UNITED STATES ANTIMONY CORP
Form 10-Q
August 13, 2008

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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2008

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

Commission file number 33-00215

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

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

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

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

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

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

At August 15, 2008 the registrant had outstanding 43,014,024 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [_]   Accelerated filer [_]   Non-accelerated filer [_]
Smaller reporting company [X] (Do not check if a smaller reporting company)

==

UNITED STATES ANTIMONY CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE PERIOD
ENDED JUNE 30, 2008

TABLE OF CONTENTS

[The balance of this page has been intentionally left blank.]

PART I-FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	(Unaudited) June 30, 2008	D
ASSETS		
Current assets:		
Cash	$ 12,780	$
Accounts receivable, less allowance for doubtful accounts of $30,000	51,652	
Inventories	234,111	
Total current assets	298,543	
Properties, plants and equipment, net	2,911,660	
Restricted cash for reclamation bonds	80,186	
Total assets	$ 3,290,389	$
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Checks issued and payable	$ 46,213	$
Accounts payable	795,217	
Accrued payroll and payroll taxes	133,519	
Other accrued liabilities	103,126	
Deferred revenue	83,840	
Accrued interest payable	27,729	
Payable to related parties	242,935	
Convertible note payable to a related party	100,000	
Long-term debt, current	86,252	
Total current liabilities	1,618,831	
Deferred revenue, noncurrent	--	
Long-term debt, noncurrent	76,483	
Accrued reclamation and remediation costs, noncurrent	107,500	
Total liabilities	1,802,814	
Commitments and contingencies (Note 3)		
Stockholders' equity:		
Preferred stock $0.01 par value, 10,000,000 shares authorized:		
Series A: no shares issued and outstanding	--	
Series B: 750,000 shares issued and outstanding (liquidation preference $847,500 at December 31, 2007)	7,500	
Series C: 177,904 shares issued and outstanding (liquidation preference $97,847 at December 31, 2007)	1,779	
Series D: 1,751,005 shares issued and outstanding (liquidation preference and cumulative dividends of $4,549,838 at December 31, 2007)	17,509	
Common stock, $0.01 par vaue, 50,000,000 shares authorized; 43,014,024 and 42,519,243 shares issued and outstanding, respectively	430,140	
Additional paid-in capital	21,437,301	
Accumulated deficit	(20,406,654)	
Total stockholders' equity	1,487,575	

Total liabilities and stockholders' equity	$ 3,290,389	$

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		For the si
	June 30, 2008	June 30, 2007	June 30, 2008
ANTIMONY DIVISION			
Revenues	$ 999,289	$ 1,098,610	$ 2,113,031
Cost of sales:			
Production costs	793,505	836,196	1,618,233
Depreciation	4,144	5,126	7,630
Freight and delivery	46,759	49,988	112,544
General and administrative	8,727	4,193	30,259
Direct sales expense	11,250	11,797	22,500
Total cost of sales	864,385	907,300	1,791,166
Gross profit - antimony	134,904	191,310	321,865
ZEOLITE DIVISION			
Revenues	415,362	268,968	729,014
Cost of sales:			
Production costs	261,861	278,996	528,184
Depreciation	47,609	30,814	93,808
Freight and delivery	33,980	22,907	53,203
General and administrative	42,714	76,616	80,138
Royalties	52,675	31,472	92,797
Direct sales expense	17,161	13,802	37,461
Total cost of sales	456,000	454,607	885,591
Gross profit (loss) - zeolite	(40,638)	(185,639)	(156,577
Total revenues - combined	1,414,651	1,367,578	2,842,045
Total cost of sales - combined	1,320,385	1,361,907	2,676,757
Gross profit - combined	94,266	5,671	165,288
Other operating (income) expenses:			
Corporate general and administrative	63,351	83,736	191,029
Exploration expense	93,918	36,667	177,674
Expired exclusivity contract	(800,000)	--	(800,000
Gain on sale of properties, plants and equipment	--	(38,493)	(41,268

