

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

UNITED STATES ANTIMONY CORP
Form 10KSB/A
December 06, 2001

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

FORM 10-KSB\A

(Mark One)

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

For the fiscal year ended December 31, 2000

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

For the transition period_____to_____

Commission file number 33-00215
UNITED STATES ANTIMONY CORPORATION
(Name of small business issuer in its charter)

Montana
(State or other jurisdiction
of incorporation or organization)

81-0305822
(I.R.S. Employer
Identification No.)

P.O. Box 643, Thompson Falls, Montana
(Address of principal executive offices)

59873
(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 X 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 \$5,016,661.

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 \$3,167,632 as of
March 30, 2001.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

At March 30, 2001, the registrant had 18,585,564 outstanding shares of par value \$.01 common stock.

TABLE OF CONTENTS

PART I

ITEM 1. DESCRIPTION OF BUSINESS	1
General	1
Summary	1
Antimony Division	1
Gold Division	2
Zeolite Divistion	2
Environmental Matters	2
Marketing	4
Antimony Price Fluctuations	4
Other	5
Employees	5
ITEM 2. DESCRIPTION OF PROPERTIES	5
Antimony Division	5
Gold Division	5
Zeolite	6
ITEM 3. LEGAL PROCEEDINGS	6
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	6

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS	7
ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS	7
ITEM 7. FINANCIAL STATEMENTS	10
ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	10

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS, COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT	10
ITEM 10. EXECUTIVE COMPENSATION	12
ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	13
ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	14
ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K	15
SIGNATURES	18

PART I

Item 1. Description of Business

General

Section 21E of the Securities Exchange Act of 1934 provides a "safe harbor" for forward-looking statements. Certain information included herein contains statements regarding management's expectations about future production and development activities as well as other capital spending, financing sources and effects of regulation. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made herein. These risks and uncertainties include, but are not limited to, those relating to the market price of metals, production rates, production costs, availability of continued financing, and the Company's ability to remain a going concern. The Company cautions readers not to place undue reliance on any forward-looking statements, and such statements speak only as of the date made.

Summary

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

USAC has been able to sustain its operations through gross profit produced from its antimony operations, common stock sales, and financing from banks and other sources. There can be no assurance, however, that USAC will be able to continue to meet its obligations and continue in existence as a going concern (see Note 1 to the Financial Statements).

Antimony Division

USAC's 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. USAC holds 12 patented lode claims, some of which are contiguous, and 2 patented mill sites.

Prior to 1984, USAC 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. USAC's underground antimony mining operations may be reopened in the future should raw material prices warrant doing so. USAC now purchases the majority of its raw antimony from China (approximately 70%) and, to a lesser degree, Canada (approximately 15%). Antimony metal from Chinese sources has been obtained primarily through a broker. Significant increases in world antimony metal prices have necessitated renegotiation of USAC's supply

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

contract with the broker in order to assure continued availability of metal, resulting in higher raw material costs. However, the increase in world prices has enabled USAC to increase the prices of its antimony products and to increase its gross profits. In addition, USAC is covering its customer supply contract requirements by obtaining antimony metal from other foreign and domestic sources.

The Company is dependent on foreign sources for raw materials and 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 USAC. USAC obtains antimony metal, the raw material for antimony products, primarily (70%) from China. 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. USAC currently owns 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, USAC invested capital and surplus equipment from its Thompson Falls antimony operation in USAMSA, which is being used for the construction of an antimony processing plant in Mexico.

1

To date, two antimony processing furnaces and a warehouse building have been built and limited antimony processing has taken place. USAMSA is pursuing the assignment of mining concessions in the Mexican states of Zacatecas, Coahuila, Sonora, Queretaro and Oaxaca. USAMSA is expected in future years to produce antimony metal and other products, utilizing its processing facilities as processing opportunities become available and as antimony prices dictate. These products would then be sent to USAC's plant near Thompson Falls, Montana for further processing.

