. Instead, we expect to retain earnings for the operation and expansion of our business.

ITEM 6. SELECTED FINANCIAL DATA

| December 31, | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| Balance Sheet Data: | | | | | |
| Current assets | $2,816,981 | $1,848,825 | $539,814 | $229,826 | $503,037 |
| Property, plant, and equipment | 6,047,004 | 3,845,000 | 3,404,154 | 2,960,624 | 2,777,116 |
| Restricted cash | 74,777 | 74,311 | 73,916 | 80,664 | 65,736 |
| Other assets | 54,766 | 94,766 | - | - | - |
| Total assets | $8,993,528 | $5,862,902 | $4,017,884 | $3,271,114 | $3,345,889 |
| | | | | | |
| Current liabilities | $1,595,433 | $784,322 | $848,443 | $1,325,575 | $1,850,139 |
| Long-term debt | 158,218 | 82,407 | 98,710 | 54,541 | 19,711 |
| Stock payable to directors for services | 230,004 | - | - | - | - |
| Accrued reclamation costs | 241,500 | 107,500 | 107,500 | 107,500 | 107,500 |
| Deferred revenue - non-current | - | - | - | - | 640,000 |
| Total Liabilities | 2,225,155 | 974,229 | 1,054,653 | 1,487,616 | 2,617,350 |
| Shareholders' equity | 6,768,373 | 4,888,673 | 2,963,231 | 1,783,498 | 728,539 |
| Total liabilities and shareholders' equity | $8,993,528 | $5,862,902 | $4,017,884 | $3,271,114 | $3,345,889 |
| | | | | | |
| Income Statement Data: | | | | | |
| Revenues | $13,118,090 | $9,073,324 | $4,103,340 | $5,275,987 | $5,259,127 |
| | | | | | |
| Cost of revenues | 11,443,892 | 7,699,592 | 3,734,294 | 5,014,007 | 5,287,430 |
| Operating expenses | 782,667 | 950,163 | 605,232 | 641,749 | 545,279 |
| Other (income) expense | 149,001 | 111,356 | 58,657 | (712,133) | 50,110 |
| Total expenses | 12,375,560 | 8,761,111 | 4,398,183 | 4,943,623 | 5,882,819 |
| | | | | | |
| Income (loss) before income taxes | 742,530 | 312,213 | (294,843) | 332,364 | (623,692) |
| Income tax benefit (expense) | (105,610) | 493,000 | - | - | - |
| Net income (loss) | $636,920 | $805,213 | $(294,843) | $332,364 | $(623,692) |
| | | | | | |
| Per Share Data | | | | | |
| Net income (loss) per share: | | | | | |
| Basic | $0.01 | $0.01 | $(0.01) | $0.01 | $(0.02) |
| Diluted | $0.01 | $0.01 | $(0.01) | $0.01 | $(0.02) |
| Weighted average shares outstanding: | | | | | |
| Basic | 58,855,348 | 54,356,693 | 49,855,229 | 43,049,076 | 41,375,287 |
| Diluted | 59,381,175 | 54,578,054 | 49,885,229 | 43,549,076 | 41,375,287 |

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Certain matters discussed are forward-looking statements that involve risks and uncertainties, including the impact of antimony prices and production volatility, changing market conditions and the regulatory environment and other risks. Actual results may differ materially from those projected. These forward-looking statements represent our judgment as of the date of this filing. We disclaim, however, any intent or obligation to update these forward-looking statements.