Other operating (income) expenses	(642,731)	81,910	(472,565
Income (loss) from operations	736,997	(76,239)	637,853
Other expenses:			
Interest expense, net	6,776	15,484	14,622
Factoring expense	28,991	22,364	63,194
Other expenses	35,767	37,848	77,816
Net income (loss)	$ 701,230	$ (114,087)	$ 560,037
Net income (loss) per share of common stock:			
Basic	$ 0.016	NIL	$ 0.013
Diluted	$ 0.015	NIL	$ 0.012
Weighted average shares outstanding:			
Basic	42,887,238	40,904,091	42,766,528
Diluted	46,772,306	40,904,091	46,667,221

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

2

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

	For the six months e	
	June 30, 2008	Jun 2
Cash Flows From Operating Activities:		
Net income (loss)	$ 560,037	$ (
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	101,438	
Deferred financing costs as interest expense	--	
Gain on sale of properties, plants and equipment	(41,268)	
Gain on expiration of exclusivity agreement	(800,000)	
Change in:		
Accounts receivable	117,024	(
Inventories	18,503	
Restricted cash for reclamation bonds	(14,450)	
Accounts payable	(42,147)	
Accrued payroll and payroll taxes	19,907	
Other accrued liabilities	3,275	
Deferred revenue	(43,398)	
Accrued interest payable	2,498	

Payable to related parties	(11,150)	
Net cash used by operating activities	(129,731)	(
Cash Flows From Investing Activities:		
Purchase of properties, plants and equipment	(150,595)	(
Proceeds from sale of properties, plants and equipment	41,268	
Net cash used by investing activities	(109,327)	(
Cash Flows From Financing Activities:		
Proceeds from sale of common stock and warrants, net of commissions	199,000	
Proceeds from long-term debt	6,081	
Principal payments of long-term debt	(11,719)	(
Change in checks issued and payable	(23,271)	
Net cash provided by financing activities	170,091	
NET DECREASE IN CASH AND CASH EQUIVALENTS	(68,967)	(
Cash and cash equivalents at beginning of period	81,747	
Cash and cash equivalents at end of period	$ 12,780	$
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-cash investing and financing activities:		
Properties, plants & equipment acquired with accounts payable	$ 28,616	$
Properties, plants & equipment acquired with long-term debt	$ 56,772	$

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-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 six month period ended June 30, 2008 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2008.

Certain consolidated financial statement amounts for the six month period ended June 30, 2007 have been reclassified to conform to the 2008 presentation. These reclassifications had no effect on the net loss or accumulated deficit as previously reported.

For further information refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007.

The financial statements have been prepared on a going concern basis, which assumes realization of assets and liquidation of liabilities in the normal course of business. At June 30, 2008, the Company had negative working capital of approximately $1,320,000 and an accumulated deficit of approximately $20.4 million. In addition, the Company has minimal available authorized shares available to sell in order to raise additional funds (see Note 6). These factors, among others, indicate that there is substantial doubt that the Company will be able to meet its obligations and continue in existence as a going concern. The financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern.

2. EARNINGS (LOSS) PER COMMON SHARE:

The Company accounts for its earnings and 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 or 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. At June 30, 2007 common stock equivalents, including warrants to purchase the Company's common stock and common stock issuable upon the conversion of a convertible note payable, including accrued interest are excluded from the calculations when their effect is antidilutive. For the three and six months ended June 30, 2008, common stock equivalents of 3,885,068 and 3,900,693, respectively, are included as diluted weighted average shares. For the same periods, 3,241,059 of common stock equivalents are excluded from diluted weighted average shares because their exercise price was greater than the average market price during the periods.

3. COMMITMENTS AND CONTINGENCIES:

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

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

In March of 2007, the Company sustained an industrial accident at the BRZ mine resulting in a penalty of approximately $88,000, which was recorded as a liability. As of June 30, 2008 approximately $68,000 of this liability remained.

