

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

UNITED STATES ANTIMONY CORP
Form 10KSB
April 12, 2004

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

FORM 10-KSB

(Mark One)

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

For the fiscal year ended December 31, 2003

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

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

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

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

The registrant's revenues for its most recent fiscal year were \$3,221,750

The aggregate market value of the voting stock held by non-affiliates of the registrant, based on the average bid price of such stock, was \$5,500,829 as of March 27, 2004.

At March 27, 2004, the registrant had 28,114,288 outstanding shares of par value

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

\$0.01 common stock.

TABLE OF CONTENTS

PART I

ITEM 1. DESCRIPTION OF BUSINESS
General
History
Overview-2003
Risk Factors
Antimony Division
Zeolite Division
Environmental Matters
Employees
Other

ITEM 2. DESCRIPTION OF PROPERTIES
Antimony Division
Zeolite Division

ITEM 3. LEGAL PROCEEDINGS

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

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

ITEM 7. FINANCIAL STATEMENTS

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

ITEM 8-A CONTROLS AND PROCEDURES

PART III

ITEM 9.. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16 OF THE EXCHANGE ACT.

ITEM 10. EXECUTIVE COMPENSATION

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

SIGNATURES

CERTIFICATIONS

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

FINANCIAL STATEMENTS

PART I

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL

Explanatory Note: As used in this report, the terms "we," "us" and "our" are

used to refer to United States Antimony Corporation and, as the context

requires, its management.

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

- discuss our future expectations;
- contain projections of our future results of operations or of our financial condition; and
- state other "forward-looking" information.

HISTORY

United States Antimony Corporation was incorporated in Montana in January 1970 to mine and produce antimony products. In December 1983, we suspended antimony mining operations but continued to produce antimony products from domestic and foreign sources. Bear River Zeolite Company ("BRZ") was incorporated in 2000, and it mines and produces zeolite in southeastern Idaho. Our principal business is the production and sale of antimony and zeolite products.

OVERVIEW-2003

Antimony Sales

During 2003, sales of our antimony products decreased approximately 16% from that of 2002. The decrease was primarily due to increased imports of Chinese material at low prices competing with our products.

Bear River Zeolite Company

During 2003, significant costs were incurred by BRZ to expand the plant, repair equipment, and market the product. Sales of zeolite increased 140% during 2003 from 2002.

Yellow Jacket Reclamation

The Yellow Jacket mill site was essentially reclaimed in 2002. Little work was performed in 2003. Two pieces of equipment still must be trucked out and survey work must be completed in 2004. The expenses are estimated to be \$6,000. Yellow Jacket reclamation has been a cash drain on our resources since our abandonment of the operation in 1999.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

Yankee Fork Mill Site Reclamation

During 2003 most of the reclamation work was completed. Work scheduled for 2004 includes neutralization of leach tailings and storage of them in a trench, fill dirt work, and seeding and fertilizing.

RISK FACTORS

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

2

Our liabilities substantially exceed our assets. If we were liquidated before our stockholders' deficit is eliminated, our common shareholders would lose part or all of their investment.

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

We have a negative net worth, have incurred significant losses, and may incur losses in the future.

We have not generated an operating profit for several years. Instead we have been able to continue operations from gross profit from our antimony operations, sales of common stock and borrowings from banks and others. As of December 31, 2003, we had a stockholders' deficit of \$1,692,337; and we may incur net losses for the foreseeable future unless and until we are able to establish profitable business operations and reduce cash outflows from general and administrative expenses and property reclamation costs. As of December 31, 2003, we had total current assets of \$204,134 and total current liabilities of \$1,880,746, or negative working capital of approximately \$1,676,612.

Our auditors' report as of February 13, 2004 raised doubt about our ability to continue as a going concern.

Our audited financial statements for the year ended December 31, 2003, which are included in this report, indicate that there was doubt as of February 13, 2004 about our ability to continue as a going concern due to our need to generate cash from operations and obtain additional financing.

We are delinquent or in arrears on significant current liabilities; and collection efforts by creditors could jeopardize our viability as a going concern and close down our operations.

As of December 31, 2003, we are delinquent on the payment of several current liabilities including payroll and property taxes of approximately \$128,392, accounts payable of approximately \$600,000, judgments payable in the amount of \$53,130 and accrued interest payable in the amount of \$16,645. In the absence of payment arrangements, creditors could individually or collectively demand immediate payment and jeopardize our ability to fund operations and correspondingly damage our business. Creditors who are owed taxes have the power to seize our assets for payment of amounts past due and close down our

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

operations.

Capital to meet our future needs for antimony and zeolite production may be unavailable on acceptable terms.

To fund future needs, we may seek to obtain additional capital from public or private financing transactions, as well as borrowing and other resources. The issuance of equity or equity-related securities to raise additional cash would result in dilution to our present stockholders. Further, additional debt funding or common stock sales may not be available on favorable terms, if at all.

Our existing debt is secured by pledges to the bank and to our president, John C. Lawrence, of substantially all of our assets. In addition, we owe a secured convertible note payable to a company controlled by a significant shareholder, that is secured by 100% of our stock in BRZ. Therefore, a default in the payment of any secured debt could result in a loss of the related assets and our ability to continue operations.

As of December 31, 2003, our bank debt in the amount of \$553,532 is secured by a collateral pledge of substantially all of our mining equipment as well as our patented and unpatented mining claims in Sanders County, Montana. On March 31, 2004 and all successive quarters pursuant to the terms of convertible and secured convertible notes payable we will owe an interest payment which if we don't or are unable to pay will result in a default on the notes. Our president, John C. Lawrence, has also guaranteed repayment of all our bank debt and has a secured interest in our assets as well. In the event we are unable to pay the bank debt as it matures, there is a risk the bank may foreclose its security interest and we would lose all or a portion of our equipment as well as our patented and unpatented mining claims.

3

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

Some of our accruals for environmental obligations are current liabilities.

We have accruals totaling \$208,500 on our balance sheet at December 31, 2003, for our environmental reclamation responsibilities, \$151,000 of which are classified as current. If we are not able to adequately perform our reclamation activities on a timely basis, we could be subject to fines and penalties from regulatory agencies.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

ANTIMONY DIVISION

Our antimony mining properties, mill and metallurgical plant are located in the Burns Mining District of Sanders County, Montana, approximately 15 miles west of Thompson Falls. We hold 12 patented lode claims, some of which are contiguous, and 2 patented mill sites. We have no "proven reserves" or "probable reserves" of antimony, as these terms are defined by the Securities and Exchange Commission.

Prior to 1984, we mined antimony ore underground by driving drifts and using slushers in room and pillar type stopes. Mining was suspended in December 1983, because antimony could be purchased more economically from foreign sources. Our underground antimony mining operations may be reopened in the future should raw material prices warrant doing so. We now purchase the majority of our raw antimony from China and Canada. Antimony metal from Chinese sources has been obtained primarily through brokers.

Because we depend on foreign sources for raw materials, there are risks of interruption in procurement from these sources and/or volatile changes in world market prices for these materials that are not controllable by us. Changes in antimony metal export policy by the Chinese government could impair availability of antimony metal and/or could increase antimony metal prices, which could result in curtailed production, decreased profits, operating result fluctuations or breach of contractual obligations to provide antimony products to our customers.

We currently own 50% of the common stock of United States Antimony, Mexico S.A. de C.V. ("USAMSA"), which was formed in April 1998. During 1998 and 1999, we invested capital and surplus equipment from our Thompson Falls antimony operation in USAMSA, which was used for the construction of an antimony processing plant in Mexico. During the later part of 2000 we finalized our 50% investment in USAMSA. To date, two antimony processing furnaces and a warehouse building have been built and limited antimony processing has taken place. During 2003, 2002 and 2001, USAMSA was idle and had no production activities due to volatile antimony prices and the lack of operating and development capital. During 2002, we adjusted our investment in USAMSA to recognize an impairment of its value. The adjustment reduced our carrying value in USAMSA to equal 50% of its net equity, or \$18,625 at December 31, 2002. During 2003, our investment in USAMSA decreased to \$11,913, reflecting our share of its 2003 operating loss. USAMSA is pursuing the assignment of mining concessions in the Mexican states of Zacatecas, Coahuila, Sonora, Queretaro and Oaxaca. We hope USAMSA will begin in future years to produce antimony metal and other products as processing opportunities become available and as antimony prices dictate, although there can be no assurance USAMSA will be profitable.

4

From antimony raw materials, we produce antimony oxide products of different particle size using proprietary furnace technology, several grades of sodium antimonate using hydro metallurgical techniques, and antimony metal. Antimony oxide is a fine, white powder that is used primarily in conjunction with a halogen to form a synergistic flame retardant system for plastics, rubber, fiberglass, textile goods, paints, coatings and paper. Antimony oxide is also used as a color fastener in paint, as a catalyst for production of polyester resins for fibers and film, as a phosphorescent agent in fluorescent light bulbs and as an opacifier for porcelains. Sodium antimonate is primarily used as a fining agent (degasser) for glass in cathode ray tubes used in television bulbs and as a flame retardant. We also sell antimony metal for use in bearings, storage batteries and ordnance.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

We estimate (but have not independently confirmed) that our present share of the domestic market for antimony oxide products is approximately 4%. We have only one principal domestic competitor. The balance of domestic sales are foreign imports (primarily from Chinese and Belgian suppliers).

In recent years we made substantial improvements to our analytical and chemical research capabilities. Since March 1998, we have employed a Chief Chemist who has devoted a substantial portion of his working time to research and development activities. We have continued to pursue research and development activities that have resulted in advances in our preparation, packaging and quality of our antimony products. We believe that our ability to meet customer product specifications gives us a competitive advantage. We believe that we will be able to stay competitive in the antimony business because of these advances. However, many of our competitors in the antimony industry have substantially more capital resources and market share than us. Therefore, our ability to maintain market share can be significantly affected by factors outside of our control.

For the year ended December 31, 2002, we sold 3,479,394 pounds of antimony products generating approximately \$3.27 million in revenues. During 2003, we sold 2,166,691 pounds of antimony products generating approximately \$2.74 million in revenues. During 2002 and 2003, approximately 40% and 56%, respectively, of our antimony sales were made to one customer, KOHLER Co.

Marketing We employ full-time marketing personnel and have negotiated various

commission based sales agreements with other chemical distribution companies.

Antimony Price Fluctuations: Our operating results have been, and will continue

to be, directly related to the market prices of antimony metal, which have fluctuated widely in recent years. The volatility of prices is illustrated by the following table, which sets forth the average prices of antimony metal per pound as reported by sources deemed reliable by us.

YEAR	AVERAGE PRICE
----	-----
2003	\$1.21
2002	0.88
2001	0.58
2000	0.67
1999	0.58
1998	0.63

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

YEAR	HIGH	LOW	AVERAGE PRICE
----	-----	-----	-----
2003	\$5.45	\$1.01	\$ 0.92

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

2002	5.25	0.71	0.99
2001	5.99	0.66	0.93
2000	5.88	0.65	0.99
1999	5.52	0.65	0.85
1998	5.57	0.83	1.13

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

5

We use various antimony raw materials to produce our products. We obtain antimony raw material from sources in China, Canada and the U.S. Purchases from Canadian and U.S. sources have been made at world market prices, as established by the London Metals Bulletin from time to time. Our USAMSA venture is intended eventually to reduce our dependence on foreign sources; but during 2002 and 2003, USAMSA was idle and it is not expected to provide sufficient raw material for several years.

