

UNITED STATES ANTIMONY CORP
Form 10-Q/A
January 08, 2013

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 June 30, 2012

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
(State or other jurisdiction of incorporation
or organization)

81-0305822
(I.R.S. Employer Identification No.)

P.O. Box 643, Thompson Falls, Montana
(Address of principal executive offices)

59873
(Zip code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES No

Indicate by check mark whether the registrant is a shell company as defined by Rule 12b-2 of the Exchange Act. YES No

At August 10, 2012, the registrant had outstanding 61,803,109 shares of par value \$0.01 common stock.

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

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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 o	Accelerated filer p	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o
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UNITED STATES ANTIMONY CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD
ENDED JUNE 30, 2012

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

United States Antimony Corporation and Subsidiaries
Consolidated Balance Sheets

	(Unaudited) June 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,444,003	\$ 5,427
Certificates of deposit (Note 4)	242,800	
Accounts receivable, less allowance for doubtful accounts of \$4,031 and \$7,600, respectively	456,508	1,291,975
Inventories	1,077,271	1,066,813
Other current assets	57,660	56,208
Deferred tax asset	470,869	396,558
Total current assets	5,749,111	2,816,981
Properties, plants and equipment, net	7,484,436	6,047,004
Restricted cash for reclamation bonds	74,777	74,777
Other assets	128,686	54,766
Total assets	\$ 13,437,010	\$ 8,993,528
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Checks issued and payable	\$ -	\$ 113,908
Deferred revenue	-	43,760
Accounts payable	829,329	994,940
Accrued payroll, taxes and interest	98,409	141,928
Other accrued liabilities	63,696	119,292
Payables to related parties	10,434	331,978
Long-term debt, current	258,988	79,631
Total current liabilities	1,260,856	1,825,437
Long-term debt, noncurrent	134,503	158,218
Asset retirement and accrued reclamation costs	245,520	241,500
Total liabilities	1,640,879	2,225,155
Commitments and contingencies (Note 4)		
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 \$877,500)	7,500	7,500

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Series C: 177,904 shares issued and outstanding (liquidation preference \$97,847)	1,779	1,779
Series D: 1,751,005 shares issued and outstanding (liquidation preference and cumulative dividends of \$4,714,433)	17,509	17,509
Common stock, \$0.01 par value, 90,000,000 shares authorized; 61,786,822 and 59,349,300 shares issued and outstanding, respectively	617,868	593,492
Additional paid-in capital	30,750,974	25,635,129
Accumulated deficit	(19,599,499)	(19,487,036)
Total stockholders' equity	11,796,131	6,768,373
Total liabilities and stockholders' equity	\$ 13,437,010	\$ 8,993,528

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

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

	For the three months ended		For the six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
REVENUES	\$ 3,498,301	\$ 3,050,002	\$ 6,551,855	\$ 5,888,041
COST OF REVENUES	3,209,381	2,805,524	6,142,206	5,364,696
GROSS PROFIT	288,920	244,478	409,649	523,345
OPERATING EXPENSES:				
General and administrative	228,411	89,967	415,984	170,316
Professional fees	34,337	30,888	132,644	125,840
TOTAL OPERATING EXPENSES	262,748	120,855	548,628	296,156
INCOME (LOSS) FROM OPERATIONS	26,172	123,623	(138,979)	227,189
OTHER INCOME (EXPENSE):				
Interest income	1,493	1,526	3,549	2,442
Factoring expense	(23,895)	(38,721)	(51,344)	(73,414)
TOTAL OTHER INCOME (EXPENSE)	(22,402)	(37,195)	(47,795)	(70,972)
INCOME (LOSS) BEFORE INCOME TAXES	3,770	86,428	(186,774)	156,217
INCOME TAX (EXPENSE) BENEFIT	-	-	74,311	(24,426)
NET INCOME (LOSS)	\$ 3,770	\$ 86,428	\$ (112,463)	\$ 131,791
Net income (loss) per share of common stock:				
Basic	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Diluted	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Weighted average shares outstanding:				
Basic	61,786,822	59,150,784	61,786,822	58,157,638
Diluted	62,427,710	59,662,620	61,786,822	58,618,325