From refined antimony metal, USAC produces four antimony oxide products of different particle size using proprietary furnace technology, several grades of sodium antimonate using hydro metallurgical techniques, and specialty antimony compounds. 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 a stabilizer for fluid lubricants. Sodium antimonate is primarily used as a fining agent (degasser) for glass in cathode ray tubes used in computer monitors and color television bulbs and as a flame retardant. USAC also sells antimony metal for use in bearings, storage batteries and ordnance.

USAC estimates that its present share of the domestic market for antimony oxide products is approximately 10% to 12%. USAC has had three principal domestic competitors. The balance of domestic sales are foreign imports (primarily from Chinese and Belgian suppliers).

Gold Division

Yankee Fork Mining District. Until 1989, USAC mined and milled gold and silver in the Yankee Fork Mining District in Custer County, Idaho. The site is currently undergoing environmental remediation pursuant to an Idaho Department of Environmental Quality consent decree. See "Environmental Matters."

Yellow Jacket Mining District. During the years from 1991 to 1996 USAC mined,

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

milled and sold gold bullion produced from the Yellow Jacket mine. In 1996, production at the Yellow Jacket was suspended due to recurring operating losses and declines in precious metal prices. In 1999, the company abandoned its leasehold interests and began environmental remediation activity at Yellow Jacket (see "Environmental Matters") and began reclamation of the Yellow Jacket tailings ponds and pit area.

Zeolite Division

USAC owns 75% of Bear River Zeolite Company ("BRZ"), an Idaho corporation incorporated on June 1, 2000. BRZ has entered into a ten-year 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 5%-7%. 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. BRZ is currently constructing a processing plant on the property. Mining and processing equipment will be leased to BRZ by USAC; and USAC will advance development and start-up costs. Production and sale of zeolite is not expected to contribute materially to USAC's operating revenues in the near future.

Environmental Matters

The exploration, development and production programs conducted in the United States are subject to local, state and federal regulations regarding environmental protection. Certain of USAC's production and mining activities are conducted on public lands. USAC believes that its current discharge of waste materials from its processing facilities is in material compliance with environmental regulations and health and safety standards. The USDA 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 USAC 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.

2

USAC may be required to prepare and present to such 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 USAC's reclamation and remediation plans which may be required due to changes in federal regulations could have an adverse effect on USAC's operations. In 1994, the U.S. Forest Service, under the provisions of the Comprehensive Environmental Response Liability Act of 1980, designated USAC's cyanide leach plant at the Preachers Cove mill, which is located six miles north of Sunbeam, Idaho on the Yankee Fork of the Salmon River, as a contaminated site requiring cleanup of cyanide solution. In 1996, USAC signed a consent decree related to the reclamation and remediation at the Preachers Cove mill in Idaho as required by the Idaho Department of Environmental Quality. USAC has been reclaiming the property; and, as of December 31, 2000, the cyanide solution cleanup was complete, the mill removed, and some of the cyanide leach residue disposed of. Only earth moving, monitoring activities, and the containment of the remaining cyanide leach residue in a containment vault remain to complete

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

the activities prescribed by the consent decree. Upon completion of reclamation activities at the Preachers Cove mill site pursuant to the consent decree, the site will be closed and the Idaho Department of Environmental Quality will terminate the consent decree. Reclamation activities are currently at a standstill due to weather conditions at the site and the completion of a biological assessment to be submitted to the National Marine Fisheries Service and the U. S. Fish and Wildlife Service. Upon receiving clearance from the U. S. Forest Service to commence the Phase II reclamation work the Company anticipates substantial completion of reclamation in a six to twelve month period.