ZEOLITE DIVISION

We own 100% of Bear River Zeolite Company, an Idaho corporation incorporated on June 1, 2000. BRZ has a lease with Webster Farm, L.L.C. The lease entitles BRZ to surface mine and process zeolite on property located near Preston, Idaho in exchange for a royalty payment. The royalty is a percentage of the zeolite sale price, which varies between 8%-13%. The minimum annual royalty during the first five years is \$1,000. During 2002, we sold additional royalty interests in BRZ to a company controlled by Al Dugan, a majority shareholder and, as such, an affiliate. The royalties granted Mr. Dugan's company a payment equal to 3% of all gross sales on zeolite products. BRZ has constructed a processing plant on the property and is currently improving its productive capacity. We have incurred development and start-up costs of \$467,695. We are currently taking orders for our zeolite products and are optimistic that orders will continue and increase during 2003.

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

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

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

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

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

- Sewage Treatment. Zeolite is used in sewage treatment plants to remove nitrogen and as a carrier for microorganisms.
- Nuclear Waste and Other Environmental Cleanup. Zeolite has shown a strong ability to selectively remove strontium, cesium and various other radioactive isotopes from solution. Zeolite can also be used for the cleanup of soluble metals such as mercury, chromium, copper, lead, zinc, arsenic, molybdenum, nickel, cobalt, antimony, calcium, silver and uranium.
- Odor Control. A major cause of odor around cattle, hog, and poultry feed lots is the generation of the ammonium in urea and manure. The ability of zeolite to absorb ammonium prevents the formation of ammonia gas, which generates the odor.
- Gas Separation. Zeolite has been used for some time to separate gases, to re-oxygenate downstream water from sewage plants, smelters, pulp and paper plants, and fish ponds and tanks, and to remove carbon dioxide, sulfur dioxide and hydrogen sulfide from methane generators as organic waste, sanitary landfills, municipal sewage systems and animal waste treatment facilities.
- Animal Nutrition. Feeding up to 2% zeolite increases growth rates, decreases conversion rates, prevents worms, and increases longevity.
- Miscellaneous Uses. Other uses include catalysts, petroleum refining, building applications, solar energy and heat exchange, desiccants, pellet binding, horse and kitty litter, floor cleaner and carriers for insecticides, pesticides and herbicides.

6

ENVIRONMENTAL MATTERS

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

We accrue environmental liabilities when the occurrence of such liabilities is probable and the costs are reasonably estimable. The initial accruals for all our sites are based on comprehensive remediation plans approved by the various regulatory agencies in connection with permitting or bonding requirements. Our

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

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

Yankee Fork Mill Site.

During 2003, USAC spent \$27,397 and essentially finished the bulk of the reclamation work at the Yankee Fork mill site. In essence most of the work was completed during 2003. During 2004 leach residue must be neutralized, moved by truck and covered; some rolling stock must be removed, remaining dirt work must be completed, and water monitoring must continue. At December 31, 2003, we have accrued \$45,000 for the remaining activities.

Antimony Processing Site.

We have environmental remediation obligations at our antimony processing site near Thompson Falls, Montana ("the Stibnite Hill Mine Site"). Under the regulatory jurisdiction of the U.S. Forest Service and subject to the operating permit requirements of the Montana Department of Environmental Quality, we performed substantial environmental reclamation activities during 1999 and 2000. The regulatory agencies require that we line a storm water pond and construct a water treatment facility and thus fulfill the majority of our environmental responsibilities at the Stibnite Hill Mine site. At December 31, 2003, we have accrued \$150,000, most of which is classified as current for our antimony site reclamation activities.

Yellow Jacket Mine.

During 2002, we received notification from the U.S. Forest Service outlining only minor tasks to be performed during the 2003 field season. The Forest Service complimented our to-date reclamation efforts, characterizing the site as a potential "showcase for the mining industry." At December 31, 2003 we have \$6,000 accrued for the remaining reclamation activities.

BRZ.

During 2001, we recorded a reclamation accrual for our Bear River Zeolite subsidiary, based on an analysis performed by management and reviewed and approved by regulatory authorities for environmental bonding purposes. The accrual of \$7,500 represents the Company's estimated costs of reclaiming, in accordance with regulatory requirements, the acreage disturbed by our zeolite operations and remains unchanged at December 31, 2003.

7

General.

Reclamation activities at the Yellow Jacket Mine and the Thompson Falls Antimony Plant have proceeded informally under supervision of the U.S. Forest Service and applicable State Departments of Environmental Quality. We have complied with

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

regulators' requirements and do not expect the imposition of substantial additional requirements.

We have posted cash performance bonds with a bank and the U.S. Forest Service in connection with our reclamation activities. In 2002 and 2001, the U.S. Forest Service released a substantial portion of the environmental bonding funds that had been deposited for remediation of the Yellow Jacket Mine.

We believe we have accrued adequate reserves to fulfill our environmental remediation responsibilities as of December 31, 2003. We have made significant reclamation and remediation progress on all our properties over the past three years and have complied with regulatory requirements in our environmental remediation efforts. The change in amounts accrued for environmental remediation activities during the years ended December 31, 2002 and 2003

	YANKEE FORK MILL SITE	THOMPSON FALLS ANTIMONY PLANT	YELLOW JACKET MINE	BEAR RIVER ZEOLITE	TOT
Balance December 31, 2001	\$ 57,028	\$ 151,510	\$ 9,125	\$ 7,500	\$225,1
Less: Reclamation Costs .	(39,096)	(6,960)	(4,560)		(50,6
Adjustment of Accrued Remediation Costs	22,068				22,0
	-----	-----	-----	-----	-----
Balance December 31, 2002	\$ 40,000	\$ 144,550	\$ 4,565	\$ 7,500	\$196,6
Less: Reclamation Costs .	(22,397)	(2,683)			(25,0
Adjustment of Accrued Remediation Costs	27,397	8,133	1,435		36,9
	-----	-----	-----	-----	-----
Balance December 31, 2003	\$ 45,000	\$ 150,000	\$ 6,000	\$ 7,500	\$208,5
	=====	=====	=====	=====	=====

EMPLOYEES

As of December 31, 2003, we employed 30 full-time employees. The number of full-time employees may vary seasonally. None of our employees are covered by any collective bargaining agreement.

OTHER

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

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

ITEM 2. DESCRIPTION OF PROPERTIES

ANTIMONY DIVISION

Our principal plant and mine are located in the Burns Mining District, Sanders County, Montana, approximately 15 miles west of Thompson Falls, Montana. We

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

hold 2 patented mill sites and 12 patented lode mining claims covering 192 acres. The lode claims are contiguous within two groups.

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

8

ZEOLITE DIVISION

We own 100% of Bear River Zeolite Company ("BRZ"), an Idaho corporation incorporated on June 1, 2000. BRZ has entered into a mining lease with Webster Farm, L.L.C. The lease entitles BRZ to surface mine and process zeolite on property located in Preston, Idaho in exchange for a royalty payment. The royalty is a percentage of the unprocessed ore sale price, which varies between 8%-13%. The minimum annual royalty during the first five years is \$1,000. The royalty is also payable on zeolite mined on adjacent Bureau of Land Management ("BLM"), ground on which BRZ has located five additional BLM claims, if BRZ accesses those claims across the leased property. We are also subject to a 3% royalty on all gross zeolite sales, payable to a company controlled by Al Dugan, a major shareholder and an affiliate. BRZ has constructed a processing plant on the property.

ITEM 3. LEGAL PROCEEDINGS

We are not a party to any pending legal proceeding.

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

No matters were submitted to a vote of security holders during the fourth quarter of 2003.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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

2002	HIGH	LOW
-----	-----	-----
First Quarter.	\$0.29	\$0.12
Second Quarter	0.23	0.12
Third Quarter.	0.23	0.15
Fourth Quarter	0.22	0.15
2003	HIGH	LOW
-----	-----	-----
First Quarter.	\$0.24	\$0.14

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

Second Quarter	0.33	0.13
Third Quarter.	0.26	0.16
Fourth Quarter	0.26	0.14

The approximate number of record holders of our common stock at March 27, 2004 is 2,642.

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

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

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

RESULTS OF OPERATIONS

The Company reported a net loss of \$798,634 in 2003 compared to a net loss of \$360,389 during 2002. The increase in the loss during 2003 was the result of decreased antimony sales and increased general and administrative expenses.

9

Total revenues from antimony product sales for the year ended December 31, 2003, were \$2,742,419 compared with \$3,274,007 for 2002, a decrease of \$531,588. Sales of antimony products during the year ended December 31, 2003 consisted of 2,166,691 pounds at an average sale price of \$1.27 per pound. During the year ended December 31, 2002, sales of antimony products consisted of 3,479,394 pounds at an average sale price of \$0.94 per pound. The decrease in the amount of pounds sold during 2003 is greatly due to the Company's Chinese competitors offering antimony oxide at sales prices less than the Company's cost of production, resulting in the loss of customers to our competitors. Combined cash costs of antimony production and freight and delivery were \$2,403,070 or \$1.11 per pound sold, for the year ended December 31, 2003, as compared to cash costs of antimony production and freight and delivery of \$2,873,096, or \$0.83 per pound sold for the year ended December 31, 2002. The increase in cash costs per pound is partially due to an increase in production costs due to increased propane prices and freight and delivery costs. Additionally, with fewer pounds of Antimony products being sold, the fixed costs per pound of antimony produced increased in 2003. Depreciation expense in the Antimony division was \$41,288 during 2003 compared to \$42,991 during 2002. The decrease in depreciation expense was due to depreciable antimony processing equipment nearing the end of its useful lives.

Sales of zeolite products were \$479,331, with associated cash cost of sales including freight and delivery costs of \$529,397 during the year ended December 31, 2003, compared to sales of \$199,890 and cash cost of sales including freight and delivery costs of \$265,390 during 2002. This represents an increase of 140% from 2002 to 2003. The tons shipped in 2003 were 4,526 tons compared to 2,054 tons in 2002, an increase of 120%. Depreciation expense was \$55,254 for BRZ during 2003, compared to \$41,071 during 2002. The increase in depreciation

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

expense during 2003 was due to more depreciable assets placed in service during 2003.

During the year ended December 31, 2003, the Company incurred general and administrative expenses totaling \$212,689 associated with BRZ compared to \$86,658 during 2002, the increase was due to increased sales effect of zeolite products.

Reclamation at Yellow Jacket is essentially complete. Yankee Fork Mill Site reclamation was \$27,397 in 2003 compared to \$22,068 in 2002. Water monitoring and the disposal of certain materials are among the Company's final responsibilities at Yankee Fork. The Company believes it is nearing the end of its reclamation work at Yankee Fork.

Antimony general and administrative expenses were \$434,563 during the year ended December 31, 2003, compared to \$327,936 during the year ended December 31, 2002. The increase in general and administrative expenses from 2002 to 2003 is due to an increase in consulting and other fees associated with the Company's financing activities and its annual meeting of shareholders held in 2003.

BRZ sales expenses increased to \$70,589 in 2003 from \$62,654 in 2002, the increase was due to increased production and marketing of zeolite in 2003. Antimony sales expenses were \$67,818 during the year ended December 31, 2003, compared to \$80,397 during the year ended December 31, 2002. The decrease in antimony sales expenses during 2002 was primarily related to fewer sales commissions paid to independent brokers for our products during 2003.

Interest expense was \$82,855 during the year ended December 31, 2003 and was comparable to interest expense of \$80,462 incurred during the year ended December 31, 2002. We expect our interest expense to increase during 2004 due to the sale of a secured convertible note payable.

During 2002, we adjusted our investment in USAMSA to recognize an impairment of its value. The adjustment reduced our carrying value in USAMSA by \$60,526. No such adjustment was made during 2003, except to absorb our share of USAMSA's 2003 operating loss.

Accounts receivable factoring expense was \$106,175 during the year ended December 31, 2003 compared to factoring expense incurred during the year ended December 31, 2002 of \$94,765. The increase was due to increased borrowing activities with the Company's factoring agents. Interest income and other income increased to \$10,711 during the year ended December 31, 2003, from \$3,728 during the same period of 2002, due to an increase in other miscellaneous income in 2003.