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

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

	For the six months ended	
	June 30, 2012	June 30, 2011
Cash Flows From Operating Activities:		
Net income (loss)	\$(112,463)	\$131,791
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense	217,385	192,503
Accretion of asset retirement obligation	4,020	
Common stock issued to directors for services	176,191	-
Deferred income tax expense (benefit)	(74,311)	21,926
Change in:		
Accounts receivable, net	835,467	(349,421)
Inventories	(10,458)	(621,558)
Other current assets	250,736	(23,770)
Other assets	(73,920)	(5,183)
Accounts payable	(165,611)	428,132
Accrued payroll, taxes and interest	(43,519)	12,839
Other accrued liabilities	(55,596)	(44,330)
Deferred revenue	(43,760)	-
Payables to related parties	(321,544)	24,203
Net cash provided (used) by operating activities	582,617	(232,868)
Cash Flows From Investing Activities:		
Purchase of certificates of deposit	(242,800)	-
Purchase of properties, plants and equipment	(1,370,877)	(1,037,912)
Net cash used by investing activities	(1,613,677)	(1,037,912)
Cash Flows From Financing Activities:		
Proceeds from sale of common stock, net of offering costs	4,711,842	1,163,248
Principal payments on long-term debt	(128,298)	(86,958)
Payments received on stock subscription agreements	-	59,907
Change in checks issued and payable	(113,908)	-
Net cash provided by financing activities	4,469,636	1,136,197
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,438,576	(134,583)
Cash and cash equivalents at beginning of period	5,427	448,861
Cash and cash equivalents at end of period	\$3,444,003	\$314,278
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash investing and financing activities:		
Properties, plants and equipment acquired with long-term debt	\$283,940	\$229,100
Properties, plants and equipment acquired with accounts payable	-	\$89,654
Common stock issued for prepaid directors fees	\$358,800	-

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

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 and six month periods ended June 30, 2012 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2012.

Certain consolidated financial statement amounts for the three and six month periods ended June 30, 2011 have been reclassified to conform to the 2012 presentation. These reclassifications had no effect on the net income or accumulated deficit as previously reported.

Management estimates their effective tax rate at 39% for the current year.

For further information refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

During the six months ended June 30, 2012 and 2011, the Company incurred interest expense of \$23,600 and \$5,470, respectively, all of which has been capitalized as part of the cost of constructing the Cal Los Arcos Mill in Mexico.

2. Income (Loss) Per Common Share:

Basic earnings per share is calculated by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated based on the weighted average number of common shares outstanding during the period plus the effect of potentially dilutive common stock equivalents, including warrants to purchase the Company's common stock and convertible preferred stock. Management has determined that the calculation of diluted earnings per share for the six month period ending June 30, 2012, is not applicable since any additions to outstanding shares related to common stock purchase warrants would be anti-dilutive.

As of June 30, 2012 and 2011, the potentially dilutive common stock equivalents not included in the calculation of diluted earnings per share as their effect would have been anti-dilutive are as follows:

	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Warrants	1,248,779	88,164	1,889,667	139,313
Convertible preferred stock	1,751,005	1,751,005	1,751,005	1,751,005
Total possible dilution	2,999,784	1,839,169	3,640,672	1,890,318

3. Inventories

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	June 30, 2012	December 31, 2011
Antimony Metal	11,760	152,026
Antimony Oxide	186,210	180,404
Antimony Ore	784,876	644,113
Total antimony	982,846	976,543
Zeolite	94,425	90,270
	\$ 1,077,271	\$ 1,066,813

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

4. Commitments and Contingencies:

In 2005, a subsidiary of the Company signed an option agreement that gives it the exclusive right to explore and develop the San Miguel I and San Miguel II concessions for an annual payment of \$50,000, and an option to purchase payment of \$100,000 annually. Total payments will not exceed \$1,430,344, reduced by taxes paid. During the six months ended June 30, 2012 and the year ended December 31, 2011, \$0 and \$186,956 respectively, was paid and capitalized as mineral rights in accordance with the Company's accounting policies.