Results of Operations

Antimony - Combined USA and Mexico

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Lbs of Antimony Metal | 1,401,423 | 1,423,637 | 974,356 |
| Sales Price/Lb Metal | $7.43 | $4.34 | $2.59 |
| Cost of Operations/Lb Metal | (6.79) | (4.04) | (2.27) |
| Gross Profit/Lb Metal | $0.64 | $0.30 | $0.32 |
| | | | |
| Gross antimony revenue | $10,406,636 | $6,174,062 | $2,526,663 |
| Precious metals revenue | 667,813 | 483,307 | 40,444 |
| Production costs | (8,477,151) | (5,080,588) | (1,742,990) |
| Depreciation | (199,515) | (168,808) | (71,929) |
| Direct Sales and Freight | (402,521) | (287,648) | (168,019) |
| General and Administrative | (439,249) | (216,765) | (232,005) |
| Gross Profit - Antimony | $1,556,013 | $903,560 | $352,164 |
| | | | |
| Zeolite | | | |
| Tons sold | 12,105 | 15,319 | 11,519 |
| Sales Price/Ton | $168.83 | $157.71 | $133.37 |
| Cost of Operations/Ton | (159.06) | (127.02) | (131.90) |
| Gross Profit/Ton | $9.76 | $30.69 | $1.47 |
| | | | |
| Gross Revenue | $2,043,641 | $2,415,955 | $1,536,233 |
| Production costs | (1,221,101) | (1,254,375) | (830,065) |
| Depreciation | (206,231) | (187,068) | (190,523) |
| Direct Sales and Freight | (183,333) | (86,737) | (137,883) |
| Royalties | (197,371) | (229,352) | (202,736) |
| General and Administrative | (117,420) | (188,251) | (158,144) |
| Gross Profit - Zeolite | $118,185 | $470,172 | $16,882 |
| | | | |
| Company-wide | | | |
| Gross Revenue | $13,118,090 | $9,073,324 | $4,103,340 |
| Cost of Operations | (11,443,892) | (7,699,592) | (3,734,294) |
| Gross Profit (Loss) | 1,674,198 | 1,373,732 | 369,046 |
| Other Operating Expenses | (782,667) | (950,163) | (605,232) |
| Net Interest | 5,205 | 7,751 | (5,605) |
| Factoring Expense | (154,206) | (119,107) | (90,124) |
| Extinguishment of Payables | - | - | 37,072 |
| Income Tax Benefit (Expense) | (105,610) | 493,000 | - |
| Net income (Loss) | $636,920 | $805,213 | $(294,843) |

Overview

Although we are expanding our operations in Mexico, as in prior years, we still remain dependent on our suppliers. We will remain an antimony producer for the future, although we anticipate greater precious metals and zeolite revenue. We are commencing production of our own raw materials from our mine, mill, and smelter in Mexico to ensure a steady flow of products for sale. Our mine at Los Juarez, our Puerto Blanco mill, and our smelter at Madero, Mexico, will be producing a significant portion of our raw materials commencing with 2013. Our

production for 2012 is expected to be similar to 2011, but we expect to complete the installation of more crusher capacity, the flotation and ball mill, and more smelter furnaces during 2012. We therefore expect more production and sales in 2013 due to the availability of more raw materials. We also have plans to commence installation of a natural gas pipeline in 2012 to replace propane as the fuel used in our Mexico smelter. We expect the pipeline to cost approximately $1 million dollars, and that it will reduce our smelter fuel cost by approximately 75%. We expect to spend approximately $2 million dollars for improvements at our Mexico facility in 2012, and that the funding for these improvements will come from the issuance of restricted stock and cash flow from operations. If the world economy improves, we expect to benefit from an increase in antimony prices. If the world economy does not improve, or if it worsens, we expect to see stagnant or decreasing commodity prices for antimony.

Our principal smelter and precious metals recovery operation remains in Montana, as is our company headquarters. With increased production, we expect to widen our base of customers.

Results of Operations

Comparison of Years ended December 31, 2011, 2010, and 2009. During the three year period ending December 31, 2011, the most significant event affecting our financial performance was the increase in the price of antimony. During the year ending December 31, 2011, the most significant event was the commencement of production at our Mexico operations. During the year ending December 31, 2010, we recorded an impairment loss of $199,302, which is included in other operating expenses in the above table. Going forward, the increased supply of raw material from Mexico, and the metal prices for both antimony and precious metals, will be the most significant factors influencing our operations. The following are highlights of the significant changes during the three year period:

Our revenues from antimony increased in 2011 by approximately $4,232,000 (68%) from 2010 primarily due to an increase in the price of antimony metal of approximately $4,135,000, which was offset by a decrease in the amount of antimony sold, of approximately $98,000. Revenues in 2010 were approximately $3,647,000 (144%) greater than 2009 due to an increase in both the price of antimony metal of approximately $1,697,000, and the amount of antimony sold, approximately $1,950,000. Sales in 2009 were depressed due to the fact that the poor world economy caused our main supplier of antimony to reduce its production, and we did not have enough raw materials to operate at full capacity.

Our cost of goods sold for antimony during 2011 and 2010 increased by approximately $3,765,000 (65%) and $3,539,000 (159%), respectively. The increase in cost of goods sold in 2011 was primarily due to the increase in the cost of our raw materials, and the increase in 2010 was due to the increase in the price of metal and increased production. During both 2011 and 2010, costs of goods sold include production costs from Mexico operations. The cost of goods sold during 2011 was impacted by an increase in the cost of operating supplies, such as vehicle fuel, trucking, insurance, refractoring costs, repairs, steel, and propane.