During 2002, the sale of a 3% gross sales royalty in BRZ to a Company controlled by Al Dugan resulted in revenue of \$200,000. No similar BRZ royalty sales occurred in 2003.

10

FINANCIAL CONDITION AND LIQUIDITY

At December 31, 2003, Company assets totaled \$1,005,050, and there was a stockholders' deficit of \$1,692,337. In addition, at December 31, 2003, the Company's total current liabilities exceeded its total current assets by \$1,676,612. Due to the Company's operating losses, negative working capital, and stockholders' deficit, the Company's independent accountants included a

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

paragraph in our 2003 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 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, there can be no assurance that the Company will be able to sustain profitable operations and meet its financial obligations.

Other significant financial commitments for future periods will include:

- Servicing notes payable to bank.
- Paying delinquent property and payroll tax liabilities and accounts payable.
- Fulfilling responsibilities with environmental, labor safety and securities regulatory agencies.
- Keeping current with the interest payment requirements of the secured convertible and convertible notes payable.

Cash used by operating activities during 2003 was \$449,459, and resulted primarily from the twelve month loss of \$798,634 as adjusted by increasing accounts payable and related party payables, non-cash effects of depreciation and amortization, and changes in other current assets and liabilities.

Cash used by investing activities during the year ended December 31, 2003 was \$121,437, all of which related to the construction and purchases of capital assets used at the Bear River Zeolite facility.

The Company was able to fund its operating loss and its acquisition of plant and equipment during the year ended December 31, 2003, from net cash provided from financing activities of \$570,896; including \$345,000 generated from sales of unregistered common stock and warrants, and proceeds from a secured convertible note payable of \$250,000.

The Company hopes that it will have additional financial resources from increasing gross profits from its antimony business and sales of zeolite from BRZ.

ITEM 7. FINANCIAL STATEMENTS

The consolidated financial statements of the registrant are included herein on pages F1-F22.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 8-A. CONTROLS AND PROCEDURES

The Registrant's president has evaluated the Registrant's disclosure controls and procedures within 90 days of the filing date of this annual report. Based upon this evaluation, the Registrant's president concluded that the Registrant's disclosure controls and procedures are effective in ensuring that material information required to be disclosed is included in the reports that it files with the Securities and Exchange Commission.

There were no significant changes in the Registrant's internal controls or, to the knowledge of the management of the Registrant, in other factors that could significantly affect these controls subsequent to the evaluation date.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS,
COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Identification of directors and executive officers at December 31, 2003, are as follows:

Name	Age	Affiliation with us	Expiration of
-----	-----	-----	-----
John C. Lawrence	65	Chairman, President, Secretary, and Treasurer; Director	Annual meeti
Robert A. Rice	79	Director	Annual meeti
Leo Jackson	62	Director	Annual meeti

BUSINESS EXPERIENCE OF DIRECTORS AND EXECUTIVE OFFICERS

JOHN C. LAWRENCE. Mr. Lawrence has been the president and a director since our inception. Mr. Lawrence was the president and a director of AGAU Mines, Inc., our corporate predecessor, since the inception of AGAU Mines, Inc. in 1968. He is a member of the Society of Mining Engineers and a recipient of the Uno Sahinen Silver Medallion Award presented by Butte Tech, University of Montana. He has a vast background in mining, milling, smelting, chemical processing and oil and gas.

ROBERT A. RICE. Mr. Rice is a metallurgist, having been employed by the Bunker Hill Company, a wholly-owned subsidiary of Gulf Resources and Chemical Corporation at Kellogg, Idaho, as Senior Metallurgist and Mill Superintendent until his retirement in 1965. Mr. Rice has been a director since 1975.

LEO JACKSON. Mr. Jackson is a resident of El Paso, Texas. For the past 15 years, he has been a principal owner and the president of Production Minerals, Inc., a company which has an indirect 25% interest in the stock of USAMSA. Mr. Jackson is one of the principal owners of Minera de Roja, S.A. de C.V., and has been involved in the production and marketing of industrial minerals such as fluorspar and celestite in the United States and Mexico for 25 years. Mr. Jackson speaks fluent Spanish and has a BBA degree from the Sul Ross State University in Texas. Mr. Jackson has been a director since February 1999.

We are not aware of any involvement by our directors or executive officers during the past five years in legal proceedings that are material to an evaluation of the ability or integrity of any director or executive officer.

Board Meetings and Committees. Our Board of Directors held twelve (12) regular

meetings during the 2003 calendar year. Each incumbent director attended at least 75% of the meetings held during the 2003 calendar year, in the aggregate, by the Board and each committee of the Board of which he was a member. Our

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

Board of Directors does not have a Compensation Committee, or a Nominating Committee.

Our Board of Directors has established an Audit Committee consisting of one member (Robert A. Rice) of the Board of Directors not involved in our day-to-day financial management. Mr. Rice is not considered a financial expert; the Company does not have the necessary capital resources to attract and retain an independent financial expert to serve on its Audit Committee.

Board Member Compensation. We paid directors' fees in the form of 26,000 shares

of our Series D Preferred Stock per director during 2003.

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the

Securities Exchange Act of 1934 requires our directors and executive officers and the holders of 10% or more of our common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and stockholders holding more than 10% of our common stock are required by the regulation to furnish us with copies of all Section 16(a) forms they have filed.

Based solely on our review of copies of Forms 3, 4, and 5 furnished to us, Mr. Lawrence timely filed Form 4 reports during 2002. We do not know if Mr. Rice and Mr. Jackson timely filed Form 4 or Form 5 reports during 2003. We do not know if Al W. Dugan, a shareholder who became a 10% beneficial owner during 2000, timely filed Form 3, or Form 4, or Form 5 reports during 2003.

12

Code of Ethics

The Company has adopted a Code of Ethics that applies to the Company's executive officers and its directors. The Company will provide, without charge, a copy of the Code of Ethics on the written request of any person addressed to the Company at: United States Antimony Corporation, P.O. Box 643, Thompson Falls, MT 59873.

ITEM 10. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The Securities and Exchange Commission requires the following table setting forth for fiscal years ending December 31, 2003, 2002 and 2001; the compensation paid by USAC to its principal executive officer.

Name and Principal Position	Year	ANNUAL COMPENSATION			LONG-TERM AWARDS	
		Salary	Bonus	Other Annual Compensation (1)	Restricted Options/Awards (2)	Security Underlying LTIP S
John C. Lawrence, President	2003	\$ 96,000	N/A	\$ 5,538	\$ 2,400	None
John C. Lawrence, President	2002	\$ 96,000	N/A	\$ 5,538	\$ 2,400	None
John C. Lawrence, President	2001	\$ 96,000	N/A	\$ 5,538	\$ 0	None

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

- (1) Represents earned but unused vacation.
- (2) These figures represent the fair values, as of the date of issuance, of the annual director's fee payable to Mr. Lawrence in the form of shares of USAC's Series D Preferred stock or restricted Common Stock.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding beneficial ownership of our common stock as of March 27, 2004, by (i) each person who is known by us to beneficially own more than 5% of our Series A, C, and D preferred stock or common stock; (ii) each of our executive officers and directors; and (iii) all of our executive officers and directors as a group. Unless otherwise stated, each person's address is c/o United States Antimony Corporation, P.O. Box 643, 1250 Prospect Creek Road, Thompson Falls, Montana 59873.

TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER(1)	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENTAGE OF CLASS
Common stock	The Maguire Family and related entities as a group c/o Walter L. Maguire, Sr. P.O. Box 129 Keller, VA 23401	1,406,898 (2)	
Common stock	The Dugan Family c/o A. W. Dugan 1415 Louisiana Street, Suite 3100 Houston, TX 77002	8,795,625 (4)	
Preferred Series A stock	A. Gordon Clark, Jr. 2 Musket Trail Simsbury, CT 06070	4,500 (7)	
Preferred Series C stock	Walter L. Maguire, Sr. P.O. Box 129 Keller, VA 23401	49,091 (7)	
Preferred Series C stock	Richard A. Woods 59 Penn Circle West Penn Plaza Apts. Pittsburgh, PA 15206	48,305 (7)	
13			
TITLE OF CLASS	NAME AND ADDRESS OF BENEFICIAL OWNER(1)	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENTAGE OF CLASS
Preferred Series C stock	Dr. Warren A. Evans 69 Ponfret Landing Road Brooklyn, CT 06234	48,305 (7)	
Preferred Series C stock	Edward Robinson 1007 Spruce Street 1st Floor Philadelphia, PA 19107	32,203 (7)	
Preferred Series D	Gary D. Babbitt 877 W. Main Street, Suite 1000 Boise, ID 83702	475,000 (5)	(7)
Common stock	John C. Lawrence	3,836,653 (3)	
Common stock	Robert A. Rice	214,791	
Common stock	Leo Jackson	56,700	

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

Preferred Series D	John C. Lawrence	2,551,070 (6) (7)
Preferred Series D	Robert A. Rice	50,000
Preferred Series D	Leo Jackson	50,000

Common stock and		
Series D Preferred Stock	All directors and executive officers as a group (3 persons)	6,759,214

(1) Beneficial Ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of common stock subject to options or warrants currently exercisable or convertible, or exercisable or convertible within 60 days of March 27, 2004 are deemed outstanding for computing the percentage of the person holding options or warrants but are not deemed outstanding for computing the percentage of any other person. Percentages are based on a total of 28,114,288 shares of common stock, 4,500 shares of Series A Preferred Stock, 177,904 shares of Series C Preferred Stock, and 1,863,672 shares of Series D Preferred Stock outstanding on March 27, 2004.

(2) Includes 1,007,843 shares owned by the Maguire Foundation; 129,000 shares owned by Walter L. Maguire, Sr.; 45,500 shares owned by Walter L. Maguire, Trustee; and 224,555 shares owned by Walter L. Maguire, Jr. Excludes 1,003,409 shares owned by the 1934 Maguire Trust.

(3) Includes 2,086,653 shares of common stock and 1,750,000 stock purchase warrants issuable through the conversion of a convertible note payable. Excludes 75,000 shares owned by Mr. Lawrence's sister, as to which Mr. Lawrence disclaims beneficial ownership.

(4) Includes 1,823,767 shares owned by Al W. Dugan; and 1,876,449 shares, in the aggregate, owned by companies owned and controlled by Al W. Dugan; and 5,095,404 stock purchase warrants and shares issuable through the conversion of a secured convertible note payable. Excludes 183,333 shares owned by Lydia Dugan as to which Mr. Dugan disclaims beneficial ownership.

(5) Includes warrants to purchase 250,000 shares of Series D Preferred Stock.

(6) Includes 1,538,672 shares of Series D preferred stock and warrants to purchase 1,012,398 shares of Series D Preferred Stock.

(7) The outstanding Series A, Series C and Series D preferred shares carry voting rights.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Described below are transactions during the last two years to which we are a party and in which any director, executive officer or beneficial owner of five percent (5%) or more of any class of our voting securities or relatives of our directors, executive officers or five percent (5%) beneficial owners has a direct or indirect material interest. See also transactions described in notes 4, 7, 9, 11 and 12 to our Financial Statements as of December 31, 2003.

-Leo Jackson, a director, is a principal owner and president of Production Minerals, Inc., a company which indirectly owns 25% of the stock of USAMSA. We

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

own 50% of the stock of USAMSA.

-During 2003, the Company issued 111,185 warrants to purchase shares of Series D preferred stock to John C. Lawrence, the Company's president and a director, for his assistance in procuring equipment financing. The warrants are exercisable at \$0.30 per share and expire in 2008.