4. BUSINESS SEGMENTS

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

	For the six months ended and as of June 30, 2008
Capital expenditures:	
Antimony	
United States	$ --
Mexico	111,201
Subtotal Antimony	111,201
Zeolite	124,781
	$ 235,982
Properties, plants and equipment, net:	
Antimony	
United States	$ 109,582
Mexico	1,061,682
Subtotal Antimony	1,171,264
Zeolite	1,740,396
	$ 2,911,660
Inventory:	
Antimony	
United States	$ 181,885
Mexico	--
Subtotal Antimony	181,885
Zeolite	52,226
	$ 234,111
Total Assets:	
Antimony	
United States	$ 384,260
Mexico	1,061,682
Subtotal Antimony	1,445,942
Zeolite	1,830,067
Corporate	14,380

	$ 3,290,389

PART I - FINANCIAL INFORMATION, CONTINUED:

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

5. DEFERRED REVENUE

On October 25, 2006, the Company entered into an agreement to exclusively sell pozzlan zeolite (PZ) to one individual, who is a shareholder of the Company, over the next five years. The agreement calls for the individual to purchase a minimum of 3,000 tons of PZ per month. If the minimum sales are not purchased for a 90-day period of time, the exclusivity of sales to this individual is forfeited. The agreement called for a sales price between $30 and $40 per ton until June 1, 2007, at which time the Company can adjust its price as necessary based on its production costs.

The agreement commenced upon receipt of $500,000 from the shareholder (buyer), which occurred in 2006, and upon completion of permitting and construction of the new mill with operational milling equipment (completed as of December 31, 2007).

During the year ended December 31, 2007, the Company received an additional $300,000 to extend the life of the agreement and provide exclusivity for certain other sales areas. The extension agreement was with a company, Zeolite Company of America (ZCA), of which the shareholder is part owner. The extension agreement lowered the monthly sales requirement to 350 tons per month and set the sale price at $40 per ton beginning December 31, 2007. Should ZCA not purchase or pay for the 350 tons per month for any three month period, ZCA would lose its exclusivity and price commitment.

During the second quarter of 2008 the exclusivity agreement became void due to ZCA's failure to perform. As a result, the Company recognized the entire $800,000 of deferred revenue related to the contract in the second quarter of 2008.

6. COMMON STOCK

The Company's Articles of Incorporation authorize 50,000,000 shares of $0.01 par value common stock available for issuance with such rights and preferences, including liquidation, dividend, conversion and voting rights, as the Board of Directors may determine. At June 30, 2008, the number of common shares outstanding and reserved is as follows:

Common shares issued and outstanding	43,014,024
Allocated shares for:	
Warrants to purchase common stock	7,141,752
Conversion of note payable, including accrued interest	700,000
United States Antimony Corporation 2000 stock plan	500,000
	8,341,752
Total outstanding and reserved	51,355,776
Authorized shares	50,000,000

Number of shares overallocated	(1,355,776)

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

PART I - FINANCIAL INFORMATION, CONTINUED:

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

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

7. ADOPTION OF NEW ACCOUNTING PRINCIPLES

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

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

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

b. For fair value measurements using significant unobservable inputs (Level 3), a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following:

    1) Total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings (or changes in net assets), and a description of where those gains or losses included in earnings (or changes in net assets) are reported in the statement of income (or activities);

    2) The amount of these gains or losses attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting period date and a description of where those unrealized gains or losses are reported;

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

At June 30, 2008, the company has no assets or liabilities that are measured at fair value on a recurring basis.

We also adopted the provisions of SFAS No. 159, "The Fair Value Option for Financial Liabilities", effective January 1, 2008. SFAS No. 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. The adoption of SFAS No. 159 has not had a material effect on our financial position or results of operations as of and for the six months ended June 30, 2008.

8. NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

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

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.

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

RESULTS OF OPERATIONS

FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2008 COMPARED TO THE THREE MONTH PERIOD ENDED JUNE 30, 2007.

The Company's operations resulted in net income of $701,230 for the three-month period ended June 30, 2008, compared with a net loss of $114,087 for the same period ended June 30, 2007. The increase in income for the second quarter of 2008 compared to the similar period of 2007 is primarily due to an increase in zeolite revenues and recognition of revenue from an expired exclusivity contract.

