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UNITED STATES ANTIMONY CORP
Form 10QSB
August 18, 2006

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

FORM 10-QSB

(Mark One)

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

For the quarterly period ended June 30, 2006

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

(State or other jurisdiction of
incorporation or organization)

81-0305822

(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 registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.

Large accelerated filer Accelerated filer Non-accelerated filer

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 No

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

Transitional Small Business Disclosure Format. YES No

At August 01, 2006, the registrant had outstanding 37,268,030 shares of par value \$0.01 common stock

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UNITED STATES ANTIMONY CORPORATION
QUARTERLY REPORT ON FORM 10-QSB
FOR THE PERIOD
ENDED JUNE 30, 2006

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PART I-FINANCIAL INFORMATION

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

(Unaudited)

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June 30, 2006

ASSETS

Current assets:

Cash	\$ 142,387
Accounts receivable, less allowance for doubtful accounts of \$30,000	229,062
Inventories	146,626

Total current assets	518,075
Properties, plants and equipment, net	1,287,163
Restricted cash for reclamation bonds	86,917
Deferred financing costs, net amortization	11,250

Total assets	\$1,903,405
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LIABILITES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Checks issued and payable	\$ 83,794
Accounts payable	597,107
Accrued payroll and related taxes	74,863
Other accrued liabilities	72,586
Deferred revenue	35,710
Accrued interest payable	68,472
Payable to related parties	261,503
Long-term debt, current	182,763
Accrued reclamation costs, current	71,250

Total current liabilities	1,448,048
Secured convertible and convertible notes payable	350,000
Long term debt, noncurrent	477,909
Accrued reclamations costs, noncurrent	71,250

Total liabilities	\$2,347,207
	=====

Commitments and contingencies (Note 3)

Stockholders' deficit:

Preferred stock, \$0.01 par value, 10,000,000 shares authorized:	
Series A: 4,500 shares issued and outstanding	0
Series B: 750,000 shares issued and outstanding	7,500
Series C: 177,942 shares issued and outstanding	1,779
Series D: 1,757,600 shares issued and outstanding	17,576
Common stock, \$0.01 par value, 50,000,000 shares authorized:	
36,735,773 and 34,445,666 issued and outstanding	367,358
Additional paid-in capital	19,627,594
Accumulated deficit	(20,465,609)

Total stockholders' deficit	(443,802)

Total liabilities and stockholders' deficit	\$1,903,405
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL INFORMATION.

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

	For the three months ended		For the six months ended	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Antimony Division				
Revenues:	\$ 866,118	\$ 633,506	\$ 1,627,857	\$ 1,027,118
Cost of Sales:				
Production costs	615,132	515,788	1,159,706	1,000,000
Depreciation	9,434	10,300	15,514	15,514
Freight and delivery	53,860	43,114	105,008	105,008
General and administrative	7,360	27,565	17,000	17,000
Direct sales expense	19,610	11,146	35,631	35,631
	705,396	607,913	1,332,859	1,273,153
Income from operations - antimony	160,722	25,593	294,998	(46,035)
Zeolite Division				
Revenues:	286,345	377,689	496,365	496,365
Cost of Sales:				
Production costs	241,739	243,339	508,547	508,547
Depreciation	28,549	18,200	55,807	55,807
Freight and delivery	10,637	26,289	21,532	21,532
General and administrative	61,077	94,987	109,674	109,674
Direct sales expense	23,235	32,096	36,405	36,405
	365,237	414,911	731,965	731,965
Loss from operations - zeolite	(78,892)	(37,222)	(235,600)	(235,600)
Income (loss) from operations - combined	81,830	(11,629)	59,398	(291,635)
Other (income) expense:				
Corporate general and administrative	60,474	45,816	163,458	163,458
Exploration expense	76,326	--	209,976	209,976
USAMSA investment adjustment	--	882	--	--
Interest income and other	(417)	(321)	(1,261)	(1,261)
Interest expense	27,832	38,003	51,743	51,743
Factoring expense	23,755	25,686	42,751	42,751
Net other expense	187,970	110,066	466,667	466,667
Net loss	\$ (106,140)	\$ (121,695)	\$ (407,269)	\$ (407,269)
Net loss per share of common stock - basic	\$ Nil	\$ Nil	\$ 0.01	\$ 0.01
Basic weighted average shares outstanding	35,293,850	31,912,670	34,951,825	31,912,670

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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL INFORMATION.

