UNITED STATES ANTIMONY CORP
Form 10QSB
November 20, 2006

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

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2006

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

Commission file number 33-00215

UNITED STATES ANTIMONY CORPORATION

(Name of small business issuer in its charter)

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

P.O. BOX 643, THOMPSON FALLS, MONTANA 59873

(Address of principal executive offices) (Zip code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer.
Large accelerated filer [_] Accelerated filer [_] Non-accelerated filer [X]

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

Indicate by check mark whether the registrant is a shell company as defined by

Rule 12b-2 of the Exchange act.	YES [_] No [X]
Transitional Small Business Disclosure Format	YES [_] No [X]

At November 16, 2006, the registrant had outstanding 38,896,975,shares of par value $0.01 common stock.

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

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PART I-FINANCIAL INFORMATION

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

(Unaudited)
September 30, 2006

ASSETS

Current Assets:	
Cash	$ 101,327
Accounts receivable, less allowance for doubtful accounts of $30,000	61,344
Inventories	311,151
Total current assets	473,822
Properties, plants and equipment, net	1,396,973
Restricted cash for reclamation bonds	90,845
Deferred financing costs, net amortization	9,375
Total assets	$ 1,971,015

LIABILITES AND STOCKHOLDERS' DEFICIT

Current liabilities:	
Checks issued and payable	$ 65,912
Accounts payable	617,645
Accrued payroll and related taxes	73,384
Other accrued liabilities	72,483
Deferred revenue	21,735
Accrued interest payable	43,472
Payable to related parties	252,304
Long-term debt, current	33,059
Accrued reclamation costs, current	71,250
Total current liabilities	1,251,244
Secured convertible and convertible notes payable to related party	100,000
Long term debt, noncurrent	559,334
Accrued reclamations costs, noncurrent	71,250
Total liabilities	1,981,828
Commitments and contingencies (Note 3)	
Stockholders' deficit	
Preferred stock, $0.01 par value, 10,000,000 shares authorized:	
Series B: 750,000 shares issued and outstanding	7,500
Series C: 177,942 shares issued and outstanding	1,779
Series D: 1,757,600 shares issued and outstanding	17,576
Common stock, $0.01 par value, 50,000,000 shares authorized:	
38,896,975 issued and outstanding	388,970
Additional paid-in capital	20,071,731
Accumulated deficit	(20,498,369)

Total stockholders' deficit	(10,813)
Total liabilities and stockholders' deficit	$ 1,971,015

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

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

	FOR THE 3 MONTHS ENDED 30-SEP-2006	FOR THE 3 MONTHS ENDED 30-SEP-2005	FOR THE 9 MONTHS ENDED 30-SEP-2006	FO MONT 30-
Antimony Division				
Revenues:	$ 780,917	$ 506,414	$ 2,408,774	$ 1
Cost of Sales:				
Production costs	477,478	365,482	1,637,184	1
Depreciation	10,096	11,200	25,609	
Freight and delivery	43,295	28,114	148,304	
General and administrative	6,791	1,365	23,791	
Direct sales expense	13,001	19,794	48,632	
	550,661	425,955	1,883,520	1
Gross profit - Antimony	230,256	80,459	525,254	
Zeolite Division				
Revenues:	384,527	255,783	880,892	
Cost of Sales:				
Production costs	270,550	201,057	779,097	
Depreciation	29,037	26,583	84,844	
Freight and delivery	18,454	2,445	39,986	
General and administrative	67,209	60,199	176,883	
Direct sales expense	19,419	29,874	55,824	
	404,669	320,158	1,136,634	1
Gross profit (loss) - Zeolite	(20,142)	(64,375)	(255,742)	
Gross profit - Combined	210,114	16,084	269,512	
Other (income) expense:				
Corporate general and administrative	66,614	61,305	230,072	
Exploration expense	125,655	--	335,631	
USAMSA investment adjustment	--	882	--	
Interest income and other	(4,265)	(1,384)	(5,526)	
Interest expense	28,857	38,027	80,600	
Factoring expense	26,013	17,504	68,764	
Net other (income) expense	242,874	116,334	709,541	

