UNITED STATES ANTIMONY CORP
Form 10QSB
May 14, 2002

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

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2002

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

Commission file number 33-00215

UNITED STATES ANTIMONY CORPORATION

(Name of small business issuer in its charter)

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

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

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

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

At May 6, 2002, the registrant had outstanding 26,956,956 shares of par value $0.01 common stock.

UNITED STATES ANTIMONY CORPORATION
QUARTERLY REPORT ON FORM 10-QSB
FOR THE QUARTERLY PERIOD
ENDED MARCH 31, 2002

TABLE OF CONTENTS

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PART I-FINANCIAL INFORMATION

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

	(UNAUDITED) MARCH 31, 2002	DECEMBER 2001
ASSETS		
Current assets:		
Restricted cash	$ 3,659	$ 3,
Accounts receivable, less allowance for doubtful accounts of $30,000	40,598	105,
Inventories	132,943	126,
Total current assets	177,200	234,
Investment in USAMSA, net	89,303	95,
Properties, plants and equipment, net	392,894	307,
Restricted cash for reclamation bonds	87,550	87,
Total assets	$ 746,947	$ 725,
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Checks issued and payable	$ 56,885	$ 61,
Accounts payable	691,859	624,
Accrued payroll and property taxes	271,229	256,
Accrued payroll	26,198	26,
Other current liabilities	56,467	56,
Judgment payable	47,374	46,
Accrued interest payable	14,640	14,
Payable to related parties	94,702	121,
Notes payable to bank, current	216,183	119,
Accrued reclamation costs, current	137,639	137,
Total current liabilities	1,613,176	1,464,
Notes payable to bank, noncurrent	248,467	341,
Accrued reclamations costs, noncurrent	87,524	87,
Total liabilities	1,949,167	1,893,
Commitments and contingencies (Note 3)		
Stockholders' deficit:		
Preferred stock, $.01 par value, 10,000,000 shares authorized:		
Series A: 4,500 shares issued and outstanding	45	
Series B: 750,000 shares issued and outstanding	7,500	7,
Series C: 177,904 shares issued and outstanding	1,779	1,
Common stock, $.01 par value, 30,000,000 shares authorized; 26,956,959 issued and outstanding at March 31, 2002 and 26,156,959 shares issued and outstanding at December 31, 2001.	269,569	261,
Additional paid-in capital	16,943,610	16,791,
Accumulated deficit	(18,424,723)	(18,230,
Total stockholders' deficit	(1,202,220)	(1,167,
Total liabilities and stockholders' deficit	$ 746,947	$ 725,

The accompanying notes are an integral part of the financial statements.
1

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

	FOR THE THREE MONTHS ENDED MARCH 31, 2002	MARCH 31, 2001
Revenues:		
Sales of antimony products and other . .	$ 651,089	$ 961,131
Sales of zeolite products.	61,314	
	712,403	961,131
Cost of zeolite production	39,311	
Cost of antimony production.	564,548	802,368
Freight and delivery-antimony.	79,809	103,614
	683,668	905,982
Gross profit	28,735	55,149
Other operating expenses:		
Bear River Zeolite-sales and development	68,481	46,243
General and administrative	97,896	174,047
Sales expenses	26,865	38,496
	193,242	258,786
Other (income) expense:		
Interest expense	17,453	39,886
Factoring expense.	19,326	23,264
Interest income and other.	(6,950)	(1,481)
	29,829	61,669
Net loss	$ 194,336	$ 265,306
Basic net loss per share of common stock:.	$ 0.01	$ 0.01
Basic weighted average shares outstanding.	26,588,070	18,467,762

The accompanying notes are an integral part of the financial statements.
2

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

	FOR THE THREE MONTHS ENDED MARCH 31, 2002	MARCH 31, 2001
Cash flows from operating activities:		
Net loss.	$ (194,336)	$ (265,306)
Adjustments to reconcile net loss to net cash used by operations:		
Depreciation.	26,931	24,000
Amortization of deferred financing charges. . .		10,313
Amortization of debenture discount.		3,161
Change in:		
Restricted cash	144	(472)
Accounts receivable	64,486	53,932
Inventories	(6,868)	50,079
Accounts payable.	67,271	31,068
Accrued payroll and property taxes.	14,909	(66,683)
Accrued payroll and other	(125)	69,033
Judgments payable	851	761
Accrued debenture interest payable.		25,575
Payable to related parties.	(26,380)	(5,784)
Net cash used by operating activities . . .	(53,117)	(70,323)
Cash flows from investing activities:		
Purchase of properties, plants and equipment. . . .	(106,021)	(38,810)
Net cash used in investing activities . . .	(106,021)	(38,810)
Cash flows from financing activities:		
Proceeds from issuance of common stock and warrants	160,000	42,000
Payments on notes payable to bank	(96,117)	
Proceeds from related party advances.	50,000	
Proceeds from notes payable to bank	99,491	40,934
Change in checks issued and payable	(4,236)	(23,801)
Net cash provided by financing activities .	159,138	109,133
Net change in cash.	0	0
Cash, beginning of period	0	0
Cash, end of period	$ 0	$ 0
Supplemental disclosures:		
Cash paid during the period for interest.	$ 13,343	$ 12,495