USAC has environmental remediation obligations at its antimony processing site near Thompson Falls, Montana ("the Stibnite Hill Mine Site"). Under the regulatory jurisdiction of the Montana Department of Environmental Quality and the U.S. Forest Service and subject to the operating permit requirements of the Montana Department of Environmental Quality, USAC has performed substantial environmental reclamation activities at this site during 1999 and 2000. These activities included installation of a PVC cover and a geotextile layer on two of the tailings ponds and the removal of approximately 25,000 yards of tailings material from a third pond. USAC plans to line a storm water pond and construct a water treatment facility, thus fulfilling the majority of its environmental responsibilities at the Stibnite Hill Mine site. Currently, reclamation activities have temporarily ceased while federal and state regulatory agencies make certain determinations relating to the disposition of the Company's slag material.

During the second quarter of 1999, USAC began final reclamation and closure at the Yellow Jacket property. During the third and fourth quarters of 1999 USAC began disassembly of the mill and mill buildings and removed tailings waste from the tailings ponds. The reclamation activity is being overseen by the U.S. Forest Service and the Idaho Department of Environmental Quality. Reclamation work is commencing on the clean-up of non-cyanide tailings material at the property; and USAC believes this project will be substantially completed by the end of 2001. In 2000, the U.S. Forest Service began releasing environmental bonding funds to USAC that had been deposited for remediation of the Yellow Jacket Mine.

Reclamation activities at the Yellow Jacket Mine and the Stibnite Hill Mine Site have proceeded informally under supervision of the U.S. Forest Service and state departments of environmental quality. USAC has complied with regulators' requirements and does not expect the imposition of substantial additional requirements. The Company may have to increase its accrual for reclamation costs, however, if state and federal regulators require USAC to perform additional remediation activities if environmental laws change.

USAC has posted cash performance bonds with a bank and the U.S. Forest Service in connection with its reclamation activities. Upon completion of reclamation activities, the bonds will be terminated and the applicable regulatory authorities may release up to \$123,250.

3

The change in amounts accrued for environmental remediation activities in 1999 and as of December 31, 2000 is as follows:

Yankee Fork Thompson Falls Yellow Jacket

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

	Mill Site	Antimony Plant	Mine	Totals
Balance December 31, 1998	\$116,028	\$ 272,200	\$115,044	\$503,272
Less: Reclamation work		(169,736)	(73,893)	(243,629)
Adjustment of Accrued Remediation Costs	(70,000)	51,150	73,893	55,043
Balance December 31, 1999	\$ 46,028	\$ 153,614	\$115,044	\$314,686
Less: Reclamation work	0	(60,913)	(86,960)	(147,873)
Adjustment of Accrued Remediation Costs	0	25,615	86,960	112,575
Balance December 31, 2000	\$ 46,028	\$ 118,316	\$115,044	\$279,388

Marketing

During the first quarter of 1999, and in prior years dating back to 1991, USAC marketed its antimony products with HoltraChem, Inc. and later its successor, BCS, in a 50/50 profit sharing arrangement. In March 1999, USAC notified BCS that it was terminating the agreements that HoltraChem had assigned BCS, and that USAC was going to market and distribute antimony products independently. As a result USAC took steps to market its products to existing and prospective customers, and has been able to do so successfully. USAC employs full time marketing personnel and has negotiated various commission-based sales agreements with other chemical sales agents.

Antimony Price Fluctuations

The operating results of USAC 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 such 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 USAC.

Year	Average Price
2000	\$0.67
1999	0.58
1998	0.63
1997	0.93
1996	1.60

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

Year	High	Low	Average Price
2000	\$5.88	\$0.65	\$0.99
1999	5.52	0.65	0.85
1998	5.57	0.83	1.13
1997	5.75	0.98	1.41
1996	4.50	1.53	1.86

Antimony metal prices are determined by a number of variables over which USAC has no control. These include the availability and price of imported metals,

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

the quantity of new metal supply, and industrial and commercial demand. If metal prices decline and remain depressed, USAC's revenues and profitability may be adversely affected.