From time to time, the Company is assessed fines and penalties by the Mine Safety and Health Administration ("MSHA"). Using appropriate regulatory channels, management may contest these proposed assessments. The Company has accrued \$14,263 in other accrued liabilities as of June 30, 2012, related to such assessments.

During the six months ended June 30, 2012, the Company negotiated a new credit facility increasing the Company's lines of credit by \$202,000. As part of this agreement, we have pledged two \$101,000 certificates of deposit as collateral. The increased loan facility allows us access to borrowings at an interest rate of 3.15% for the portion of the credit line used. At June 30, 2012, we did not have any outstanding line of credit debt.

5. Long – Term Debt

Long-term debt at June 30, 2012 and December 31, 2011 is as follows:

	2012	2011
Note payable to De Lage Landen financial Services, bearing interest at 5.3%; payable in monthly installments of \$549; maturing March 2016; collateralized by equipment.	\$ 22,361	\$ -
Note payable to Western States Equipment Co., bearing interest at 6.15%; payable in monthly installments of \$2,032; maturing June 2015; collateralized by equipment.	66,668	77,040
Note payable to CNH Capital America, LLC, bearing interest at 4.5%; payable in monthly installments of \$505; maturing June 2013; collateralized by equipment.	5,904	8,648
Note payable to GE Capital, bearing interest at 2.25%; payable in monthly installments of \$359; maturing July 2013; collateralized by equipment.	4,955	6,531

Note payable to Robert and Phyllis Rice, bearing interest at 1%; payable in monthly installments of \$2,000; maturing March 2015; collateralized by equipment.	65,206	80,882
Note payable to De Lage Landen Financial Services at 5.2%; payable in monthly installments of \$709; maturing July 2014; collateralized by equipment.	16,104	19,229
Note payable to Catepillar Finance, bearing interest at 6.15%; payable in monthly installments of \$766; maturing August 2014; collateralized by equipment.	18,597	21,990
Note payable to De Lage Landen Financial Services at 5.2%; payable in monthly installments of \$697; maturing January 2015; collateralized by equipment.	20,202	23,529
Note payable for Corral Blanco land, bearing interest at 6%; payable in three installments; maturing May 1, 2013; collateralized by land.	173,494	
	393,491	237,849
Less current portion	(258,988) (79,631)
Noncurrent portion	\$ 134,503	\$ 158,218

PART I - FINANCIAL INFORMATION, CONTINUED:

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

6. Concentrations of Risk

During the six months ended June 30, 2012, approximately 86% of the Company's antimony revenues were generated by sales to three customers. Loss of any of the Company's key customers could adversely affect its business.

7. Related Party Transactions

During the first three and six months of 2012 and 2011, the Company paid \$6,655 and \$22,026 in 2012, and \$45,452 and \$79,409 in 2011, respectively, to directors of the Company for services provided in permitting and other construction related activities at Mexican mill sites.

During the first three and six months of 2012 and 2011, the Company paid \$16,875 and \$38,715 in 2012, and \$28,679 and \$44,582 in 2011, respectively, to John Lawrence, our president and Chief Executive Officer, as reimbursement for equipment used by the Company.

8. Stockholder's Equity

Issuance of Common Stock for Cash

During the six months ending June 30, 2012, the Company sold an aggregate of 2,056,334 shares of unregistered common stock to existing stockholders and other parties for \$4,702,303. In connection with the sales of the Company's common stock, 1,028,167 warrants to purchase shares of the Company's common stock at \$2.50 per share, and 1,425,982 warrants at \$3.50 per share, were issued. Expenses of \$414,661 connected to the issuance of the unregistered shares were deducted from additional paid in capital. 200,000 shares were issued as an exercise of warrants at \$.30 per share for a total of \$60,000. Also in the first six months of 2012, 25,265 shares were issued in a cashless exercise of warrants, which resulted in an addition of \$263 to capital stock, and a corresponding reduction to additional paid in capital. No share or warrants to purchase shares of the Company's common stock were issued in the first six months of 2011.