Net loss	$ (32,760)	$ (100,250)	$ (440,029)	$
Net loss per share of common stock - basic	NIL	NIL	$ (0.01)	
Basic weighted average shares outstanding	37,283,985	32,546,137	35,736,439	31

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

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

	FOR THE NINE MONT	
	30-SEP-2006	30-
Cash flows from operating activities:		
Net loss	$ (440,029)	$
Adjustments to reconcile net loss to net cash used by operating activities:		
Common stock issued for directors services	49,500	
Depreciation and amortization	117,327	
Change in:		
Restricted cash	(3,927)	
Accounts receivable	47,970	
Inventories	(121,408)	
Accounts payable	56,264	
Accrued payroll and related taxes	(30,656)	
Other accrued liabilities	(6,191)	
Deferred revenue	(48,265)	
Accrued interest payable	(10,110)	
Payable to related parties	(24,052)	
Net cash used by operating activities	(413,577)	
Cash flow from investing activities:		
Purchase of properties, plants and equipment	(438,371)	
Net cash used by investing activities	(438,371)	
Cash flow from financing activities:		
Proceeds from issuance of common stock	547,800	
Proceeds from exercise of common stock warrants	225,000	
Proceeds from exercise of Series D preferred stock warrants		
Principal payments on debt	(111,912)	
Proceeds from notes payable to bank		
Proceeds from related party payable		
Change in checks issued and payable	4,546	
Net cash provided by financing activities	665,434	
Net change in cash	(186,514)	

Cash, beginning of period	287,841	
Cash, end of period	$ 101,327	$
Non cash investing and financing activities:		
Common stock issued for acquisition of property, plant & equipment	$ 43,500	
Common stock issued for conversion of debt and related accrued interest	$ 281,251	$
Property, plant & equipment acquired with payable	$ 95,000	

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

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PART I - FINANCIAL INFORMATION, CONTINUED:

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

1. BASIS OF PRESENTATION:

The unaudited consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America for interim financial information, as well as the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company's management, all adjustments (consisting of only normal recurring accruals) considered necessary for a fair presentation of the interim financial statements have been included. Operating results for the three and nine-month periods ended September 30, 2006 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2006. Certain consolidated financial statement amounts for the three and nine-month periods ended September 30, 2005 have been reclassified to conform to the 2006 presentation. These reclassifications had no effect on the net loss or accumulated deficit as previously reported.

For further information refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005.

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

2. LOSS PER COMMON SHARE:

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

Company's common stock and common stock issuable upon the conversion of debentures are excluded from the calculations when their effect is antidilutive. Common stock equivalents at September 30, 2006, including warrants of 8,676,727 shares to purchase the Company's common stock and 500,000 shares of common stock issuable upon the conversion of debentures are excluded from the calculations because their effect would be antidilutive.

3. COMMITMENTS AND CONTINGENCIES:

The Company's management believes that USAC is currently in substantial compliance with environmental regulatory requirements and that its accrued environmental reclamation 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.

3. COMMITMENTS AND CONTINGENCIES, CONTINUED:

The Company recognizes, however, that in some cases future environmental expenditures cannot be reliably determined due to the uncertainty of specific remediation methods, conflicts between regulating agencies relating to remediation methods and environmental law interpretations, and changes in environmental laws and regulations. Any changes to the Company's reclamation plans as a result of these factors could have an adverse affect on the Company's operations. The range of possible losses in excess of the amounts accrued cannot be reasonably estimated at this time.

4. BUSINESS SEGMENTS

The Company has two operating segments, antimony and zeolite. Selected information with respect to segments for the nine month periods ended September 30, 2006 and 2005 are as follows:

	2006	2005
Capital expenditures:		
Antimony	$ 409,799	$
Zeolite	$ 167,074	$ 262,295

5. CONVERSION OF DEBT

During the three month period ended September 30, 2006, the Company issued 1,406,250 shares of its restricted common stock in exchange for outstanding convertible debt and related accrued interest totaling $281,251.