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

	For the six months ended	
	June 30, 2006	June 30, 2005
Cash flows from operating activities:		
Net loss	\$ (407,269)	\$ (189,215)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	75,070	62,514
Change in:		
Restricted cash	--	2,095
Accounts Receivable	(119,748)	(46,694)
Inventories	43,117	3,438
Accounts Payable	35,726	185,997
Accrued payroll and related taxes	(29,177)	18,138
Other accrued liabilities	(6,088)	(4,778)
Deferred revenue	(34,290)	(30,000)
Accrued interest payable	14,890	14,580
Payable to related parties	(14,852)	5,563
Net cash from operating activities	(442,621)	21,638
Cash flow from investing activities:		
Purchase of properties, plants and equipment	(289,429)	(209,533)
Net cash from investing activities	(289,429)	(209,533)
Cash flow from financing activities:		
Proceeds from issuance of common stock	547,800	264,875
Proceeds from exercise of common stock warrants	90,000	--
Principal payments on notes payable	(73,632)	(57,877)
Proceeds from notes payable	--	58,019
Proceeds from related party payable	--	25,000
Change in checks issued and payable	22,428	--
Net cash from financing activities	586,596	290,017
Net change in cash	(145,454)	102,122
Cash, beginning of period	287,841	11,642
Cash, end of period	\$ 142,387	\$ 113,764
Supplemental disclosures:		
Non cash investing and financing activities:		
Common stock issued for acquisition of property, plant & equipment	\$ 43,500	
Property, plant & equipment acquired with payable	\$ 95,000	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS FINANCIAL INFORMATION.

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 six month period ended June 30, 2006 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2006. Certain consolidated financial statement amounts for the six month period ended June 30, 2005 have been reclassified to conform to the 2006 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, 2005.

At December 31, 2005, the Company owned 50% of United States Antimony, Mexico S.A. de C.V. ("USAMSA"). The Company accounted for this investment interest using the equity method. In March, 2006, the Company acquired the other 50% of USAMSA. USAMSA is included in the consolidated financial information at June 30, 2006 and inter-company balances and transactions have been eliminated in consolidation.

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 of 8,776,727 shares to purchase the Company's common stock and 1,750,000 shares of 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. 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. The Company believes its reclamation is substantially complete.

In November of 2001, the Environmental Protection Agency ("EPA") listed two

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by-products of the Company's antimony oxide manufacturing process as hazardous wastes under subtitle C of the Resource Conservation and Recovery Act ("RCRA"), and emergency notification requirements for releases to the environment under CERCLA. On November 26, 2002, the Company received a notice of violation related to a hazardous waste discharge that was discovered during a hazardous waste compliance evaluation inspection conducted at the Company's Thompson Falls antimony facility. In response to the notice, the

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

3. COMMITMENTS AND CONTINGENCIES CONTINUED:

Company removed certain antimony materials from its production area and agreed to ensure that future releases of hazardous waste would not occur.

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.

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 for the six month period ended June 30, 2006 and 2005 are as follows:

	2006	2005
Capital expenditures:		
Antimony	\$ 313,435	\$ 0
Zeolite	\$ 114,496	\$ 209,533

5. ADOPTION OF NEW ACCOUNTING PRINCIPLE

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment," ("SFAS 123(R)") which requires the measurement of the cost of employee services received in exchange for an award of an equity instrument based on the grant-date fair value of the award. SFAS 123(R) supersedes previous accounting guidance under the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25").

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006. There was no impact on the financial statements as of and for the three months ended March 31, 2006 as a result of the adoption of SFAS 123(R). In accordance with the modified prospective transition method, the financial

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statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R).

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

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 \$407,269 for the six-month period ended June 30, 2006, compared with a net loss of \$189,215 for the same period ended June 30, 2005. The increase in the loss for the second quarter of 2006 compared to the similar period of 2005 is primarily due to an increase in expenses related to the exploration and development of the Mexican Project.