USAC uses antimony metal as a raw material for its products. USAC obtains antimony metal from sources in China (70%), Canada (15%) and the U.S. (15%). 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. Antimony metal from Chinese sources has been supplied by a metal dealer, pursuant to a long-term supply contract to supply antimony metal at a fixed price.

Until recently, antimony prices have been at a 35 year low. Beginning in late June 2000, prices had risen dramatically, primarily as a result of restrictions by the Chinese government on exports of antimony metal from China, one of the principal suppliers of antimony. The fixed price set by the supply contract with the dealer in Chinese-sourced metal was below current market price. The dealer refused to supply metal at the contracted price, forcing USAC to purchase antimony metal from this dealer and other sources at current world market prices. However, USAC has been able to raise its antimony product prices to its customers and to increase its gross profits. USAC's USAMSA venture is intended eventually to reduce USAC's dependence on foreign sources but is not expected to provide sufficient raw material for several years.

Other

USAC holds no material patents, licenses, franchises or concessions, but considers its antimony processing plant proprietary in nature. USAC uses the trade name "Montana Brand Antimony Oxide" for the marketing of its antimony products.

USAC is subject to the requirements of the Federal Mining Safety and Health Act of 1977, 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.

Employees

As of March 30, 2001, USAC employed 25 full-time employees. The number of full-time employees may vary seasonally. None of USAC's employees is covered by any collective bargaining agreement.

Item 2. Description of Properties

Antimony Division

USAC's principal plant and mine are located in the Burns Mining District, Sanders County, Montana, approximately 15 miles west of Thompson Falls, Montana. USAC holds 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. USAC is currently purchasing foreign raw antimony materials and continues to produce antimony metal, oxide and sodium antimonate from its antimony processing facility near Thompson Falls, Montana.

Gold Division

Yankee Fork Mining & Yellow Jacket Mining Districts

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

The registrant is engaged in reclamation activities on two former gold mining properties located in Custer and Lehmi Counties in Idaho.

5

Zeolite Division

USAC owns 75% of Bear River Zeolite Company ("BRZ"), an Idaho corporation incorporated on June 1, 2000. BRZ has entered into a ten-year 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 5%-7%. 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. BRZ is currently constructing a processing plant on the property. Mining and processing equipment will be leased to BRZ by USAC; and USAC will advance development and start-up costs. Production and sale of zeolite is not expected to contribute materially to USAC's operating revenues in the near future.

Item 3. Legal Proceedings

At December 31, 2000, the company was involved in no material legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders

On October 31, 2000, at an annual meeting of stockholders the following directors were re-elected: (1)

	Votes For	Votes Against	Votes Abstained
John C. Lawrence	14,657,428	6,300	14,586
Robert A. Rice	10,202,024	7,800	84,574
Leo Jackson	10,379,150	7,350	37,824

(1) Based on cumulative voting privileges of 11,859,172 shares represented at the meeting in person or by proxy, out of the 17,860,384 shares outstanding and entitled to vote as of the record date, August 3, 2000.

Also at the annual meeting the following three proposals were approved by the stockholders:

Proposal 2. Amend the Company's Articles of Incorporation to increase the number of authorized shares of common stock available for issuance from 20,000,000 to 30,000,000.

	Votes For	Votes Against	Votes Abstained
	11,753,588	70,148	34,186

Proposal 3. Amend the Company's Articles of Incorporation to authorize a variable sized board

	Votes For	Votes Against	Votes Abstained
	9,645,353	2,181,763	30,806

Proposal 4. Ratify the appointment of the Company's independent auditors for

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

the fiscal year ending December 31, 2000

Votes For	Votes Against	Votes Abstained
9,687,003	2,137,033	33,886

6

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

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

2000	High	Low
First Quarter	\$0.95	\$0.22
Second Quarter	0.88	0.20
Third Quarter	0.78	0.32
Fourth Quarter	0.41	0.13
1999	High	Low
First Quarter	\$0.16	\$0.20
Second Quarter	0.17	0.17
Third Quarter	0.31	0.38
Fourth Quarter	0.16	0.16

The approximate number of record holders of USAC's common stock at December 31, 2000 is 2,700.