6. ADOPTION OF NEW ACCOUNTING PRINCIPLE

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

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006. There was no impact on the financial statements as of and for the three months ended March 31, 2006 as a result of the adoption of SFAS 123(R). In accordance with the modified prospective transition method, the financial statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R).

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

GENERAL

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

RESULTS OF OPERATIONS

The Company's operations resulted in a net loss of $440,029 for the nine-month period ended September 30, 2006, compared with a net loss of $289,461 for the same period ended September 30, 2005. The increase in the loss for the third quarter of 2006 compared to the similar period of 2005 is primarily due to an increase in expenses related to the exploration and development of the Mexican Project.

In 2005, USAC formed a Mexican Company called Antimonio de Mexico, S. A. de C. V. ("ADM"). ADM then signed an exclusive contract to explore and exploit a 40 hectar concession in the State Queretaro, Mexico with an option to purchase. A Mexican Government Monograph (Consejo de Recursos Minerales Publicacio M-4e) reported a resource of 1,000,000 metric tons having a grade of 1.8% antimony and 8.1 ounces per ton silver. During the first quarter of 2006, ADM obtained 466 hectars nearby that represents a continuation of the mineralized zone. ADM then purchased the other 50% of the outstanding stock of United States Antimony de Mexico S. A. de C. V. ("USAMSA") giving USAC a 100% ownership in USAMSA through ADM. USAMSA operated an antimony smelting facility in the State of Coahuila that has been shut down since 1996. ADM also purchased the real property consisting of 6 hectars and all the equipment at the smelter site. During the second quarter of 2006, the USAMSA smeltering facility at Madero, Coahuila, Mexico was completed with new furnaces, scrubber, pond, office, laboratory, fans, and was completely re-wired. Equipment including scales, crushers, compressors, scrubbers, dust collectors, water systems and various other equipment were installed. Activity in Mexico increase exploration expense during the three quarters ended September 30, 2006.

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

The Company's operations resulted in a net loss of $32,760 for the three-month period ended September 30, 2006, compared with a net loss of $100,250 for the same period ended September 30, 2005. The decrease in the loss for the third quarter of 2006 compared to the similar period of 2005 is primarily due to an increase in profitability of the antimony division.

ANTIMONY DIVISION:

Total revenues from antimony product sales for the third quarter of 2006 were $780,917 compared with $506,414 for the comparable quarter of 2005, an increase of $274,503 or 54%. The increase is directly related to increase in average sales price by 62% plus production from a legacy slag pile at Thompson Falls, Montana. During the three-month period ended September 30, 2006, 76% of the Company's revenues from antimony product sales were from sales to one customer. Sales of antimony products during the third quarter of 2006 consisted of 307,321 pounds at an average sale price of $2.54 per pound. During the third quarter of 2005 sales of antimony products consisted of 311,732 pounds at an average sale price of $1.62 per pound.

The cost of antimony production was $477,478, or $1.55 per pound sold, during the third quarter of 2006 compared to $365,482, or $1.17 per pound sold, during the third quarter of 2005. The increase in the cost of production is primarily related to the increase in the cost of raw materials and to a lesser extent the increased cost of fuel.

Antimony depreciation for the third quarter of 2006 was $10,096 compared to $11,200 for the third quarter of 2005. The decrease in depreciation directly related to equipment being fully depreciated.

Antimony freight and delivery for the third quarter of 2006 was $43,295 compared to $28,114 of freight and delivery expense during the third quarter of 2005. The increase is directly related to increase in fuel and delivery increases.

General and administrative expenses in the antimony division were $6,791 during the third quarter of 2006 compared to $1,365 during the same quarter of 2005. The increase in the general and administrative expenses is related to the reclassification of general and administrative accounts to better reflect the expenses.

Antimony sales expenses were $13,001 in the third quarter of 2006 compared with $19,794 during the third quarter of 2005. The decrease is related to fewer commissions paid during the third quarter of 2006.