In 2005, USAC formed a Mexican Company called Antimonio de Mexico, S. A. e C. V. ("ADM"). ADM then signed an exclusive contract to explore and exploit a 40 hectare concession in the State Queretaro, Mexico with an option to purchase. A Mexican Government Monograph (Consejo de Recursos Minerales Publicacio M-4e) reported a resource of 1,000,000 metric tons having a grade of 1.8% antimony and 8.1 ounces per ton silver. During the first quarter of 2006, ADM obtained 466 hectares nearby that represents a continuation of the mineralized zone. ADM then purchased the other 50% of the outstanding stock of United States Antimony de Mexico S. A. de C. V. ("USAMSA") giving USAC a 100% ownership in USAMSA through ADM. USAMSA operated an antimony smelting facility in the State of Coahuila that has been shut down since 1996. ADM also purchased the real property consisting of 6 hectares and all the equipment at the smelter site. During the second quarter of 2006 the USAMSA smelting facility at Madero, Coahuila, Mexico was completed with new furnaces, scrubber, pond, office, fans, and was completely re-wired. Equipment including scales, crushers, compressors, water systems and various other equipment were installed.

Although some of these purchases have been capitalized and others identified as expenses for the Mexican project, there are many of the organizational and travel expenses that have been adsorbed as USAC exploration expenses that adversely impact the profitability of the USAC Antimony Division.

FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2006 COMPARED TO THE THREE MONTH PERIOD ENDED JUNE 30, 2005.

The Company's operations resulted in a net loss of \$106,140 for the three-month period ended June 30, 2006, compared with a net loss of \$121,695 for the same period ended June 30, 2005. The decrease in the loss for the second quarter of 2006 compared to the similar period of 2005 is primarily due to an increase in profitability of the antimony division.

ANTIMONY DIVISION:

Total revenues from antimony product sales for the second quarter of 2006 were \$866,118 compared with \$633,506 for the comparable quarter of 2005, an increase of \$232,612. The increase directly related to increase in average sales price by

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42% plus production from a legacy slag pile at Thompson Falls, Montana. During the three-month period ended June 30, 2006, 63% of the Company's revenues from antimony product sales were from sales to one customer. Sales of antimony products during the second quarter of 2006 consisted of 390,230 pounds at an average sale price of \$2.21 per pound. During the second quarter of 2005 sales of antimony products consisted of 406,657 pounds at an average sale price of \$1.56 per pound.

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

The cost of antimony production was \$615,132, or \$1.57 per pound sold, during the second quarter of 2006 compared to \$515,788, or \$1.27 per pound sold, during the second quarter of 2005. The increase in the cost of production is related to the increase in costs of fuel and maintenance and the decrease in production of product.

Antimony depreciation for the second quarter of 2006 was \$9,434 compared to \$10,300 for the second quarter of 2005. The decrease in depreciation directly related to equipment being fully depreciated.

Antimony freight and delivery for the second quarter of 2006 was \$53,860 compared to \$43,114 of freight and delivery expense during the second quarter of 2005. The increase is directly related to increase in fuel and delivery increases.

General and administrative expenses in the antimony division were \$7,360 during the second quarter of 2006 compared to \$27,565 during the same quarter of 2005. The decrease in the general and administrative expenses is related to the Company being removed from the tax rolls in Lemhi and Custer Counties in Idaho, less interest expense on accounts payable and the reduced bank charge expenses related to the cash accounts.

Antimony sales expenses were \$19,610 in the second quarter of 2006 compared with \$11,146 during the second quarter of 2005. The increase is related to commission paid during the second quarter of 2006.

ZEOLITE DIVISION:

Sales of zeolite products during the second quarter of 2006 were \$286,345 at an average sales price of \$110.68 per ton, compared with the same quarter sales in 2005 of \$377,689 at an average sales price of \$91.93 per ton. The decrease in sales for the second quarter of 2006 compared to the same quarter of 2005 was due to the loss of a major customer.

The cost of zeolite production was \$241,739, or \$ 92.83 per ton sold, for the second quarter of 2006 compared to \$243,339, or \$ 59.23 per ton sold, during the second quarter of 2005. The decrease in the cost of production is related to the decrease in production of product.