-We reimburse John C. Lawrence, a director and Chief Executive Officer, for operational and maintenance expenses incurred in connection with our use of equipment owned by Mr. Lawrence, including welding trucks, backhoes, and an aircraft. Reimbursements for 2003 and 2002 totaled \$52,125 and \$56,481, respectively, in addition, we accrued interest expense of \$7,795 and \$13,688 on net advances due Mr. Lawrence, for the years ended December 31, 2003 and 2002, respectively.

-At December 31, 2003 and 2002, we owed legal fees in the amount of \$149,971 and \$140,018, respectively, to an outside law firm in which Gary D. Babbitt, formerly a director, is a partner.

-During 2003, the Company issued 26,000 shares of its Series D preferred stock to each member of its Board of Directors as compensation for their services as directors. In connection with the issue, the Company recorded \$7,800 in director compensation based on an aggregate of 78,000 Series D shares issued.

-In June 2003, the Company issued 201,000 shares of Series D preferred stock and 200,000 Series D preferred stock purchase warrants to Gary D. Babbitt, a former director, for his consulting services. In connection with the issue to Mr. Babbitt, the Company recognized \$20,100 of consulting expense based upon its estimated value of the services rendered and shares issued. During 2002, we issued Mr. Babbitt 24,000 shares of Series D preferred stock for his services rendered.

-In September 2003, the Company issued John C. Lawrence, the Company's president and a director, 100,000 shares of Series D preferred stock for his help in financing the Company's operations. In connection with this issue, the Company recorded \$15,000 of compensation expense based on its estimated value of the shares issued.

-During 2003, the Company sold a \$250,000 secured convertible note payable to a company controlled by Al Dugan, a major shareholder. In connection with the sale Mr. Dugan received 2,000,000 stock purchase warrants exercisable at \$0.20 per share until December 22, 2008.

-During 2003, the Company cancelled 1,388,672 shares of its common stock and re-issued an equal amount of Series D preferred stock to John C. Lawrence, the Company's president and a director.

-During 2003, John C. Lawrence, the Company's president and a director converted \$100,000 of current debt due him into a convertible long-term note payable. In connection with the sale Mr. Lawrence received 1,000,000 stock purchase warrants exercisable at \$0.20 per share until December 22, 2007.

-During 2002, the Company issued 250,000 warrants to purchase shares of Series D preferred stock to Gary D. Babbitt, for legal services rendered. The warrants are exercisable at \$0.20 per share and expire in 2005 and 2007.

-During 2002, the Company issued 151,213 warrants to purchase shares of Series D preferred stock to John C. Lawrence in exchange for his warrants to purchase 151,213 shares of the Company's common stock. The warrants are exercisable at \$0.20 per share and expire in 2005 and 2007.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

-During 2002, the Company sold a 3% gross proceeds royalty on all zeolite extracted from BRZ to Delaware Royalty Company, Inc., a company controlled by Al Dugan, a major shareholder. The Company received \$200,000 from the sale of the royalty interest. During the years ended December 31, 2003 and 2002, the Company paid Delaware Royalty Company, Inc. \$11,575 and \$705 in royalties, respectively.

15

-Included in the sale of the Company's common stock and common stock warrants during 2003, were 333,334 shares of common stock and 333,334 common stock purchase warrants sold to companies controlled by directors or immediate family members of directors of the Company.

-During 2002, we issued 750,000 Series D Preferred Stock warrants to our president, John C. Lawrence in consideration of his advances made to the Company. The warrants expire in September of 2007, and are exercisable at \$0.20 per share.

-On March 20, 2002 we sold Al W. Dugan, a major shareholder, 50,000 shares of our common stock and agreed to issue warrants to purchase 50,000 shares of common stock, for \$0.20 per share or \$10,000. The warrants are exercisable at \$0.30 per share.

-During the fourth quarter of 2002, the Company issued each of its three directors, 24,000 shares of Series D Preferred Stock for their services as directors.

-On February 12, 2002 we sold Al W. Dugan, a major shareholder, 250,000 shares of our common stock and agreed to issue warrants to purchase 250,000 shares of common stock, for \$0.20 per share or \$50,000. The warrants are exercisable at \$0.30 per share.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

EXHIBIT NUMBER	DESCRIPTION
-----	-----

3.01 Articles of Incorporation of USAC, filed as an exhibit to USAC's Form 10-KSB for the fiscal year ended December 31, 1995 (File No.001-08675), are incorporated herein by this reference.

3.02 Amended and Restated Bylaws of USAC, filed as an exhibit to amendment No. 2 to USAC's Form SB-2 Registration Statement (Reg. No.333-45508) are incorporated herein by this reference.

3.03 Articles of Correction of Restated Articles of Incorporation of USAC.

3.04 Articles of Amendment to the Articles of Incorporation of United States Antimony Corporation, filed as an exhibit to USAC's Form 10-QSB for the quarter ended September 30, 2002 (File No. 001-08675), are incorporated herein by this reference.

4.01 Key Employees 2000 Stock Plan, filed as an exhibit to USAC's Form S-8 Registration Statement filed on March 10, 2000 (File No.333-32216) is incorporated herein by this reference.

Documents filed with USAC's Annual Report on Form 10-KSB for the year ended December 31, 1995 (File No. 001-08675), are incorporated herein by this reference:

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

10.10 Yellow Jacket Venture Agreement

10.11 Agreement Between Excel-Mineral USAC and Bobby C. Hamilton

10.12 Letter Agreement

10.13 Columbia-Continental Lease Agreement Revision

10.14 Settlement Agreement with Excel Mineral Company

10.15 Memorandum Agreement

10.16 Termination Agreement

10.17 Amendment to Assignment of Lease (Geosearch)

16

10.18 Series B Stock Certificate to Excel-Mineral Company, Inc.

10.19 Division Order and Purchase and Sale Agreement

10.20 Inventory and Sales Agreement

10.21 Processing Agreement

10.22 Release and settlement agreement between Bobby C. Hamilton and United States Antimony Corporation

10.23 Columbia-Continental Lease Agreement

10.24 Release of Judgment

10.25 Covenant Not to Execute

10.26 Warrant Agreements filed as an exhibit to USAC's Annual Report on Form 10-KSB for the year ended December 31, 1996 (File No. 001-08675), are incorporated herein by this reference

10.27 Letter from EPA, Region 10 filed as an exhibit to USAC's Quarterly Report on Form 10-QSB for the quarter ended September 30, 1997 (File No. 001-08675) is incorporated herein by this reference

10.28 Warrant Agreements filed as an exhibit to USAC's Annual Report on Form 10-KSB for the year ended December 31, 1997 (File No. 001-08675) are incorporated herein by this reference

10.30 Answer, Counterclaim and Third-Party Complaint filed as an exhibit to USAC's Quarterly Report on Forms 10-QSB for the quarter ended September 30, 1998 (File No. 001-08675) is incorporated herein by this reference

Documents filed with USAC's Annual Report on Form 10-KSB for the year ended December 31, 1998 (File No. 001-08675), are incorporated herein by this reference:

10.31 Warrant Issue-Al W. Dugan

10.32 Amendment Agreement

Documents filed with USAC's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1999 (File No. 001-08675) are incorporated herein by this

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

reference:

10.33 Warrant Issue-John C. Lawrence

10.34 PVS Termination Agreement

Documents filed as an exhibit to USAC's Form 10-KSB for the year ended December 31, 1999 (File No. 001-08675) are incorporated herein by this reference:

10.35 Maguire Settlement Agreement

10.36 Warrant Issue-Carlos Tejada

10.37 Warrant Issue-Al W. Dugan

10.38 Memorandum of Understanding with Geosearch Inc.

10.39 Factoring Agreement-Systran Financial Services Company

10.40 Mortgage to John C. Lawrence

17

10.41 Warrant Issue-Al W. Dugan filed as an exhibit to USAC's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2000 (File No. 001-08675) is incorporated herein by this reference

10.42 Agreement between United States Antimony Corporation and Thomson Kernaghan & Co., Ltd. filed as an exhibit to USAC form 10-QSB for the quarter ended June 30, 2000 (File No. 001-08675) are incorporated herein by this reference.

10.43 Settlement agreement and release of all claims between the Estate of Bobby C. Hamilton and United States Antimony Corporation filed as an exhibit to USAC form 10-QSB for the quarter ended June 30, 2000 (File No. 001-08675) are incorporated herein by this reference.

10.44 Supply Contracts with Fortune America Trading Ltd. filed as an exhibit to USAC form 10-QSB for the quarter ended June 30, 2000 (File No. 001-08675) are incorporated herein by this reference.

10.45 Amended and Restated Agreements with Thomson Kernaghan & Co., Ltd, filed as an exhibit to amendment No. 3 to USAC's Form SB-2 Registration Statement (Reg. No. 333-45508), are incorporated herein by this reference.

10.46 Purchase Order from Kohler Company, filed as an exhibit to amendment No. 4 to USAC's Form SB-2 Registration Statement (Reg. No. 333-45508) are incorporated herein by this reference.

Documents filed as an exhibit to USAC's Form 10-QSB for the quarter ended June 30, 2002 (File No. 001-08675) are incorporated herein by this reference.

10.47 Bear River Zeolite Company Royalty Agreement, dated May 29, 2002

10.48 Grant of Production Royalty, dated June 1, 2002

10.49 Assignment of Common Stock of Bear River Zeolite Company, dated May 29, 2002

10.50 Agreement to Issue Warrants of USA, dated May 29, 2002

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

10.51 Secured convertible note payable Delaware Royalty Company dated December 22, 2003*

10.52 Convertible note payable John C. Lawrence dated December 22, 2003*

10.53 Pledge, Assignment and Security Agreement dated December 22, 2003*

10.54 Note Purchase Agreement dated December 22, 2003*

21.01 Subsidiary of USAC*

14.0 Code of Ethics*

31.1 Rule 13a-14(a)/15d-14(a) Certifications
Certification of John C. Lawrence*

32.1 Section 1350 Certifications
Certification of John C. Lawrence*

44.1 CERCLA Letter from U.S. Forest Service filed as an exhibit to USAC form 10-QSB for the quarter ended June 30, 2000 (File No. 001-08675) are incorporated herein by this reference and filed as an exhibit to USAC's Form 10-KSB for the year ended December 31, 1995 (File No. 1-8675) is incorporated herein by this reference.

* Filed herewith.

18

Reports on Form 8-K
Item 5. Other Events - October 10, 2003.

EXHIBIT 21.01

SUBSIDIARY OF REGISTRANT, AS OF DECEMBER 31, 2003
Bear River Zeolite Company
C/o Box 643
Thompson Falls, MT 59873

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Company's Board of Directors and audit committee reviews and approves audit and permissible non-audit services performed by DeCoria, Maichel & Teague P.S., as well as the fees charged by DeCoria, Maichel & Teague P.S. for such services. In its review of non-audit service fees and its appointment of DeCoria, Maichel & Teague P.S. as the Company's independent accountants, the Board of Directors considered whether the provision of such services is compatible with maintaining DeCoria, Maichel & Teague P.S. independence. All of the services provided and fees charged by DeCoria, Maichel & Teague P.S. in 2003 were pre-approved by the Board of Directors and its audit committee.

AUDIT FEES

The aggregate fees billed by DeCoria, Maichel & Teague P.S. for professional services for the audit of the annual financial statements of the Company and the reviews of the financial statements included in the Company's quarterly reports on Form 10-QSB for 2003 and 2002 were \$44,300 and \$40,700, respectively, net of expenses.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

AUDIT-RELATED FEES

There were no other fees billed by DeCoria, Maichel & Teague P.S. during the last two fiscal years for assurance and related services that were reasonably related to the performance of the audit or review of the Company's financial statements and not reported under "Audit Fees" above.

TAX FEES

The aggregate fees billed by DeCoria, Maichel & Teague P.S. during the last two fiscal years for professional services rendered by DeCoria, Maichel & Teague P.S. for tax compliance for 2003 and 2002 were \$2,600 and \$2,335 respectively.