ANTIMONY DIVISION:

Total revenues from antimony product sales for the second quarter of 2008 were $999,289 compared with $1,098,610 for the comparable quarter of 2007, a decrease of $99,321. During the three-month period ended June 30, 2008, 62% of the Company's revenues from antimony product sales were from sales to one customer. Sales of antimony products during the second quarter of 2008 consisted of 366,383 pounds at an average sale price of $2.73 per pound. During the second quarter of 2007, sales of antimony products consisted of 441,080 pounds at an average sale price of $2.49 per pound.

The cost of antimony production was $793,505, or $2.17 per pound sold during the second quarter of 2008 compared to $836,196 or $1.90 per pound sold during the second quarter of 2007. The increase in price per pound was primarily due to increased costs of raw materials.

Antimony depreciation for the second quarter of 2008 was $4,144 which was comparable to $5,126 for the second quarter of 2007.

Antimony freight and delivery expense for the second quarter of 2008 was $46,759 compared to $49,988 during the second quarter of 2007.

General and administrative expenses in the antimony division were $8,727 during the second quarter of 2008 compared to $4,193 during the same quarter in 2007. The increase is due to an increase in bank charges, increased travel expenses and increased insurance expenses.

Antimony sales expenses were $11,250 for the second quarter of 2008 compared to $11,797 for the same quarter in 2007.

ZEOLITE DIVISION:

Total revenue from sales of zeolite products during the second quarter of 2008 were $415,362 at an average sales price of $129.64 per ton, compared with the same quarter sales in 2007 of $268,968 at an average sales price of $126.34 per ton. The increase in revenue for the second quarter of 2008 compared to the same quarter of 2007 was primarily due to the increase of 1,075 tons of zeolite sold during the second quarter of 2008.

The cost of zeolite production was $261,861, or $81.73 per ton sold, for the second quarter of 2008 compared to $278,996, or $131.05 per ton sold, during the second quarter of 2007. The decrease was due to increased production during the second quarter of 2008 compared to the second quarter of 2007.

PART I - FINANCIAL INFORMATION, CONTINUED:

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

Zeolite depreciation for the second quarter of 2008 was $47,609 compared to $30,814 for the second quarter of 2007. The increase in depreciation is due to the continued purchase of capital assets associated with zeolite production.

Zeolite freight and delivery for the second quarter of 2008 was $33,980 compared to $22,907 for the second quarter of 2007. The increase is due to an increase in tons of zeolite sold during the second quarter of 2008.

During the second quarter of 2008, the Company incurred costs totaling $42,714 associated with general and administrative expenses at Bear River Zeolite Company, compared to $76,616 of such expenses in the comparable quarter of 2007. The decrease was primarily due to a decrease in fine and penalty expense which offset smaller increases in bank and interest charges.

Zeolite royalties expenses were $52,675 during the second quarter of 2008 compared to $31,472 during the second quarter of 2007. The increase is due to an increase in tons of zeolite sold during the second quarter of 2008.

Zeolite sales expenses were $17,161 during the second quarter of 2008 compared to $13,802 during the second quarter of 2007. The increase is caused by higher costs related to the direct selling expenses.

ADMINISTRATIVE OPERATIONS

General and administrative expenses for the corporation were $63,351 during the second quarter of 2008 compared to $83,736 for the same quarter in 2007. The decrease is primarily due to a decrease in professional fees and office labor expense during the period.

Exploration expense has increased by $57,251 from the quarter ended June 30, 2007. The increase is primarily due to increased Mexico antimony exploration.

The Company recognized the entire $800,000 of deferred revenue related to an expired exclusivity contract for zeolite in the second quarter of 2008. See Note 5 to the consolidated financial statements in Part I of this Form 10Q.

The Company sold certain mining claims during the second quarter of 2007 that resulted in a gain on sale of property $38,493. No mining claims were sold during the second quarter of 2008.

Interest expense of $6,776 was incurred during the second quarter of 2008 compared to $15,484 during the second quarter of 2007. The decrease is due to the payoff of a significant loan balance between periods.