Zeolite depreciation for the second quarter of 2006 was \$28,549 compared to \$18,200 for the second quarter of 2005. 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 2006 was \$10,637 compared to \$26,289 for the second quarter of 2005. The decrease is due to decrease in product produced and shipped.

During the second quarter of 2006, the Company incurred costs totaling \$61,077

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associated with general and administrative expenses of its 100% owned subsidiary Bear River Zeolite Company, compared to \$94,987 of such expenses in the comparable quarter of 2005. The decrease is due to the decrease in production and sales in the second quarter of 2006.

Zeolite sales expenses were \$23,235 during the second quarter of 2006 compared to \$32,096 during the second quarter of 2005. The decrease is directly related to decreased sales.

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

ADMINISTRATIVE

Interest expense of \$27,832 was incurred during the second quarter of 2006 compared to \$38,003 during the second quarter of 2005. The decrease is due to the decrease in notes payable.

Accounts receivable factoring expense was \$23,755 during the second quarter of 2006 compared to \$25,686 during the second quarter of 2005. The decrease was primarily due to a decrease in zeolite sales.

General and administrative expenses for the corporation were \$60,474 during the second quarter of 2006 compared to \$45,816 for the same quarter in 2005. The increase is primarily due to the increase in general and administrative activities associated with the Mexican Project.

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006 COMPARED TO THE SIX MONTH PERIOD ENDED JUNE 30, 2005.

ANTIMONY DIVISION:

The sales for the first six months of 2006 were \$1,627,857 compared to \$1,356,040 for the first six months of 2005. The increase is related to the increase in the average sales price increase.

The cost of antimony production was \$1,159,706 during the second quarter of 2006 compared to \$992,446 during the second quarter of 2005. The increase in the cost of production is related to the increase in costs of fuel and maintenance.

Antimony depreciation for the first six months of 2006 was \$15,514 compared to \$20,600 for the first six months of 2005. The decrease in depreciation directly related to equipment being fully depreciated.

Antimony freight and delivery for the first six month of 2006 was \$105,008 compared to \$92,344 of freight and delivery expense during the first six months of 2005. The increase is directly related to increase in fuel and delivery increases.

General and administrative expenses in the antimony division were \$17,000 during the FIRST SIX MONTH of 2006 compared to \$39,927 during the same quarter of 2005. The decrease in the general and administrative expenses is related to the Company being removed from the tax rolls in Lemhi and Custer Counties in Idaho and the reduction of bank charge expenses related to the cash accounts.

Antimony sales expenses were \$35,631 in the FIRST SIX MONTHS of 2006 compared with \$26,985 during the FIRST SIX MONTHS of 2005. The increase is related to commission paid during the second quarter of 2006.

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ZEOLITE DIVISION:

Sales of zeolite products during the first six months of 2006 were \$496,365 compared with the same quarter sales in 2005 of \$687,678. The decrease in sales for the first six months of 2006 compared to the same quarter of 2005 was due to the loss of a major customer.

The cost of zeolite production was \$508,547 for the FIRST SIX MONTHS of 2006 compared to \$498,165 for FIRST SIX MONTHS of 2005. The increase in the cost of production is related to the increase in costs of fuel and maintenance and the decrease in production of product.

Zeolite depreciation for the second quarter of 2006 was \$55,807 compared to \$36,400 for the FIRST SIX MONTHS of 2005. The increase in depreciation is due to the continued purchase of capital assets associated with zeolite production.

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

Zeolite freight and delivery for the FIRST SIX MONTHS of 2006 was \$21,532 compared to \$26,289 for the FIRST SIX MONTHS of 2005. The decrease is due to decrease in product produced and shipped.

During the FIRST SIX MONTHS of 2006, the Company incurred costs totaling \$109,674 associated with general and administrative expenses of it's 100% owned subsidiary Bear River Zeolite Company, compared to \$157,248 of such expenses in the comparable quarter of 2005. The decrease is due to the decrease in production and sales in the second quarter of 2006.

Zeolite sales expenses were \$36,405 during the FIRST SIX MONTHS of 2006 compared to \$63,986 during the second quarter of 2005. The decrease is directly related to decreased sales.