ALL OTHER FEES

There were no other fees billed by DeCoria, Maichel & Teague P.S. during the last two fiscal years for products and services provided by DeCoria, Maichel & Teague P.S.

19

SIGNATURES

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: April 8, 2004

John C. Lawrence, President, Director
and Principal Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By:/s/ John C. Lawrence Date: April 8, 2004

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

By:/s/ Leo Jackson Date: April 12, 2004

Leo Jackson, Director

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

By:/s/ Robert A. Rice Date: April 12, 2004

Robert A. Rice, Director

20

Exhibit 31.1

CERTIFICATION

I, John C. Lawrence, certify that:

(1) I have reviewed this annual report on Form 10-KSB of United States Antimony Corporation.

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

(4) I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

(5) I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: April 8, 2004

/s/ John C. Lawrence

John C. Lawrence, President, and Chief Executive Officer

21

Exhibit 32.1

CERTIFICATION PURSUANT TO THE SARBANES-OXLEY ACT
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

I, John C. Lawrence, director and president of United States Antimony Corporation (the "Registrant") do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

1. This Annual Report on Form 10-KSB of the Registrant for the fiscal year ended December 31, 2003, as filed with the Securities and Exchange Commission (the "report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: April 8, 2004

/s/ John C. Lawrence

John C. Lawrence

President and Director

22

DeCoria,
Maichel
& Teague P.S.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
United States Antimony Corporation

We have audited the accompanying consolidated balance sheets of United States Antimony Corporation and its subsidiary as of December 31, 2003 and 2002, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the years then ended. These financial statements are

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of United States Antimony Corporation and its subsidiary as of December 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has negative working capital, an accumulated deficit and total stockholders' deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/DeCoria, Maichel & Teague P.S.

DeCoria, Maichel & Teague P.S.
Spokane, Washington

February 13, 2004

F-1

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
December 31, 2003 and 2002

	ASSETS	2003
Current assets:		
Accounts receivable, less allowance for doubtful accounts of \$30,000.	\$	51,081
Inventories		153,053
Total current assets.		204,134
Investment in USAMSA, net		11,913
Properties, plants and equipment, net		554,311

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

Restricted cash for bank note payable	105,649
Restricted cash for reclamation bonds	99,043
Deferred financing costs.	30,000

Total assets.	\$ 1,005,050
	=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:

Checks issued and payable	\$ 87,927
Accounts payable.	909,696
Accrued payroll and property taxes.	197,761
Accrued payroll and other	88,085
Judgment payable.	53,130
Accrued interest payable.	16,645
Payable to related parties.	232,111
Stock subscriptions payable	
Notes payable to bank, current.	144,391
Accrued reclamation costs, current.	151,000

Total current liabilities	1,880,746

Secured convertible and convertible notes payable	350,000
Notes payable to bank, noncurrent	409,141
Accrued reclamation costs, noncurrent	57,500

Total liabilities	2,697,387

Commitments and contingencies (Notes 1 and 15)

Stockholders' deficit:

Preferred stock, \$0.01 par value, 10,000,000 shares authorized:

Series A: 4,500 shares issued and outstanding (liquidation preference \$123,750 at December 31, 2003).	45
Series B: 750,000 shares issued and outstanding (liquidation preference \$825,000 at December 31, 2003).	7,500
Series C: 177,904 shares issued and outstanding (liquidation preference \$97,847 at December 31, 2003)	1,779
Series D: 1,863,672 and 96,000 shares issued and outstanding, respectively (liquidation preference \$4,659,180 at December 31, 2003).	18,636
Common stock, \$0.01 par value, 50,000,000 and 30,000,000 shares authorized; 28,114,288 and 27,027,959 shares issued and outstanding, respectively	281,143
Additional paid-in capital.	17,387,970
Accumulated deficit	(19,389,410)

Total stockholders' deficit	(1,692,337)

Total liabilities and stockholders' deficit	\$ 1,005,050
	=====

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

	2003	2002
Revenues:		
Sales of antimony products and other	\$ 2,742,419	\$ 3,274,007
Sales of zeolite products	479,331	199,890
	-----	-----
	3,221,750	3,473,897
	-----	-----
Cost of sales (exclusive of depreciation, as separately stated):		
Cost of antimony production	2,140,714	2,541,657
Antimony depreciation	41,288	42,991
Antimony freight and delivery	262,356	331,439
Cost of zeolite production	447,772	242,961
Zeolite depreciation	55,254	41,071
Zeolite freight and delivery	81,625	22,429
	-----	-----
	3,029,009	3,222,548
	-----	-----
Gross profit	192,741	251,349
	-----	-----
Other operating expenses:		
Yankee Fork Mill site reclamation	27,397	22,068
Antimony general and administrative	434,563	327,936
Antimony sales expenses	67,818	80,397
Zeolite general and administrative	212,689	86,658
Zeolite sales expenses	70,589	62,654
	-----	-----
	813,056	579,713
	-----	-----
Other (income) expense:		
Interest expense	82,855	80,462
USAMSA impairment adjustment		60,526
Factoring expense	106,175	94,765
Interest income and other	(10,711)	(3,728)
Zeolite royalty sale		(200,000)
	-----	-----
	178,319	32,025
	-----	-----
Net loss	\$ (798,634)	\$ (360,389)
	=====	=====
Net loss per share of common stock	\$ (0.03)	\$ (0.01)
	=====	=====
Basic weighted average shares outstanding	27,175,607	26,907,102
	=====	=====

The accompanying notes are an integral part of these financial statements.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
For the years ended December 31, 2003 and 2002

	TOTAL PREFERRED STOCK SHARES	AMOUNT	COMMON STOCK SHARES	AMOUNT	ADDITIONAL PAID IN CAPITAL
	-----	-----	-----	-----	-----
Balances, December 31, 2001	932,404	\$ 9,324	26,156,959	\$261,569	\$ 16,791,6
Issuance of common stock and warrants for cash			871,000	8,710	163,3
Issuance of Series D preferred stock to directors for services	96,000	960			8,6
Net loss					
Balances, December 31, 2002	1,028,404	10,284	27,027,959	270,279	16,963,6
Issuance of common stock and warrants for cash			2,300,001	23,000	322,0
Issuance of common stock and warrants for common stock subscriptions payable			175,000	1,750	33,2
Issuance of Series D preferred stock to directors and others for services	379,000	3,790			39,1
Common stock warrants issued with secured convertible and convertible notes payable					30,0
Common stock cancelled and re-issued as Series D preferred stock	1,388,672	13,886	(1,388,672)	(13,886)	
Net loss					
Balances, December 31, 2003	2,796,076	\$27,960	28,114,288	\$281,143	\$ 17,387,9

The accompanying notes are an integral part of these financial statements.

F-4

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2003 and 2002

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

	2003	2002
Cash flows from operating activities:		
Net loss	\$ (798,634)	\$ (360,389)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization.	96,542	97,084
Series D preferred stock issued to directors and officer	22,800	9,600
Series D preferred stock issued for legal services . . .	20,100	
USAMSA impairment adjustment		60,526
Loss from unconsolidated investment.	6,712	3,200
Change in:		
Accounts receivable.	55,890	(1,887)
Inventories.	(29,746)	2,768
Restricted cash for bank note payable.	(3,627)	(98,219)
Restricted cash for reclamation bonds.	(7,857)	(3,636)
Accounts payable	125,897	159,212
Accrued payroll and property taxes	(82,486)	23,927
Accrued payroll and other.	2,247	3,048
Judgment payable	3,350	3,257
Accrued interest payable	(2,018)	4,023
Payable to related parties	129,486	81,543
Accrued reclamation costs.	11,885	(28,548)
	-----	-----
Net cash used by operating activities.	(449,459)	(44,491)
	-----	-----
Cash flows from investing activities:		
Purchase of properties, plants and equipment	(121,437)	(305,745)
	-----	-----
Net cash used by investing activities.	(121,437)	(305,745)
	-----	-----
Cash flows from financing activities:		
Proceeds from sale of common stock and warrants.	345,000	172,070
Proceeds from issuance of common stock subscriptions payable		35,000
Principal payments on notes payable to bank, net	(58,390)	
Proceeds from notes payable to bank, net		150,646
Proceeds from secured convertible note payable	250,000	
Change in checks issued and payable.	34,286	(7,480)
	-----	-----
Net cash provided by financing activities.	570,896	350,236
	-----	-----
Net decrease in cash	0	0
Cash, beginning of year.	0	0
	-----	-----
Cash, end of year.	\$ 0	\$ 0
	=====	=====
Supplemental disclosures:		
Cash paid during the year for interest	\$ 73,727	\$ 62,599
	=====	=====
Noncash financing activities:		
Common stock warrants issued with secured convertible and convertible notes payable.	\$ 30,000	
	=====	
Common stock and warrants issued for common stock		

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

subscriptions payable.	\$ 35,000
	=====
Conversion of payable to related parties to convertible note payable	\$ 100,000
	=====
Common stock cancelled and re-issued as Series D preferred stock.	\$ 13,866
	=====

F-5

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BACKGROUND OF COMPANY AND BASIS OF PRESENTATION

AGAU Mines, Inc., predecessor of United States Antimony Corporation ("USAC" or "the Company"), was incorporated in June 1968 as a Delaware corporation to mine gold and silver. USAC was incorporated in Montana in January 1970 to mine and produce antimony products. In June 1973, AGAU Mines, Inc. was merged into USAC. In December 1983, the Company suspended its antimony mining operations when it became possible to purchase antimony raw materials more economically from foreign sources. The principal business of the Company has been the production and sale of antimony products.

During 2000, the Company formed a 75% owned subsidiary, Bear River Zeolite Company ("BRZ"), to mine and market zeolite and zeolite products from a mineral deposit in southeastern Idaho. In 2001, an operating plant was constructed at the zeolite site and zeolite production and sales commenced. During 2002, the Company acquired the remaining 25% of BRZ and continued to produce and sell zeolite products.

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 December 31, 2003, the Company had negative working capital of approximately \$1.68 million, an accumulated deficit of approximately \$19.4 million, and a total stockholders' deficit of approximately \$1.7 million. Additionally, the Company is delinquent on the payment of several current liabilities including payroll and property taxes totaling approximately \$138,000, accounts payable totaling approximately \$600,000 including approximately \$240,000 payable to law firms, a judgment payable to the Internal Revenue Service totaling approximately \$53,000, and accrued interest payable totaling approximately \$17,000. 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.

To improve the Company's financial condition, the following actions have been initiated or taken by management:

-During 2003 and 2002, the Company made progress in developing its zeolite product capabilities, and broadened its zeolite product line. The Company has been developing a sales and marketing force and attracting new zeolite customers.

-During the fourth quarter of 2003, the Company negotiated the sale of a \$250,000 secured convertible note payable to a company controlled by a major shareholder of the Company. In addition, the Company was able to convert \$100,000 of current debt owed to the Company's president into a longer term

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

convertible note payable.

-During 2003, the Company sold an aggregate of 2,300,001 shares of its unregistered common stock and warrants for \$345,000; during 2002, the Company sold an aggregate of 871,000 shares of its unregistered common stock and warrants for cash of \$172,070. The Company will mostly likely continue to offer its stock for sale to finance its activities, there can be no assurances, however, the Company will be successful in selling its stock.

-The Company has curtailed certain labor and overhead costs and is considering the sale of certain of its land holdings in Sanders County, Montana in an effort to provide more operating capital.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F-6

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. CONCENTRATIONS OF RISK

The Company purchases most of the raw antimony used in the production of its finished antimony products from Chinese producers through metal brokers. If the supply of antimony from China is reduced, it is possible that the Company's antimony product operations could be adversely affected. During the years ended December 31, 2003 and 2002, 56% and 40%, respectively, of the Company's antimony revenues were generated by sales to one customer. Subsequent to year-end, the Company terminated a sales agreement with its largest customer. Management expects gross sales to decrease in the short-term, but gross profit from remaining and future sales to increase overall. The ultimate outcome of this event is still uncertain, however.