Accounts receivable factoring expense was $28,991 during the second quarter of 2008 compared to $22,364 during the second quarter of 2007.

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008 COMPARED TO THE SIX MONTH PERIOD ENDED JUNE 30, 2007.

The Company's operations resulted in net income of $560,037 for the six month period ended June 30, 2008, compared with a net loss of $158,875 for the same period ended June 30, 2007. The increase in income for the first six months of 2008 compared to the similar period of 2007 is primarily due to the recognition of revenue related to an expired exclusivity contract.

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

ANTIMONY DIVISION:

Total revenues from antimony product sales for the first six months of 2008 were $2,113,031 compared with $2,192,667 for the first six months of 2007, a decrease of $79,636. During the six month period ended June 30, 2008, 68% of the Company's revenues from antimony product sales were from sales to one customer. Sales of antimony products during the first six months of 2008 consisted of 808,393 pounds at an average sale price of $2.61 per pound. During the first six months of 2007, sales of antimony products consisted of 911,972 pounds at an average sale price of $2.40 per pound.

The cost of antimony production was $1,618,233, or $2.00 per pound sold during the first six months of 2008 compared to $1,594,162 or $1.75 per pound sold during the first six months of 2007. The increase in price per pound is primarily due to increased raw materials cost.

Antimony depreciation for the first six months of 2008 was $7,630 which was comparable to $10,251 for the first six months of 2007.

Antimony freight and delivery expense for the first six months of 2008 was $112,544 compared to $114,007 during the first six months of 2007.

General and administrative expenses in the antimony division were $30,259 during the first six months of 2008 compared to $7,986 during the same period in 2007. The increase is due to an increase in finance charges on purchases, travel expenses and insurance expense.

Antimony sales expenses were $22,500 for the first six months of 2008 compared to $21,667 for the same period in 2007.

ZEOLITE DIVISION:

Total revenue from sales of zeolite products during the first six months of

2008 were $729,014 at an average sales price of $127.21 per ton compared with the same period's sales in 2007 of $524,676 at an average sales price of $129.17 per ton. The increase in revenue for the first six months of 2008 compared to the first six months of 2007 was primarily due to an increase of 1,669 tons sold during the first six months of 2008.

The cost of zeolite production was $528,184, or $92.16 per ton sold, for the first six months of 2008 compared to $577,368, or $142.14 per ton sold, during the first six months of 2007. The decrease was principally due to increased efficiency and lower maintenance and supplies expenses.

Zeolite depreciation for the first six months of 2008 was $93,808 compared to $60,084 for the first six months of 2007. The increase in depreciation is due to the continued purchase of capital assets associated with zeolite production.

Zeolite freight and delivery for the first six months of 2008 was $53,203 compared to $38,889 for the first six months of 2007. The increase is due to a decrease in freight income, which is netted against freight and delivery costs, for the first six months of 2008.

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

During the first six months of 2008, the Company incurred costs totaling $80,138 associated with general and administrative expenses at Bear River Zeolite Company, compared to $101,909 of such expenses in the comparable period of 2007. The decrease was primarily due to a decrease in fine and penalty expense.

Zeolite royalties expenses were $92,797 during the first six months of 2008 compared to $61,608 during the first six months of 2007.

Zeolite sales expenses were $37,461 during the first six months of 2008 compared to $24,267 during the first six months of 2007. The increase is related to more commissions paid to sales personnel.

ADMINISTRATIVE OPERATIONS

General and administrative expenses for the corporation were $191,029 during the first six months of 2008 compared to $180,003 for the first six months of 2007. The increase is primarily due to one time payments related to a stock placement.

Exploration expense increased by $61,378 for the six months ended June 30, 2008 because of an increased focus exploration.

The Company recognized the entire $800,000 of deferred revenue related to an expired exclusivity contract for zeolite in the first half of 2008.

The company sold certain mining claims during the first six months of 2008 that resulted in a gain on sale of property of $41,268 during the first six months of 2008 compared to similar sales of $97,541 during the first six months of 2007.