The accompanying notes are an integral part of the financial statements.
3

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-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the interim financial statements have been included. Operating results for the three-month period ended March 31, 2002 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2002. Certain consolidated financial statement amounts for the three-month period ended March 31, 2001 have been reclassified to conform to the 2002 presentation. These reclassifications had no effect on the net loss or accumulated deficit as previously reported.

For further information refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2001.

2. LOSS PER COMMON SHARE

The Company accounts for its income (loss) per common share according to the Statement of Financial Accounting Standards No. 128 "Earnings Per Share" ("SFAS No. 128"). Under the provisions of SFAS No. 128, primary and fully diluted earnings per share are replaced with basic and diluted earnings per share. Basic earnings per share is arrived at by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding, and does not include the impact of any potentially dilutive common stock equivalents. Common stock equivalents, including warrants to purchase the Company's common stock and common stock issuable upon the conversion of debentures are excluded from the calculations when their effect is antidilutive.

3. COMMITMENTS AND CONTINGENCIES:

Until 1989, the Company mined, milled and leached gold and silver in the Yankee Fork Mining District in Custer County, Idaho. In 1994, the U.S. Forest Service, under the provisions of the Comprehensive Environmental Response Liability Act of 1980 ("CERCLA"), designated the cyanide leach plant as a contaminated site requiring cleanup of the cyanide solution. The Company has been reclaiming the property and, as of December 31, 2001, the cyanide solution cleanup was complete, the mill removed, and a majority of the cyanide leach residue disposed of. In 1996, the Idaho Department of Environmental Quality requested that the Company sign a consent decree related to completing the reclamation and remediation at the Preachers Cove mill, which the Company signed in December 1996.

In November of 2001, the Environmental Protection Agency ("EPA") listed two by-products of the Company's antimony oxide manufacturing process as hazardous wastes. Antimony slag and antimony bag house filters are now subject to comprehensive management and treatment standards under subtitle C of the Resource Conservation and Recovery Act ("RCRA"), and emergency notification requirements for releases to the environment under CERCLA. During 2001, the Company adjusted its reclamation accrual at its antimony processing site based on an estimate of costs associated with disposing the Company's current antimony slag inventory according to EPA universal treatment standards. While it is probable that future costs will result from the EPA's listings, the additional costs are not estimable at December 31, 2001.

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED), CONTINUED:

3. COMMITMENTS AND CONTINGENCIES, CONTINUED:

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

During 2001, the Company issued a number of shares in transactions that may not qualify for exemption from the Securities Act registration requirements and may be in violation of Section 5 of the Securities Act of 1933. As a result the Company may be subject to liabilities associated with the rescission rights of the purchasers of these shares and fines and penalties from securities regulators. At March 31, 2002 and December 31, 2001, the Company had not recorded any liability associated with the issuance of these shares, as management believes the likelihood of a claim, and the ultimate outcome if a claim is asserted, cannot be ascertained at this time.

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

General

This report contains both historical and prospective statements concerning the Company and its operations. Prospective statements (known as "forward-looking statements") may or may not prove true with the passage of time because of future risks and uncertainties. The Company cannot predict what factors might cause actual results to differ materially from those indicated by prospective statements.

Results of Operations

The Company's operations resulted in a net loss of $194,336 for the three-month period ended March 31, 2002, compared with a net loss of $265,306 for the three-month period ended March 31, 2001. The decrease in the loss for the first quarter of 2002 compared to the similar quarter of 2001 is primarily due to decreased general and administrative expenses during the first quarter of 2002. During the first quarter of 2001, the Company incurred penalties and legal and accounting expenses associated with the preparation of a registration statement that were not incurred during the first quarter of 2002.