ADMINISTRATIVE:

Interest expense of \$51,743 was incurred during the first six months of 2006 compared to \$73,849 during the first six months of 2005. The decrease is due to the decrease in notes payable.

Accounts receivable factoring expense was \$42,751 during the first six months of 2006 compared to \$53,945 during the first six months of 2005. The decrease was primarily due to a decrease in zeolite sales.

General and administrative expenses for the corporation were \$163,458 during the first six months of 2006 compared to \$127,076 for the same quarter in 2005. The increase is primarily due to the increase in general and administrative activities associated with the Mexican Project.

FINANCIAL CONDITION AND LIQUIDITY

At June 30, 2006, Company assets totaled \$1,903,405, and there was a stockholders' deficit of \$443,802. The stockholders' deficit decreased \$274,031 from December 31, 2005, primarily due to antimony profitability. At June 30, 2006 the Company's total current liabilities exceeded its total current assets by \$929,973. 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 2005 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

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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, 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.

Cash used by operating activities during the first six months of 2006 was \$442,619, and resulted from net loss of \$407,269 during the first six months of 2006 as adjusted by increasing accounts receivable, decreasing inventories and the non-cash affects of depreciation and amortization expenses. The costs incurred in Mexico depleted cash resources.

Cash used in investing activities during the first six months of 2006 was \$289,429 and primarily related to the Mexican Project and improvements to the zeolite packaging plant.

Net cash provided by financing activities was \$586,596 during the first six months of 2006 was primarily generated from proceeds from the sale of common stock.

At the May 26, 2006 meeting of the Board of Directors accepted the resignation of Director Robert A Rice due to health concerns.

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ITEM 3. CONTROLS AND PROCEDURES

As required by the SEC rules, we have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report. This evaluation was performed under the supervision and with the participation of the Company's management, including the President & Chief Executive Officer and Vice President Finance, Secretary and Treasurer. Based upon that evaluation, our President & Chief Executive Officer and Vice President Finance, Secretary and Treasurer have concluded that the Company's controls and procedures were not effective as of the end of the period covered by this Quarterly Report due to inadequate supervision and segregation of duties.

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission.

In connection with the audit of the Company's consolidated financial statements for the year ended December 31, 2005, the Company's independent registered public accounting firm advised the Board of Directors and management of certain significant internal control deficiencies that they considered to be, in the aggregate, material weaknesses. In particular, our independent registered public accounting firm identified the following weaknesses in our internal control systems: (1) lack of segregation of duties and (2) lack of formal procedures relating to all areas of financial reporting including a lack of review by management.

A material weakness is a significant deficiency in one or more of the internal control components that alone or in the aggregate precludes our internal

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controls from reducing to an appropriately low level of risk that material misstatements in our financial statements will not be prevented or detected on a timely basis. The Company considered these matters in connection with the period-end closing of accounts and preparation of related consolidated financial statements and determined that no prior period financial statements were materially affected by such matters. We believe that the material weakness began in 2003 and existed at the end of the period covered by this report.

The size of the Company has prevented us from being able to employ sufficient resources at this time to enable us to have an adequate level of supervision and segregation of duties within our internal control system. We will continue to monitor and assess the costs and benefits of additional staffing within the Company. However, we have not taken any formal steps at this time to correct the material weaknesses identified by our independent registered public accounting firm. If we are unable to correct these material weaknesses, there is more than a remote likelihood that a material misstatement to our consolidated financial statements will not be prevented or detected, in which case investors could lose confidence in management's financial statement assertions. This could have an adverse effect on our ability to raise additional capital and could also have an adverse effect on our stock price.

There has been no change in the Company's internal controls over financial reporting during the quarter ended June 30, 2006, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

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

During the three month period ended June 30, 2006 the Company sold 546,000 shares of its restricted common stock for \$0.30 per share, 637,500 shares for \$0.40, 55,556 shares for \$0.45 or \$443,800 and issued 200,000 shares for \$0.30 and 20,000 shares for \$0.25 of its restricted common stock to exercising warrant holders for \$65,000.

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 18, 2006

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