During 2003, 18% and 14% of the Company's revenues generated from zeolite product sales were to one of two individual customers, respectively. During 2002, 55% of the Company's revenues generated from zeolite product sales were to an individual customer. The loss of the Company's "key" customers could adversely affect its business.

The Company's products are sold principally in the United States and, to a lesser extent, Canada.

The Company's revenues from antimony sales are strongly influenced by world prices for such commodities, which fluctuate and are affected by numerous factors beyond the Company's control, including inflation and worldwide forces of supply and demand. The aggregate effect of these factors is not possible to predict accurately.

Many of the Company's competitors in the antimony industry have substantially more capital resources and market share than the Company. Therefore, the Company's ability to maintain its market share can be significantly affected by factors outside of the Company's control.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

Principles of Consolidation

The Company's consolidated financial statements include the accounts of Bear River Zeolite Company, a wholly owned subsidiary. Intercompany balances and transactions are eliminated in consolidation. The Company accounts for its investment interest in its 50% owned foreign entity, USAMSA, by the equity method.

Restricted Cash

Restricted cash consists primarily of cash held for payment of delinquent payroll taxes, reclamation performance bonds, and security for a bank note payable. Restricted cash held for reclamation and as security for a bank note payable are held as certificates of deposit with reputable financial institutions.

Deferred Financing Costs

Deferred financing costs relating to secured convertible notes payable are amortized over the terms of the notes payable.

F-7

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Reclassifications

Certain reclassifications have been made to the 2002 financial statements in order to conform to the 2003 presentation. These reclassifications have no effect on net loss, total assets or stockholders' deficit as previously reported.

Inventories

Inventories at December 31, 2003 and 2002, primarily consisted of antimony finished products, antimony metal and zeolite finished products that are stated at the lower of first-in, first-out cost or estimated net realizable value. Since the Company's antimony inventory is a commodity with a sales value that is subject to world prices for antimony that are beyond the Company's control, a significant change in the world market price of antimony could have a significant effect on the net realizable value of inventories.

Properties, Plants and Equipment

Production facilities and equipment are stated at the lower of cost or estimated net realizable value and are depreciated using the straight-line method over their estimated useful lives (five to fifteen years). Vehicles and office equipment are stated at cost and are depreciated using the straight-line method over estimated useful lives of three to five years. Maintenance and repairs are charged to operations as incurred. Betterments of a major nature are capitalized. When assets are retired or sold, the costs and related accumulated

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

depreciation are eliminated from the accounts and any resulting gain or loss is reflected in operations.

The Company has adopted the provisions of Statement of Financial Accounting Standards No. 144, ("SFAS No. 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets." The provisions of SFAS No. 144 require that an impairment loss be recognized when the estimated future cash flows (undiscounted and without interest) expected to result from the use of an asset are less than the carrying amount of the asset. Measurement of an impairment loss is based on the estimated fair value of the asset if the asset is expected to be held and used.

Management of the Company periodically reviews the net carrying value of all of its properties on a property-by-property basis. These reviews consider the net realizable value of each property to determine whether a permanent impairment in value has occurred and the need for any asset write-down.

Although management has made its best estimate of the factors that affect net realizable value based on current conditions, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimate of net cash flows expected to be generated from its assets, and necessitate asset impairment write-downs.

Income Taxes

The Company records deferred income tax liabilities and assets for the expected future income tax consequences of events that have been recognized in its financial statements. Deferred income tax liabilities and assets are determined based on the temporary differences between the financial statement carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse.

F-8

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Reclamation and Remediation

All of the Company's mining operations are subject to reclamation and closure requirements. Minimum standards for mine reclamation have been established by various governmental agencies. Costs are estimated based primarily upon environmental and regulatory requirements and are accrued and charged to expense over the expected economic life of the operation using the units-of-production method. The liability for reclamation is classified as current or noncurrent based on the expected timing of expenditures.

The Company accrues costs associated with environmental remediation obligations when it is probable that such costs will be incurred and they are reasonably estimable. Costs of future expenditures for environmental remediation are not discounted to their present value. Such costs are based on management's current estimate of amounts that are expected to be incurred when the remediation work is performed within current laws and regulations. The Company has restricted cash balances that have been provided to ensure performance of its reclamation obligations.

It is reasonably possible that due to uncertainties associated with defining the

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

nature and extent of environmental contamination, application of laws and regulations by regulatory authorities, and changes in remediation technology, the ultimate cost of remediation and reclamation could change in the future. The Company continually reviews its accrued liabilities for such remediation and reclamation costs as evidence becomes available indicating that its remediation and reclamation liability has changed.

Revenue Recognition

Sales of antimony and zeolite products are recorded upon shipment and when title passes to the customer. The Company's sales agreements provide for no product returns or allowances.

Income (Loss) Per Common Share

The Company accounts for its income (loss) per common share according to 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 calculated 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 notes payable, are excluded from the calculations when their effect is antidilutive.

Stock-Based Compensation

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), as amended by SFAS No. 148, requires companies to recognize stock-based expense based on the estimated fair value of employee stock options. Alternatively, SFAS No. 123 allows companies to retain the current approach set forth in APB Opinion 25, "Accounting for Stock Issued to Employees," provided that expanded footnote disclosure is presented. The Company has not adopted the fair value method of accounting for stock-based compensation under SFAS No. 123, but provides the pro forma disclosure required when appropriate.

F-9

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

New Accounting Pronouncements

In April 2002, the FASB issued SFAS No. 145, "Rescission of SFAS Statements No. 4, 44, and 64, Amendment of SFAS No. 13, and Technical Corrections." This statement culminates the current requirements that gains and losses on debt extinguishment must be classified as extraordinary items in the income statement. Instead, such gains and losses will be classified as extraordinary items only if they are deemed to be unusual and infrequent, in accordance with the current GAAP criteria for extraordinary classifications. In addition, SFAS No. 145 eliminates an inconsistency in lease accounting by requiring that modifications of capital leases that result in reclassification as operating leases be accounted for consistent with sales-leaseback accounting rules. The

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

statement also contains other nonsubstantive corrections to authoritative accounting literature. The rescission of SFAS No. 4 is effective in fiscal years beginning after May 15, 2002. The amendment and technical corrections of SFAS No. 13 are effective for transactions occurring after May 15, 2002. All other provisions of SFAS No. 145 are effective for financial statements issued on or after May 15, 2002. SFAS No. 145 has no impact on the Company's financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which addresses accounting for restructuring and similar costs. SFAS No. 146 supersedes previous accounting guidance, principally Emerging Issues Task Force Issue No. 94-3. SFAS No. 146 requires that the liability for costs associated with an exit or disposal activity be recognized when the liability is incurred. SFAS No. 146 also establishes that the liability should initially be measured and recorded at fair value. Accordingly SFAS No. 146 may affect the timing of recognizing future restructuring costs as well as the amount recognized. The provisions of SFAS 146 are effective for exit or disposal activities that are initiated after December 31, 2002. SFAS No. 146 has no impact on the Company's financial statements.

In August 2002, the FASB issued SFAS No. 147, "Acquisitions of Certain Financial Institutions." SFAS No. 147 removes acquisitions of financial institutions from the scope of SFAS No. 72 and FASB Interpretation No. 9, and requires that those transactions be accounted for in accordance with SFAS No. 141 and SFAS No. 142. In addition, SFAS No. 147 amends SFAS No. 144, to include in its scope long-term customer-relationship intangible assets of financial institutions. The provisions of SFAS No. 147 are generally effective October 1, 2002. SFAS No. 147 has no impact on the Company's financial statements.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting for Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an interpretation of FASB Statements No. 5, 57 and 107 and rescission of FASB Interpretation No. 34, Disclosure of Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 clarifies the requirements for a guarantor's accounting for and disclosure of certain guarantees issued and outstanding. It also requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. This interpretation also incorporates without reconsideration the guidance in FASB Interpretation No. 34, which is being superseded. The adoption of FIN 45 has no material effect on the Company's financial statements.

In November 2002, the Emerging Issues Task Force ("EITF") reached a consensus on EITF 00-21, "Revenue Arrangements with Multiple Deliverables," related to the timing of revenue recognition for arrangements in which goods or services or both are delivered separately in a bundled sales arrangement. The EITF requires that when the deliverables included in this type of arrangement meet certain criteria they should be accounted for separately as separate units of accounting. This consensus is effective prospectively for arrangements entered into in fiscal periods beginning after June 15, 2003. EITF 00-21 will not have an impact upon initial adoption and is not expected to have a material impact on the Company's results of operations, financial position and cash flows.

F-10

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

New Accounting Pronouncements, Continued:

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation, Transition and Disclosure, an amendment of FASB Statement No. 123." SFAS No. 148 provides alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of SFAS No. 123 to require prominent disclosure about the effects of reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. Finally, this Statement amends APB Opinion No. 28, Interim Financial Reporting, to require disclosure about those effects in interim financial information. The amendments to SFAS No. 123, which provides alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation is effective for financial statements for fiscal years ending after December 15, 2002. The amendment to SFAS No. 123 relating to disclosures and the amendment to Opinion 28 is effective for financial reports containing condensed financial statements for interim periods beginning after December 15, 2002. Management does not intend to adopt the fair value accounting provisions of SFAS No. 123 and currently believes that the adoption of SFAS No. 148 will not have a material impact on the Company's financial statements.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This standard amends and clarifies the accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement is effective prospectively for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. SFAS No. 149 will not have an impact upon initial adoption and is not expected to have a material effect on the Company's results of operations, financial position and cash flows.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The requirements of SFAS No. 150 were initially required to become effective for the Company for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. On November 7, 2003, the FASB issued FAS No. 150-3, deferring the effectiveness of SFAS No. 150 under certain circumstances. The Company has evaluated the impact of SFAS No. 150 to determine the effect it may have on its results of operations, financial position or cash flows and has concluded that the adoption of this statement is not expected to have a material effect on the Company's financial position or results of operations.

4. SALES OF ACCOUNTS RECEIVABLE

The Company sells its accounts receivable to a financing company pursuant to the terms of a factoring agreement. According to the terms of the agreement, the receivables are sold with full recourse and the Company assumes all risks of collectibility. Accordingly, the Company's allowance for doubtful accounts receivable is based upon the expected collectibility of all trade receivables. The performance of all obligations and payments to the factoring company is personally guaranteed by John C. Lawrence, the Company's president and a director. As consideration for Mr. Lawrence's guarantee, the Company granted a mortgaged security interest to Mr. Lawrence collateralized by the Company's real and personal property.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. SALES OF ACCOUNTS RECEIVABLE, CONTINUED:

The factoring agreement requires that the Company pay a financing fee equal to 2% of the face amount of receivables sold. Financing fees paid by the Company during the years ended December 31, 2003 and 2002 totaled \$106,175 and \$94,765, respectively. For the years ended December 31, 2003 and 2002, net accounts receivable of approximately \$3.2 million and \$3.3 million, respectively, were sold under the agreement. Proceeds from the sales were used to fund inventory purchases and operating expenses. The agreement is for a term of one year with automatic renewal for additional one-year terms. The Company's sales of accounts receivable qualify as sales under the provisions of Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, a Replacement of FASB Statement 125."