Our revenues from zeolite were up both in price and tons sold (approximately $880,000) in 2010 from 2009. This was primarily due to a contract for nuclear remediation with the Department of Energy. That contract was not ongoing in 2011, which was the primary cause for a decrease of 3,200 tons sold, approximately $500,000. Although tons sold for 2011 was less than 2010, there was an increase in the sales price per ton which accounted for an increase in revenue of approximately $130,000. The increase in the price for 2011 was mainly due to an additive for a customer, which also caused a similar increase in our cost of production for 2011.

General and administrative costs, as reported in our statement of operations, include fees paid to directors through stock based compensation. General and administrative costs for 2011 include general and administrative costs related to commencement of production at our facilities in Mexico.

The increase in professional fees for both 2011 and 2010 ($52,547 and $ 30,769, respectively) was primarily due to increased costs related to our audits and financial statement preparation.

Factoring expense increased for each year in 2011and 2010 by $35,099 and $30,769, respectively, because of increased revenue and greater amounts of accounts receivable available for factoring.

For the year ending December 31, 2010, we determined that it was likely that we would be profitable in the future, and that it was appropriate to record a tax benefit of $493,000 for the value of tax losses from prior years that could be used to reduce income tax in future periods. For the year ending 2011, this benefit was reduced by $105,610 for tax expenses due to taxable income in that year.

23

Subsidiaries

The Company has a 100% investment in two subsidiaries in Mexico, USAMSA and AM, whose carrying value was assessed at December 31, 2011 for impairment. Management's assessment of the subsidiaries' fair value was based on their future benefit to us. During fiscal year 2010 USAMSA was forced to relocate to a new mill site, causing an impairment of approximately $200,000.

Financial Condition and Liquidity

| | 2011 | 2010 | 2009 |
|---|---|---|---|
| Current Assets | $2,816,981 | $1,848,825 | $539,814 |
| Current liabilities | (1,595,433) | (784,322) | (848,443) |
| Net Working Capital | $1,221,548 | $1,064,503 | $(308,629) |
| | | | |
| Cash provided (used) by operations | $564,041 | $307,350 | $(358,187) |
| Cash (used) by investing | (2,239,441) | (965,919) | (590,815) |
| Cash provided (used) by financing: | | | |
| Principal paid on long-term debt | (124,722) | (59,270) | (56,669) |
| Sale of Stock | 1,242,780 | 1,003,229 | 1,135,576 |
| Other | 113,908 | (17,142) | (3,140) |
| Net change in cash | $(443,434) | $268,248 | $126,765 |

Our financial condition and liquidity, i.e., our net working capital, has improved each year for the three years ended December 31, 2011. This was due to an increase in our cash provided by operations and the sale of stock each year. We used most of our resources from operating cash flows and the sale of stock to complete our mine, mill, and smelter production facility in Mexico. Over the three year period, we raised approximately $3,381,000 from issuing restricted stock, and we used approximately $4,172,000 for capital improvements in Mexico ($3,488,000), Montana ($194,000), and at the Bear River Zeolite plant ($490,000). During the next year ending December 31, 2012, we expect to issue restricted stock to pay for approximately $5 million of capital improvements in 2012 and 2013, including final installation of the crusher, ball grinding, and flotation mill, four additional furnaces at the Madero, Mexico, smelter, and installation of a natural gas pipeline to the Madero smelter.

During the year ended December 31, 2010, the cash provided by operations was increased by the addition of a deferred tax asset for $493,000. In 2011, an increase in inventories due to raw materials purchased per supply agreements reduced cash flows from operations by approximately $923,000, and in 2011 and 2010, increases in accounts receivable due to December sales reduced cash flows from operations by approximately $546,000 and $583,000, respectively. An increase in accounts payable, not paid because of the increase in the amount of accounts receivable due at year end, increased our cash flow from operations by approximately $585,000 for 2011. The current portion of our long term debt is serviceable from the cash generated by operations.

Our stockholders' equity section makes note that we have a liquidation preference of $5,689,780 as concerns our preferred stock. This consists of a liquidation payment of $5,225,360 due if we liquidate our company or sell substantially all our assets, and $464,420 of undeclared dividends. The Board of Directors' does not intend to declare dividends on preferred stock as due and payable at any time in the near future. We do not feel that the liquidation preference and undeclared dividends related to our preferred stock will be an impediment to raising capital in the future by issuing additional shares of common stock, and are not going to affect our liquidity.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our earnings and cash flow are significantly affected by changes in the price of antimony. The price of antimony can fluctuate widely and is influenced by numerous factors such as demand, production levels, and world political and economic events. During the past ten years, the price of antimony metal has ranged from a low of $.88 per pound to a high of $6.97 per pound. Analysis of our costs indicate that, for the year ending December 31, 2011, raw material costs were approximately 50% of our cost of revenues (cost 0f goods sold). Most of our production costs are fixed in nature, and could not be decreased readily without decreasing our production. We estimate that a $2 decrease in the price of antimony would result in a $1 decrease in our gross profit. We would see significant decreases in gross revenues, gross profits, net income, and cash flow if the price of antimony were to decrease substantially.