Total revenues from antimony product sales for the first quarter of 2002 were $651,089 compared with $961,131 for the comparable quarter of 2001, a decrease of $310,042. During the three-month period ended March 31, 2002, 40.36%, of the Company's revenues from antimony product sales were from sales to one customer and 10.7% were from sales to a second individual customer. Sales of antimony products during the first quarter of 2002 consisted of 752,049 pounds at an average sale price of $0.87 per pound. During the first quarter of 2001 sales of antimony products consisted of 945,324 pounds at an average sale price of $1.02 per pound. Management believes that the decrease in the sales of antimony products is the result of a general economic slow down during the first quarter of 2002. The decrease in sale prices of antimony products from the first quarter of 2001 to the first quarter of 2002 is the result of a corresponding decrease in antimony metal prices.

5

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

Sales of zeolite products during the first quarter of 2002 were $61,314, no corresponding sales were made during the first period of 2001. Gross profit from antimony and zeolite sales during the first three-month period of 2002 was $28,735 compared with gross profit of $55,149 during the first three-month period of 2001.

During the first quarter of 2002, the Company incurred expenses totaling $68,481 associated with production and development costs of its 75% owned subsidiary, Bear River Zeolite Company, ("Bear River Zeolite or BRZ") compared to $46,243 of expenses in the comparable quarter of 2001. The increase in BRZ expenses was principally due to the costs associated with zeolite marketing efforts and expenses relating to the development of the zeolite plant and equipment during 2002.

General and administrative expenses were $97,896 during the first quarter of 2002, compared to $174,047 during the first quarter of 2001. The decrease in general and administrative expenses during the first quarter of 2002 compared to the same quarter of 2001 was partially due to the absence of penalties and legal and accounting expenses associated with the preparation of a registration statement during the first quarter of 2001 that were incurred during the first quarter of 2001.

Sales expenses were $26,865 during the first quarter of 2002 compared with $38,496 in the first quarter of 2001, the decrease was due to the allocation of a portion of the Company's sales and labor costs to BRZ.

Interest expense was $17,453 during the first quarter of 2002, compared to interest expense of $39,886 incurred during the first quarter of 2001; the decrease in interest expense was due to the conversion of outstanding debentures during the fourth quarter of 2001.

Accounts receivable factoring expense was $19,326 during the first quarter of 2002 compared to $23,264 of factoring expense incurred during the first quarter of 2002. The decrease was primarily due to fewer accounts receivable factored during the first quarter of 2002 compared to 2001.

Interest and other income increased from $1,481 during the first quarter of 2001 to $6,950 during the first quarter of 2002. The increase was the result of plant and equipment rental income recognized from BRZ.

Financial Condition and Liquidity

At March 31, 2002, Company assets totaled $746,947, and there was a stockholders' deficit of $1,202,220. The stockholders' deficit increased $34,336 from December 31, 2001, primarily due to the net loss incurred during the first quarter of 2002. At March 31, 2002 the Company's total current liabilities exceeded its total current assets by $1,435,976. Due to the Company's operating losses, negative working capital, and stockholders' deficit, the Company's independent accountants included a paragraph in the Company's 2001 financial statements relating to a going concern uncertainty. To continue as a going concern the Company must generate profits from its antimony and zeolite sales and to acquire additional capital resources through the sale of its securities or from short and long-term debt financing. Without financing and profitable operations, the Company may not be able to meet its obligations, fund operations and continue in existence. While management is optimistic that the Company will be able to sustain profitable operations and meet its financial obligations, there can be no assurance of such.

Cash used by operating activities during the first three months of 2002 was $53,117, and resulted from the first quarter net loss of $194,336 as adjusted principally by decreasing accounts receivable, increasing accounts payable and the non-cash affects of depreciation and amortization expenses.

Cash used in investing activities during the first three months of 2002 was $106,021 and primarily related to the construction of capital assets at the Bear River Zeolite facility.

6

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

Cash provided by financing activities was $159,138 during the first three months of 2002, and was principally generated by sales of 800,000 shares of unregistered common stock for $160,000 or $0.20 per share.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES

Neither the constituent instruments defining the rights of the registrant's securities filers nor the rights evidenced by the registrant's outstanding common stock have been modified, limited or qualified. The Company sold 800,000 shares of its common stock for $0.20 per share, during the first quarter of 2002 pursuant to exemptions from registration under Section 4(2) of the Securities Act of 1933 as amended.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The registrant has no outstanding senior securities.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Exhibits None

Reports on Form 8-K None

SIGNATURE

Pursuant to the requirements of Section 13 or 15(b) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED STATES ANTIMONY CORPORATION
(Registrant)

By:/s/ John C. Lawrence Date: May 14, 2002

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