Interest expense of $14,622 was incurred during the first six months of 2008 compared to $20,687 during the first six months of 2007. The decrease in interest resulted from increased interest income and lower outstanding debt principle balances.

Accounts receivable factoring expense was $63,194 during the first six months of 2008 compared to $44,575 during the first six months of 2007.

FINANCIAL CONDITION AND LIQUIDITY

At June 30, 2008, Company assets totaled $3,290,389 and total stockholders' equity was $1,487,575. Total stockholders' equity increased $759,036 from December 31, 2007, primarily because of net income resulting from the recognition of revenue from an expired exclusivity contract. At June 30, 2008, the Company's total current liabilities exceeded its total current assets by $1,320,288. To continue as a going concern, the Company must generate profits from its antimony and zeolite sales and acquire additional capital resources through the sale of its securities or from short and long-term debt financing. Without financing and profitable operations, the Company may not be able to meet its obligations, fund operations and continue in existence. While management is optimistic that the Company will be able to sustain profitable operations and meet its financial obligations, there can be no assurance of such. The Company's management is confident, however, given recent increases in metal prices, that it will be able to generate cash from operations and financing sources that will enable it to meet its obligations over the next twelve months.

PART I - FINANCIAL INFORMATION, CONTINUED:

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

As discussed in Note 6 to the financial statements, the Company has convertible debt and stock warrants that, if converted, would cause the number of outstanding shares of common stock to exceed the authorized amount. In order to ensure that the number of shares outstanding does not exceed the amount authorized, the Company has no plans on selling additional shares of common stock in the near future, will not authorize any grants under the stock plan, and the president of the Company will not convert the note payable due him. The Company plans to pursue increasing its authorized shares during 2008. In the meantime, the Company is not able to raise funds by selling shares of its common stock (see going concern discussion in Note 1 to the financial statements).

Cash used by operating activities during the first six months of 2008 was $129,731, and resulted primarily from a decrease in accounts receivable and payable and deferred revenue, and the non-cash affects of depreciation and amortization expenses and the gain on sale of properties, plants and equipment.

Cash used in investing activities during the first six months of 2008 was $109,327 and primarily related to the purchase of property, plant and equipment in Mexico for anticipated operations.

Net cash provided by financing activities was $170,091 during the first six months of 2008 and was primarily generated from proceeds from the sale of common stock and exercise of warrants.

13

PART I - FINANCIAL INFORMATION, CONTINUED:

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

Not applicable for small reporting company.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosure. Our president, who serves as the chief accounting officer, conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of June 30, 2008.

Based upon this evaluation, it was determined that there were material weaknesses affecting our internal control over financial reporting and, as a result of those weaknesses, our disclosure controls and procedures were not effective as of June 30, 2008. These material weaknesses are as follows:

- The Company does not have either internally or on its Board of Directors the expertise to produce financial statements to be filed with the SEC.

- The Company lacks proper segregation of duties. As with any company the size of ours, this lack of segregation of duties is due to limited resources. The president authorizes the majority of the expenditures and signs checks.

- The Company lacks accounting personnel with sufficient skills and experience to ensure proper accounting for complex, non-routine transactions.

- During its year end audit, our independent registered accountants discovered material misstatements in our financial statements that required audit adjustments.

MANAGEMENT'S REMEDIATION INITIATIVES
We are aware of these material weaknesses and plan to put procedures in place to ensure that independent review of material transactions is performed. In addition, we plan to consult with independent experts when complex transactions are entered into.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING.
There have been no changes during the quarter ended June 30, 2008 in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

14

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three month period ended June 30, 2008, the Company sold shares of its restricted common stock and warrants as follows: 212,500 shares for $0.40 per share ($85,000). Both the common stock and the common stock underlying the warrants are restricted as defined under Rule 144. In management's opinion, the offer and sale of the securities were made in reliance on exemptions from registration provided by Section 4(2) and Rule 506 of Regulation D of the Securities Act of 1933, as amended and other applicable Federal and state securities laws.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The registrant has no outstanding senior securities.

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None

Reports on Form 8-K None

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: August 13, 2008

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