ITEM 7B. CRITICAL ACCOUNTING ESTIMATES

We have, besides our estimates of the amount of depreciation on our assets, two critical accounting estimates.

- The value of our unprocessed purchased ore in our inventory is based on assays taken at the time the ore is delivered, and may vary when the ore is processed and final settlement is made. We assay purchased ore to estimate the amount of antimony contained per metric ton, and then make an advance payment based on the Rotterdam price of antimony and the % of antimony contained. Our payment scale incorporates a penalty for ore with a low percentage of antimony. After processing the ore and determining a final recovery of the amount of antimony metal in a lot of purchased ore, a final settlement is made, and any underpayment or overpayment is accounted for. It is reasonably likely that the initial assay used for advance payment will differ from the amount of metal recovered from a given lot. If the initial assay of a lot of ore on hand at the end of a reporting period were different, it would cause a change in our reported inventory and accounts payable amounts, but would not change our reported cost of goods sold or net income amounts. At December 31, 2011, if we had overestimated the per cent of antimony in our total inventory of purchased ore by 2.5%, (a 10% correction to the amount of antimony metal contained if we estimated 25.0% antimony per metric ton), the amount of our inventory and accounts payable would be smaller by approximately $64,000. Our net income would not be affected. The amount of the accounting estimate is in a constant state of change because the amount of purchased ore and the per cent of metal contained are constantly changing. Due to the amount of ore on hand at the end of a reporting period as compared to the amount of total assets, liabilities, equity, and the ore processed during a reporting period, any change in the amount of estimated metal contained would likely not result in a material change to our financial condition.

- The asset recovery obligation and asset on our balance sheet is base on an estimate of the future cost to recover and remediate our properties as required by our permits upon cessation of our operations, and may differ when we cease operations. As of December 31, 2011, we made an estimate that the cost of the machine and man hours probable to be needed to put our properties in the condition required by our permits once we cease operations would be $134,000. For purposes of the estimate, we used a probable life of 20 years and costs that, initially, are comparable to rates that we would incur at the present. We are adding to (an accretion of 6%) the liability each year by $8,040, and amortizing the asset over 20 years ($6,700 annually), which decreases our net income in total each year by $11,740. We will make periodic reviews of the remaining life of the mine and other operations, and the estimated remediation costs upon closure, and adjust our account balances accordingly. At this time, we think that an adjustment in our asset recovery obligation in future periods would not have a material impact in the year of adjustment, but would change the amount of the annual accretion and amortization costs charged to our expenses by an undetermined amount.

ITEM 8. FINANCIAL STATEMENTS

The consolidated financial statements of the registrant are included herein on pages F1-F20.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. 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 USAC's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of December 31, 2011. Based upon this evaluation, it was determined that there were material weaknesses affecting our internal control over financial reporting (described below) and, as a result of those weaknesses, our disclosure controls and procedures were ineffective as of December 31, 2011.

Internal control over financial reporting

Management's annual report on internal control over financial reporting

The management of USAC is responsible for establishing and maintaining adequate internal control over financial reporting. This internal control system has been designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of our published financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The management of USAC has assessed the effectiveness of our internal control over financial reporting as of December 31, 2011. To make this assessment, we used the criteria for effective internal control over financial reporting described in Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of our assessment, we concluded that we have material weaknesses in our internal control over financial reporting as of December 31, 2011. These weaknesses are as follows:

Inadequate design of internal control over the preparation of the financial statements and over other significant accounts and financial reporting processes;

Inadequate documentation of controls and monitoring of internal controls over significant accounts and processes including controls associated with the period-end financial reporting process;

The absence of proper segregation of duties within significant accounts and processes and the absence of controls over management oversight, including antifraud programs and controls; and

The absence of controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles and the sufficient expertise in selecting and applying generally accepted accounting principles, including controls over non-routine transactions and controls over the period-end financial reporting process.