ZEOLITE DIVISION:

Sales of zeolite products during the third quarter of 2006 were $384,527 at an average sales price of $148.35 per ton, compared with the same quarter sales in 2005 of $255,783 at an average sales price of $89.34 per ton. The increase in sales of zeolite during the third quarter of 2006 was $128,744 and represents a 50% increase over those during the same quarter of 2005. The increase in the average sales price is due to better marketing and more packaging costs due to smaller package weight denominations.

The cost of zeolite production was $270,550, or $104.43 per ton sold, for the third quarter of 2006 compared to $201,057, or $70.23 per ton sold, during the third quarter of 2005. The increase in the cost of production is related to the increase in fuel prices and more packaging costs.

Zeolite depreciation for the third quarter of 2006 was $29,037 compared to $26,583 for the third quarter of 2005. The increase in depreciation is due to the continued purchase of capital assets associated with zeolite production.

Zeolite freight and delivery for the third quarter of 2006 was $18,454 compared to $2,445 for the third quarter of 2005. The increase is due to the increase in fuel and delivery charges.

During the third quarter of 2006, the Company incurred costs totaling $67,209 associated with general and administrative expenses of its 100% owned subsidiary Bear River Zeolite Company, compared to $60,199 of such expenses in the comparable quarter of 2005.

Zeolite sales expenses were $19,419 during the third quarter of 2006 compared to $29,874 during the third quarter of 2005. The decrease is directly related to a reduction in the zeolite sales work force.

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

ADMINISTRATIVE

Interest expense of $28,857 was incurred during the third quarter of 2006 compared to $38,027 during the third quarter of 2005. The decrease is due to the decrease in notes payable.

Accounts receivable factoring expense was $26,013 during the third quarter of 2006 compared to $17,504 during the third quarter of 2005. The increase was primarily due to the increase in sales in the antimony division.

General and administrative expenses for the corporation were $66,614 during the third quarter of 2006 compared to $61,305 for the same quarter in 2005. The increase is primarily due to the increase in general and administrative activities associated with the Mexican Project.

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2006 COMPARED TO THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2005.

ANTIMONY DIVISION:

The sales for the first nine months of 2006 were $2,408,774 compared to $1,862,453 for the first nine months of 2005 which represents a 29% increase. The increase is related to the average sales price increase.

The cost of antimony production was $1,637,184 during the third quarter of 2006 compared to $1,357,928 during the third quarter of 2005. The increase in the cost of production is primarily related to the increase in the cost of raw materials and to a lesser extent the increase in the cost of fuel.

Antimony depreciation for the first nine months of 2006 was $25,609 compared to $31,800 for the first nine months of 2005. The decrease in depreciation directly related to equipment being fully depreciated.

Antimony freight and delivery for the first six month of 2006 was $148,304 compared to $120,453 of freight and delivery expense during the first nine months of 2005. The increase is directly related to increase in fuel and delivery increases.

General and administrative expenses in the antimony division were $23,791 during the first nine months of 2006 compared to $33,888 during the same quarter of 2005. The decrease in general and administrative expenses for the first nine months is directly related to a reduction in force.

Antimony sales expenses were $48,632 in the first nine months of 2006 compared with $46,779 during the first nine months of 2005. The increase is related to commission paid during the third quarter of 2006.

ZEOLITE DIVISION:

Sales of zeolite products during the first nine months of 2006 were $880,892 compared with the same quarter sales in 2005 of $943,461. The decrease in sales for the first nine months of 2006 compared to the same quarter of 2005 was due to the loss of a major customer and the consequent decrease in product sold.

The cost of zeolite production was $779,097 for the first nine months of 2006 compared to $699,221 for first nine months of 2005. The increase in the cost of production is related to the increase in costs of fuel and plant maintenance and the decrease in production of product.

Zeolite depreciation for the third quarter of 2006 was $84,844 compared to $62,983 for the first nine months of 2005. The increase in depreciation is due to the continued purchase of capital assets associated with zeolite production.

Zeolite freight and delivery for the first nine months of 2006 was $39,986 compared to $51,297 for the first nine months of 2005. The decrease is due to decrease in product produced and shipped.