5. INVENTORIES

The major components of the Company's inventories at December 31, 2003 and 2002, were as follows:

	2003	2002
Antimony Metal.	\$ 31,824	\$ 7,406
Antimony Oxide.	71,680	93,456
Sodium Antimonate	218	2,388
Zeolite	49,331	20,057
	-----	-----
	\$153,053	\$123,307
	=====	=====

At December 31, 2003 and 2002, antimony metal consisted principally of recast metal from antimony-based compounds and metal purchased from foreign suppliers, respectively. Antimony oxide inventory consisted of finished product oxide held at the Company's plant or in independent warehouses throughout the United States. Sodium antimonite inventory consisted of dry finished product and wet raw materials, the majority of which were stored at the Company's antimony plant near Thompson Falls, Montana. The Company's zeolite inventory consists of salable zeolite material held at BRZ's Idaho mining and production facility.

6. PROPERTIES, PLANTS AND EQUIPMENT

The major components of the Company's properties, plants and equipment at December 31, 2003 and 2002 were as follows:

	2003	2002
Mining equipment (1).	\$ 945,137	\$ 945,137

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

Chemical processing and office buildings.	168,211	144,727
Chemical processing equipment	923,591	921,065
BRZ plant	522,057	426,630
Other	151,268	151,268
	-----	-----
	2,710,264	2,588,827
Less accumulated depreciation	2,155,953	2,059,411
	-----	-----
	\$ 554,311	\$ 529,416
	=====	=====

(1) Substantially all of the Company's mining equipment is fully depreciated. At December 31, 2003 and 2002, mining equipment with an original cost of approximately \$670,000, was in use at BRZ.

F-12

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. INVESTMENT IN USAMSA

The Company has a 50% investment in United States Antimony, Mexico S.A. de C.V. ("USAMSA"). The Company accounts for its investment in USAMSA by the equity method and translates the foreign currency financial statements of USAMSA in accordance with the requirements of SFAS No. 52, "Foreign Currency Translation." Assets and liabilities are translated at current exchange rates, related revenues and expenses are translated at average exchange rates in effect during the period, and the effects of exchange rate changes are reflected in stockholders' equity. Unaudited condensed financial information for USAMSA at December 31, 2003 and 2002, and the years then ended, is as follows:

	2003	2002
ASSETS		
Current assets	\$15,286	\$16,292
Noncurrent assets.	68,588	73,102
	-----	-----
Total assets	\$83,874	\$89,394
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities.	\$60,048	\$52,144
Stockholders' equity	23,826	37,250
	-----	-----
Total liabilities and stockholders' equity	\$83,874	\$89,394
	=====	=====

	2003	2002
RESULTS OF OPERATIONS		
Expenses:		
Administrative and other costs	\$11,124	\$ 6,401
	-----	-----
Net loss	\$11,124	\$ 6,401
	=====	=====

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

USAMSA was idle during 2003 and 2002 due to unstable antimony metal prices and the absence of sufficient operating capital. During 2002, the Company adjusted the carrying value of its investment in USAMSA to equal 50% of USAMSA's net book value. Leo Jackson, a director and stockholder of the Company owns 31.4% of Production Minerals, Inc., which has an indirect interest of 25% in the stock of USAMSA.

8. JUDGMENT PAYABLE

At December 31, 2003 and 2002, the Company owed \$53,130 and \$49,780, respectively, to the Internal Revenue Service, in connection with a default judgment in a bankruptcy proceeding.

The default judgment was originally entered against the Company by the United States Bankruptcy Court in 1992 in favor of the bankruptcy estate of a former legal counsel of the Company. In 1998, the Trustee of the estate assigned the interest in the judgment to the Internal Revenue Service. The judgment accrues interest at the Federal Judgment Interest Rate, and is due in monthly installments of \$3,000. During 2003 and 2002, the Company made no payments on this judgment payable.

F-13

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. DUE TO RELATED PARTIES

Amounts due to related parties at December 31, 2003 and 2002 were as follows (see Note 15):

Entity owned by John C. Lawrence, president and director.	\$	22
John C. Lawrence, president and director(1)		23
		====

Transactions affecting the payable to Mr. Lawrence during 2003 and 2002 were as follows:

Balance, beginning of year.	\$	19
Equipment rental charges.		5
Advances, net		7
Conversion to convertible note payable(2)		(10)

Balance, end of year.	\$	22
		====

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

(1) Includes accrued interest at 10% per annum of \$21,484 and \$13,688 for the years ended December 31, 2003 and 2002, respectively.

(2) See Note 11.

10. NOTES PAYABLE TO BANK

Notes payable to First State Bank of Thompson Falls, Montana ("First State Bank") at December 31, 2003, were as follows:

Term note payable, bearing interest at 9.0% through September 2008, then prime plus 2% through maturity; payable in monthly installments of \$5,648; maturing September 2013	\$ 438,612
Note payable under \$150,000 revolving line-of-credit, bearing interest at 6.0%; outstanding principal and accrued interest due June 2004. .	65,170
Note payable under \$50,000 revolving line-of-credit, bearing interest at 9.5%; outstanding principal and accrued interest due April 2004 .	49,750

	553,532
Less current portion	(144,391)

Noncurrent portion	\$ 409,141
	=====

At December 31, 2003, principal payments on the notes payable to bank are due as follows:

	YEAR ENDING DECEMBER 31,

2004.	\$ 144,391
2005.	32,236
2006.	35,260
2007.	38,567
2008.	42,185
Thereafter.	260,893

	553,532
	=====

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

10. NOTES PAYABLE TO BANK, CONTINUED:

Each of the notes payable described above is collateralized by accounts receivable, inventory, certain equipment, patented and unpatented claims in Sanders County, Montana and are personally guaranteed by John C. Lawrence, the Company's president and a director. The note payable under a \$150,000 revolving line-of-credit is also collateralized by a certificate of deposit. The notes also contain certain restrictive covenants, including paying payroll and property taxes, as they are due. At December 31, 2003, the Company was not in compliance with certain of the covenants. The Company has obtained a waiver from First State Bank relating to these covenants, which applies at December 31, 2003 and through December 31, 2004.

11. SECURED CONVERTIBLE AND CONVERTIBLE NOTES PAYABLE

Security Agreement and Secured Convertible Note Payable

On December 22, 2003, the Company and its wholly-owned subsidiary BRZ, entered into a Pledge, Assignment, and Security Agreement ("the Agreement") with Delaware Royalty Company, Inc. ("Delaware"), a company controlled by Al Dugan, a major shareholder of the Company. The Agreement was in connection with the purchase of a \$250,000 Secured Convertible Note Payable ("the Secured Note"), by Delaware from the Company. The Agreement granted Delaware a first-priority security interest in all of the issued and outstanding stock of BRZ in the event the Company is unable to complete payment and performance under the obligations associated with the Secured Note.

The Secured Note accrues interest at 10% per annum with interest payable quarterly, beginning March 31, 2004, and is convertible into shares of the Company's common stock at an initial conversion price of \$0.20 per share up until 30 days prior to repayment of the Secured Note. In the event the Company issues shares of its common stock for a consideration per share less than the initial conversion price, the initial conversion price is reduced to a new conversion price equal to the consideration per share received by the Company for the additional shares of common stock then issued so that the number of shares issuable to the holder of the Secured Note upon conversion is proportionately increased. In the case of shares issued without consideration, the initial conversion price shall be reduced in an amount so as to maintain for the holder of the Secured Note the right to convert the note into shares equal in amount to the same percentage interest in the common stock of the Company as existed immediately preceding the date the additional common stock was issued. The Secured Note is subject to certain covenants, which include, among other things, payment of the principal and accrued interest according to the terms of the note, and the use of proceeds for the payment of accounts payable and the purchase of inventory and mining equipment. The Secured Note matures on December 22, 2007, unless otherwise converted. At December 31, 2003, \$250,000 of principal was outstanding and due on the note.

Convertible Note Payable

On December 22, 2003, John C. Lawrence the Company's president and a director, agreed to convert \$100,000 of related party debt due him into a Convertible Note Payable ("the Convertible Note"). The Convertible Note contains essentially the same attributes and privileges that the Secured Note provides Delaware Royalty Company, in that it accrues interest at 10% per annum and is convertible into shares of the Company's common stock at an initial conversion price of \$0.20 per share. The conversion price of the Convertible Note is also subject to the same anti-dilution adjustments as the Secured Note. The Convertible Note matures on December 22, 2007, unless otherwise converted. The Convertible Note is unsecured, however, and not collateralized by any of the Company's assets. At

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

December 31, 2003, \$100,000 was outstanding in the Convertible Note payable.

F-15

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. SECURED CONVERTIBLE NOTES PAYABLE, CONTINUED:

Deferred Financing Charges

In connection with the issuance of the secured convertible and convertible notes payable, Mr. Dugan and Mr. Lawrence, were issued 2,000,000 and 1,000,000 stock purchase warrants, respectively. The warrants expire in December of 2008 and 2007, respectively, and are exercisable for shares of the Company's unregistered common stock at \$0.20 per share.

The Company accounted for the detachable warrants issued in connection with the notes in accordance with Accounting Principles Board Opinion No. 14, and estimated a fair value of \$0.01 per warrant, or \$30,000, attributable to the detachable warrants. The resulting value was recorded as a deferred financing cost and will be amortized as interest expense over the terms of the respective convertible notes payable. During the year ended December 31, 2003, none of the deferred offering costs had yet been amortized to interest expense.

12. STOCKHOLDERS' DEFICIT

Common Stock Warrants

The Company's Board of Directors has the authority to issue stock warrants for the purchase of preferred or common stock to directors and employees of the Company. The Company has also issued warrants in exchange for services rendered the Company and in connection with sales of its unregistered common stock.

Transactions in common stock warrants are as follows: . . .	NUMBER OF WARRANTS	EXERCISE PRICES	EXPIRATION DATES
	-----	-----	-----
Balance December 31, 2001.	3,906,714	\$0.25-\$0.45	(A)
Warrants issued in connection with stock sales	871,000	\$ 0.30	(B)
Warrants issued for consulting services.	600,000	\$ 0.30	(B)
Warrants issued in connection with BRZ purchase.	50,000	\$ 0.45	(C)
Warrants exchanged for Series D warrants	(151,213)		
Warrants expired	(100,000)	\$ 0.55	
	-----	-----	
Balance, December 31, 2002	5,176,501		

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

Warrants issued in connection with 2002 and 2003 stock sales	2,550,001	\$	0.30	(D)
Warrants issued with secured convertible and convertible notes payable.	3,000,000	\$	0.20	(E)
Warrants expired and cancelled	(300,400)	\$	0.25	
	-----		-----	
Balance, December 31, 2003	10,426,102			
	=====			

F-16

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. STOCKHOLDERS' DEFICIT, CONTINUED:

Common Stock Warrants, Continued:

- (A) Warrants are exercisable on or before January and December of 2004.
- (B) Warrants are exercisable on or before September and November of 2005.
- (C) Warrants are exercisable on or before May of 2005.
- (D) Warrants are exercisable on or before June and December of 2006.
- (E) Warrants are exercisable on or before December of 2007 and 2008.

Preferred Stock Warrants

During 2003, the Company issued 111,185 warrants to purchase shares of Series D preferred stock to John C. Lawrence, the Company's president and a director, for his assistance in procuring equipment financing. The warrants are exercisable at \$0.30 per share and expire in 2008. In addition, during 2003, the Company issued 200,000 warrants to purchase shares of Series D preferred stock to Gary D. Babbitt, the Company's former attorney and director for consulting services provided the Company. The warrants are exercisable at \$0.30 per share and expire in 2006. (See Preferred Stock/Series D).

During 2002, the Company issued 1,151,213 warrants to purchase shares of Series D preferred stock. Of the Series D warrants issued, 750,000 were issued to Mr. Lawrence, in consideration for advances made by him to the Company; 250,000 were issued to Mr. Babbitt, for legal services rendered; and an additional 151,213 were issued to Mr. Lawrence in exchange for his warrants to purchase 151,213 shares of the Company's common stock. The warrants are exercisable at \$0.20 per share and expire in 2005 and 2007.