We are aware of these material weaknesses and will develop procedures to ensure that independent review of material transactions is performed. With the addition of a chief financial officer, we will develop internal control measures to mitigate the lack of segregation of duties as follows:

The CFO will review all bank reconciliations

The CFO will review all material transactions for capital expenditures

The CFO will review all period ending entries for preparation of financial statements, including the calculation of inventory, depreciation, and amortization

The CFO will review all material entries for compliance with generally accepted accounting principles prior to the annual audit and 10Q filings

The CFO will develop a formal capitalization policy

We plan to consult with independent experts when complex transactions are entered into.

Because these material weaknesses exist, management has concluded that our internal control over financial reporting as of December 31, 2011, is ineffective.

Our internal control over financial reporting as of December 31, 2011, has been audited by DeCoria, Maichel & Teague, P.S., an independent registered public accounting firm, as stated in the attestation report which is included herein.

Changes in internal control over financial reporting

During the quarter ended December 31, 2011, we hired a Certified Public Accountant to be the Chief Financial Officer. As Chief Financial Officer, he will oversee the preparation of our quarterly and annual financial statements and SEC filings. He will assist the Controller in application of generally accepted accounting principles as necessary, will assess and implement internal controls, and will work on special projects as directed by the Board of Directors and management.

There were no other significant change to internal controls for the quarter or year ended December 31, 2011.

26

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of United States Antimony Corporation:

We have audited United States Antimony Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). United States Antimony Corporation's management is responsible for maintaining effective internal control over financial reporting and for assessing of the effectiveness of internal control over financial reporting, included in the Item 9A, Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a control deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

Inadequate design of internal control over the preparation of the financial statements and over other significant accounts and financial reporting processes;

Inadequate documentation of controls and monitoring of internal controls over significant accounts and processes including controls associated with the period-end financial reporting process;

The absence of proper segregation of duties within significant accounts and processes and the absence of controls over management oversight, including antifraud programs and controls; and

The absence of controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles and the sufficient expertise in selecting and applying generally accepted accounting principles, including controls over non-routine transactions and controls over the period-end financial reporting process.

The effect of these material weaknesses resulted in the identification of material misstatements during our audit of the financial statements for the year ended December 31, 2011 which were not initially identified by the Company's internal controls.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2011 consolidated financial statements, and this report does not affect our report dated March 12, 2012 on those financial statements.

In our opinion, United States Antimony Corporation did not maintain effective internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of United States Antimony Corporation as of December 31, 2011 and 2010, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2011, and our report dated March 12, 2012, expressed an unqualified opinion thereon.

DeCoria, Maichel & Teague, P.S.
Spokane, Washington
March 12, 2012

ITEM 9B. OTHER INFORMATION

We file the following reports with the Securities and Exchange Commission, or SEC:

Form 10K Annual Report Under Section 13 or 15(d) of the Securities and Exchange Act of 1934
Form 10Q Quarterly Report Under Section 13 or 15(d) of the Securities and Exchange Act of 1934
Form 8K Current Report Pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934

The public may read and copy any materials that we file with SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, Dc 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. We file electronically with the SEC. The SEC maintains an internet site (http:/www.sec.gov), that contains reports, proxy and information statements, and other information regarding issuers that file electronically.

Our internet address is www.usantimony.com. Our annual report on Form 10K, quarterly report on Form 10Q, current reports on Form 8K, and any amendments to these reports is available, free of charge, as soon as practicable after such material is electronically filed with the SEC.

On February 9, 2012, as reported on SEC Form 8K, the Company accepted the resignation of Patrick W. Dugan, Esq., from the Board of Directors. Mr. Whitney Ferer was appointed to the Board of Directors in place of Mr. Dugan on February 22, 2012.

On January 7, 2012, the Company issued 1,102,500 shares of common stock at a price of $2.00 per share. Each share is accompanied by a warrant to purchase an additional share for $2.50 for two years.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Identification of directors and executive officers at December 31, 2011, is as follows:

| Name | Age | Affiliation | Expiration of Term |
|---|---|---|---|
| John C. Lawrence | 73 | Chairman, President, and Treasurer; Director | Annual meeting |
| John C. Gustavsen | 63 | First Vice-President | Annual meeting |
| Russell C. Lawrence | 43 | Second Vice-President | Annual meeting |
| Matthew Keane | 57 | Third Vice-President | Annual meeting |
| Daniel L. Parks | 63 | Chief Financial Officer | Annual meeting |
| Alicia Hill | 30 | Secretary and Controller | Annual meeting |
| Leo Jackson | 70 | Director | Annual meeting |
| Gary D. Babbitt | 66 | Director | Annual meeting |
| Patrick W. Dugan, Esq. | | | |