Issuance of Common Stock for Services

At December 31, 2011, the Company declared, but did not issue, 95,835 shares of unregistered common stock to be paid to its directors for services, having a fair value of \$230,004, based on the current stock price at the date declared. During the first six months of 2012, the company issued 149,500 shares of unregistered common stock with a fair market value of \$358,800 to the Directors as compensation for past and future services. During the first six months of 2012, the Company awarded 39,406 of the remaining 53,665 shares of unregistered common stock to its directors for services, having a fair value of \$151,190, based on the current stock price at the date awarded. 6,423 new shares with a fair value of \$25,000 were issued to directors who were not board members at December 31, 2011. This expense is classified with general and administrative expense in the consolidated statement of operations.

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

Common Stock Warrants

The Company's Board of Directors has the authority to issue stock warrants for the purchase of preferred or unregistered common stock to directors and employees of the Company.

Transactions in common stock warrants are as follows:

	Number of Warrants	Exercise Prices
Balance, December 31, 2010	725,000	\$0.20-\$0.75
Warrants exercised	(125,000)	\$0.30-\$0.40
Balance, December 31, 2011	600,000	\$0.30-\$0.60
Warrants granted	1,579,417	\$2.50-\$4.50
Warrants exercised	(52,500)	\$2.50
Warrants expired	(350,000)	\$0.30-\$0.40
Balance, June 30, 2012	1,776,917	\$0.20-\$4.50

9. 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 and factoring is not allocated to the segments. Selected information with respect to segments is as follows:

	As of June 30, 2012	As of December 31, 2011
Properties, plants and equipment, net:		
Antimony		
United States	\$ 1,705,370	\$ 1,657,473
Mexico	4,125,674	2,791,233
Subtotal Antimony	5,831,044	4,448,706
Zeolite	1,653,392	1,598,298
Total	\$ 7,484,436	\$ 6,047,004
Total Assets:		
Antimony		
United States	\$ 6,409,667	\$ 2,240,836
Mexico	4,973,792	4,291,187
Subtotal Antimony	11,383,459	6,532,023
Zeolite	2,053,551	2,461,505
Total	\$ 13,437,010	\$ 8,993,528

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

	For the three months ended		For the six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Capital expenditures:				
Antimony				
United States	\$ 17,850	\$ 22,067	\$ 62,618	\$ 79,289
Mexico	671,987	997,867	1,434,827	1,089,236
Subtotal Antimony	689,837	1,019,934	1,497,445	1,168,525
Zeolite	116,485	188,140	157,372	188,140
Total	\$ 806,322	\$ 1,208,074	\$ 1,654,817	\$ 1,356,665

	For the three months ended		For the six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Revenues:				
Antimony	\$ 2,525,097	\$ 2,421,903	\$ 4,699,906	\$ 4,686,136
Precious metals	205,771	157,841	385,909	339,040
Zeolite	767,433	470,258	1,466,040	862,865
Total	\$ 3,498,301	\$ 3,050,002	\$ 6,551,855	\$ 5,888,041

	For the three months ended		For the six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Gross profit:				
Antimony	\$ 191,146	\$ 246,991	\$ 264,978	\$ 528,237
Zeolite	97,774	(2,513)	144,671	(4,892)
Total	\$ 288,920	\$ 244,478	\$ 409,649	\$ 523,345

	For the three months ended		For the six months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Depreciation and amortization:				
Antimony	\$ 57,533	\$ 50,039	\$ 115,106	\$ 96,866
Zeolite	52,461	49,498	102,278	95,637
Total	\$ 110,014	\$ 99,537	\$ 217,384	\$ 192,503

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.

For the three and six month periods ended June 30, 2012 compared to the three and six month periods ended June 30, 2011.

Results of Operations by Division

Antimony - Combined USA

2nd Qtr

2nd Qtr