Issuance of Common Stock for Cash

During 2003, the Company sold an aggregate of 2,300,001 shares of its unregistered common stock, plus warrants to purchase 2,375,001 shares of its common stock at \$0.30 per share. Proceeds from the sale totaled \$345,000, or approximately \$0.15 per unit of shares and warrants sold, and were used to fund the Company's operating activities.

During 2002, the Company sold an aggregate of 871,000 shares of its unregistered common stock, plus warrants to purchase 871,000 shares of common stock

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

exercisable at \$0.30 per share, to existing shareholders and other parties for cash of \$172,070. In connection with the stock sales during 2002, 600,000 warrants, exercisable at \$0.30 and expiring in November 2005, were issued to a stockholder and consultant for his services.

At December 31, 2002, the Company had stock subscriptions payable of \$35,000 outstanding relating to its commitment to sell 175,000 shares of common stock and common stock purchase warrants exercisable at \$0.30 per share on or before November of 2005. The shares and warrants were issued subsequently in 2003.

Common Stock Cancelled and Re-issued as Series D Preferred Stock

During 2003, the Board of Directors resolved that 1,388,672 shares of the Company's common stock held by John C. Lawrence, the Company's president, be cancelled and then re-issued in an equal number of shares of the Company's Series D preferred stock. The cancellation and re-issue resulted from the Company's need to maintain its authorized common stock available for issue within the maximum number of shares as provided by its Articles of Incorporation, while it offered shares of its common stock and warrants for sale.

F-17

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. STOCKHOLDERS' DEFICIT, CONTINUED:

Preferred Stock

The Company's Articles of Incorporation authorize 10,000,000 shares of \$0.01 par value preferred stock available for issuance with such rights and preferences, including liquidation, dividend, conversion and voting rights, as the Board of Directors may determine.

Series A

During 1986, Series A preferred stock, consisting of 4,500 shares, was established by the Board of Directors. These shares are nonconvertible, nonredeemable and are entitled to a \$1.00 per share per year cumulative dividend. Series A preferred stockholders have voting rights for directors only and a total liquidation preference equal to \$45,000 plus dividends in arrears. At December 31, 2003, 4,500 shares of Series A preferred stock were outstanding and cumulative dividends in arrears including the liquidation preference amounted to \$123,750, or \$28.00 per share.

Series B

During 1993, Series B preferred stock, consisting of 1,666,667 shares, was established by the Board of Directors and 1,666,667 shares were issued in connection with a final settlement of litigation. The Series B preferred stock has preference over the Company's common stock and Series A preferred stock, has no voting rights (absent default in payment of declared dividends) and is entitled to cumulative dividends of \$0.01 per share per year payable if and when declared by the Board of Directors. In the event of dissolution or liquidation of the Company, the preferential amount payable to Series B restricted preferred stockholders is \$1.00 per share plus dividends in arrears. No dividends have

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

been declared or paid with respect to the Series B preferred stock. In 1995, 916,667 shares of Series B preferred stock were surrendered to the Company and cancelled in connection with the settlement of litigation against Bobby C. Hamilton. At December 31, 2003, cumulative dividends in arrears on the 750,000 outstanding Series B shares were \$75,000, or \$0.10 per share. Total dividends in arrears and liquidation preference were \$825,000 at December 31, 2003.

Series C

During 1997, the Company issued 2,560,762 shares of Series C preferred stock in connection with the conversion of certain debts owed by the Company. During 1999, holders of 2,354,766 shares of Series C stock converted their shares into common stock of the Company. The Series C shares have voting rights, are non-redeemable and have a \$0.55 per share liquidation preference, or \$97,847, at December 31, 2003. At December 31, 2003 and 2002, 177,904 shares of Series C preferred stock remained outstanding and unconverted.

Series D

During 2002, the Company established its Series D preferred stock. Holders of the Series D preferred stock have the right, subject to the availability of authorized but unissued common stock, to convert their shares into shares of the Company's common stock without payment of additional consideration. The Series D shares are initially convertible into the Company's common stock as determined by dividing \$0.20 by the conversion price in effect at the time of the conversion. The initial conversion price of the Series D preferred stock is \$0.20, and subject to adjustment based upon anti-dilution provisions, that include but are not limited to, the affects of the subsequent sale of common stock at prices less than the initial conversion price.

F-18

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. STOCKHOLDERS' DEFICIT, CONTINUED:

Series D, Continued:

DESIGNATION. The class of convertible Series D preferred stock, \$0.01 par value, consists of up to 2.5 million shares.

VOTING RIGHTS. The holders of Series D preferred shares shall have the right to that number of votes equal to the number of shares of common stock issuable upon conversion of such Series D preferred shares.

REDEMPTION. The Series D preferred shares are not redeemable by the Company.

LIQUIDATION PREFERENCE. The Series D holders are entitled to a liquidation preference equal to the greater of \$2.50 per share or the equivalent market value of the number of shares of common stock into which each share of Series D is convertible. At December 31, 2003, the liquidation preference for Series D preferred stock was \$4,659,180.

REGISTRATION RIGHTS. All of the underlying common stock issued upon conversion of the Series D preferred shares shall be entitled to "piggyback" registration rights when, and if, the Company files a registration statement for its securities or the securities of any other stockholder.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

DIVIDENDS. The Series D holders are entitled to an annual dividend of \$0.0235 per share. The dividends are cumulative and payable after payment and satisfaction of the Series A, B and C preferred stock dividends.

At December 31, 2003 and 2002, the Company had 1,863,672 and 96,000 shares of Series D preferred stock outstanding, respectively (see Note 15).

13. 2000 STOCK PLAN

In January 2000, the Company's Board of Directors resolved to create the United States Antimony Corporation 2000 Stock Plan ("the Plan"). The purpose of the Plan is to attract and retain the best available personnel for positions of substantial responsibility and to provide additional incentive to employees, directors and consultants of the Company to promote the success of the Company's business. The maximum number of shares of common stock or options to purchase common stock that may be issued pursuant to the Plan is 500,000. At December 31, 2003 and 2002, 300,000 shares of the Company's common stock had been issued under the Plan.

14. INCOME TAXES

The Company had no income tax provision or benefit for the years ended December 31, 2003 and 2002.

At December 31, 2003 and 2002, the Company had net deferred tax assets composed as follows:

	2003	2002
Arising from differences in the book and tax basis of certain property assets	\$ 300,000	\$ 250,000
Arising from net tax operating loss carryforwards	1,445,000	1,550,000
	-----	-----
Total deferred tax assets	1,745,000	1,800,000
	-----	-----
Valuation allowance	(1,745,000)	(1,800,000)
	-----	-----
Net deferred tax assets	\$ 0	\$ 0
	=====	=====

F-19

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. INCOME TAXES, CONTINUED:

The deferred tax assets were calculated based on an estimated 34% income tax rate. As management of the Company cannot determine if it is more likely than not that the Company will realize the benefit of its deferred tax assets, a valuation allowance equal to the net deferred tax assets at both December 31, 2003 and 2002 has been established.

At December 31, 2003 and 2002, the Company had unexpired regular tax net

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

operating loss carryforwards of approximately \$4,250,000 and \$4,700,000, respectively, which expire in the years 2004 through 2023. At December 31, 2003, the Company had net operating loss carryforwards for alternative minimum tax purposes of approximately \$4,000,000.

15. RELATED-PARTY TRANSACTIONS

In addition to transactions described in Notes 4, 7, 9, 11, and 12, during 2003 and 2002, the Company had the following transactions with related parties:

-During 2003, the Company issued 26,000 shares of its Series D preferred stock to each member of its Board of Directors as compensation for their services as directors. In connection with the issue, the Company recorded \$7,800 in director compensation based on an aggregate of 78,000 Series D shares issued.

-In June 2003, the Company issued 201,000 shares of Series D preferred stock and 200,000 Series D preferred stock purchase warrants to Gary D. Babbitt, a former director, for his consulting services. In connection with the issue to Mr. Babbitt, the Company recognized \$20,100 of consulting expense based upon its estimated value of the services rendered and shares issued.

-In September 2003, the Company issued John C. Lawrence, the Company's president and a director, 100,000 shares of Series D preferred stock for his help in financing the Company's operations. In connection with this issue, the Company recorded \$15,000 of compensation expense based on its estimated value of the shares issued.

-Included in the sale of the Company's common stock and common stock warrants during 2003, were 333,334 shares of common stock and 333,334 common stock purchase warrants sold to companies controlled by directors or immediate family members of directors of the Company.

-During 2002, the Company sold a 3% gross proceeds royalty on all zeolite extracted from BRZ to Delaware Royalty Company, Inc., a company controlled by a Al Dugan, a major shareholder. The Company received \$200,000 from the sale of the royalty interest. During the years ended December 31, 2003 and 2002, the Company paid Delaware Royalty Company, Inc. \$11,575 and \$705 in royalties, respectively.

-During 2002, the Company issued 96,000 shares of its Series D preferred stock to three members of the Board of Directors and Gary D. Babbitt, a former director and the Company's legal counsel, for their duties as directors. The stock awards were recorded as compensation expense (director's fees) based upon the estimated value of the stock at the date of issuance.

F-20

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. 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. 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

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

the Company signed in December 1996.

The Company has been reclaiming the property and, as of December 31, 2003, the cyanide solution cleanup was complete, the mill removed, and a majority of the cyanide leach residue disposed of.

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. On November 26, 2002, the Company received a notice of violation from the Montana Department of Environmental Quality ("Montana DEQ"). The notice 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 Company removed certain antimony materials from its production area, agreed to ensure the Montana DEQ that future releases of hazardous waste would not occur and was assessed a fine. The Company continues to have its premises inspected and tested by Montana DEQ for potential releases of its hazardous wastes into the environment.

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.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments." The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data and to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

The carrying amounts for cash, restricted cash, accounts receivable, accounts payable and accrued expenses are reasonable estimates of their fair values. The fair value of amounts due to related parties approximates their carrying values of \$232,111 and \$202,625, respectively, at December 31, 2003 and December 31, 2002, based upon the contractual cash flow requirements.

F-21

UNITED STATES ANTIMONY CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17. FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED:

The carrying amounts for judgments payable of \$53,130 and \$49,780, at December 31, 2003 and 2002, respectively, are reasonable estimates of their fair values

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

based upon the judgment's repayment requirements.

The carrying amount of the convertible secured and convertible notes payable aggregating \$350,000 at December 31, 2003, is a reasonable estimate of their fair value.

18. 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 years ended December 31, 2003 and 2002 is as follows:

	2003	2002
Revenues:		
Antimony	\$2,742,419	\$3,274,007
Zeolite.	479,331	199,890
	-----	-----
	\$3,221,750	\$3,473,897
	=====	=====
Cost of sales:		
Production and freight and delivery:		
Antimony	\$2,403,070	\$2,873,096
Zeolite.	529,397	265,390
Depreciation:		
Antimony	41,288	42,991
Zeolite.	55,254	41,071
	-----	-----
	\$3,029,009	\$3,222,548
	=====	=====
Gross profit	\$ 192,741	\$ 251,349
	=====	=====
Other operating expenses:		
Sales expense:		
Antimony	\$ 67,818	\$ 80,397
Zeolite.	70,589	62,654
General and administrative expense:		
Antimony	434,563	327,936
Zeolite.	212,689	86,658
	-----	-----
	\$ 785,659	\$ 557,645
	=====	=====
Capital expenditures:		
Antimony	\$ 25,506	\$ 0
Zeolite.	95,931	305,745
	-----	-----
	\$ 121,437	\$ 305,745
	=====	=====
Properties, plant and equipment, net:		
Antimony	\$ 132,608	\$ 147,886
Zeolite.	421,703	381,530
	-----	-----

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB

\$ 554,331	\$ 529,416
=====	=====

See Note 2 regarding sales to major customers.

F-22