During the first nine months of 2006, the Company incurred costs totaling $176,883 associated with general and administrative expenses of it's 100% owned subsidiary Bear River Zeolite Company, compared to $207,198 of such expenses in the comparable quarter of 2005. The decrease is due to the decrease in production and sales in the third quarter of 2006.

Zeolite sales expenses were $55,824 during the first nine months of 2006 compared to $93,860 during the third quarter of 2005. The decrease is directly related to a reduction in the zeolite sales work force.

ADMINISTRATIVE:

Interest expense of $80,600 was incurred during the first nine months of 2006 compared to $111,876 during the first nine months of 2005. The decrease is due to the decrease in notes payable.

General and administrative expenses for the corporation were $230,072 during the first nine months of 2006 compared to $206,034 for the same quarter in 2005. The increase is primarily due to the increase in general and administrative activities associated with the Mexican Project.

FINANCIAL CONDITION AND LIQUIDITY

At September 30, 2006, Company assets totaled $1,971,015, and there was a stockholders' deficit of $10,813. The stockholders' deficit decreased $707,020 from December 31, 2005, primarily due to the issuance of shares of common stock. The Company issued 1,406,250 shares of its restricted common stock for the conversion of $281,251 of principal and accrued interest on a Convertible Debenture that was secured by 100% of the stock of Bear River Zeolite Co., Inc. At September 30, 2006 the Company's total current liabilities exceeded its total current assets by $777,422. Due to the Company's operating losses, negative working capital, and stockholders' deficit, the Company's independent accountants included a paragraph in the Company's 2005 financial statements relating to a going concern uncertainty. To continue as a going concern the Company must generate profits from its antimony and zeolite sales and to acquire additional capital resources through the sale of its securities or from short and long-term debt financing. Without financing and profitable operations, the Company may not be able to meet its obligations, fund operations and continue in existence. While management is optimistic that the Company will be able to sustain profitable operations and meet its financial obligations, there can be no assurance of such. The Company's management is confident, however, that it will be able to generate cash from operations and financing sources that will enable it to meet its obligations over the next twelve months.

Subsequent to September 30, 2006, certain marketing rights of Bear River Zeolite were sold for $500,000. This sale also included a supply commitment by BRZ to sell an additional 3,000 tons per month. Additionally during the fourth quarter of 2006, the Company expects to sell the surface rights to idle mining claims for approximately $300,000.

Cash used by operating activities during the first nine months of 2006 was $413,577, and resulted from net loss of $440,029 and the non-cash affects of depreciation and amortization expenses. The costs incurred in Mexico depleted cash resources.

Cash used in investing activities during the first nine months of 2006 was $438,371 and primarily related to the Mexican Project and improvements to the zeolite packaging plant and other parts of the operation.

Net cash provided by financing activities was $665,434 during the first nine months of 2006 was primarily generated from proceeds from the sale of common stock.

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

ITEM 3. CONTROLS AND PROCEDURES

As required by the SEC rules, we have evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report. This evaluation was performed under the supervision and with the participation of the Company's management, including the President who also serves as the Company's Financial and Accounting officer. Based upon that evaluation, our President concluded that the Company's controls and procedures were not effective as of the end of the period covered by this Quarterly Report due to inadequate supervision and segregation of duties.

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

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

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

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ITEM 3. CONTROLS AND PROCEDURES, CONTINUED

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

This could have an adverse effect on our ability to raise additional capital and could also have an adverse effect on our stock price.

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

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

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

During the three month period ended September 30, 2006, the Company sold for cash 75,000 shares of its restricted common stock for $0.40 per share, issued 225,000 of it restricted common stock for $0.22 for services, issued 1,406,250 of its restricted common stock for $.20 to convert debt and related accrued interest, and issued for cash 350,000 shares for $0.30 of its restricted common stock to exercising warrant holders for $105,000.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None

Reports on Form 8-K None

SIGNATURE

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

UNITED STATES ANTIMONY CORPORATION
(Registrant)

By /s/ John C. Lawrence

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

November 20, 2006