No dividends have been paid or declared by USAC during the last five years; and USAC does not anticipate paying dividends on its common stock in the foreseeable future. Instead, USAC expects to retain its earnings for the operation and expansion of its 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 \$67,699 during 2000 compared to net loss of \$230,086 in 1999. The net loss in 2000 is primarily attributable to a \$985,425 loss from operating activities in 2000, offset by an extraordinary gain recognized on the conversion of certain debts to common stock of \$917,726. The net loss in 1999 is primarily due to a net loss from operations of 307,677 offset by an extraordinary gain of \$77,591 recognized on the

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

conversion of certain debts to common stock.

Total revenues from antimony product sales during 2000 were \$5,016,661 compared to \$4,710,278 in 1999. The increase in sales during 2000 was partially due to the Company's sharing of 50% of antimony product sales with an affiliated sales company during the first quarter of 1999 compared to selling all of its antimony products independently during 2000. Sales of antimony products during 2000 were 5,039,327 pounds at an average sale price of \$1.00 per pound; during 1999 5,517,443 pounds of antimony products were sold at an average sales price of \$0.85 per pound. Gross profit from antimony product sales was \$472,890 in 2000, or 9% of sales, compared to \$876,178 in 1999, or 18.6% of sales. The decrease in gross profit during 2000 was due to rapidly escalating antimony metal prices during the year that were quickly reflected in higher production costs and, correspondingly, higher cost of sales. Antimony product sale prices in the market reacted slower to the increase in metal prices however, as competitors with greater quantities of finished goods inventory on hand were able to continue selling products at prices that were in effect prior to the increase in metal prices. During the last quarter of 2000 and the first quarter of 2001, antimony product sales prices increased; and as a result, the Company anticipates the return to a higher level of gross profit.

7

Combined care, maintenance and reclamation costs and exploration and evaluation costs at the Yellow Jacket property totaled \$241,244 during 2000 compared to \$200,867 in 1999. The increase during 2000 was due to the Company's increased reclamation activities during 2000 compared to 1999.

During 1999, we updated and presented a Phase II reclamation plan to the U.S. Forest Service detailing plans for the final reclamation of the Yankee Fork Mill site. Based upon our analysis of costs required to implement the specific tasks in the Phase II plan, we reduced the Yankee Fork reclamation accrual by \$70,000, to reflect our current estimate of costs required to complete reclamation tasks.

During 2000, reclamation activities were at a standstill pending the completion of a biological assessment to be submitted to the National Marine Fisheries Service and the U.S. Fish and Wildlife Service. 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 have performed substantial environmental reclamation activities during 1999 and 2000 at our antimony processing site near Thompson Falls, Montana. These activities included installation of a PVC liner and a geotextile layer on two of the tailings ponds and the removal of approximately 25,000 yards of tailings material from a third pond. We made adjustments increasing our reclamation accruals by \$51,150 and \$25,615 in fiscal years 1999 and 2000, respectively, based upon management's revised estimates of costs to comply with regulatory requirements in effect during the respective years. We plan to line a storm water pond and construct a water treatment facility during 2001, thus fulfilling the majority of our environmental responsibilities at the Stibnite Hill Mine site.

During the second quarter of 1999, we began final reclamation and closure at the Yellow Jacket property. Upon Yellow Jacket's closure, we estimated the required costs and time to perform closure activities, and adjusted the Yellow Jacket reclamation liability on a quarterly basis, re-instating the accrual as costs were incurred (a total of \$73,893), to reflect our estimate reclamation and closure costs left to incur.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

During the third and fourth quarters of 1999 we began disassembly of the mill and mill buildings and removed tailings waste from the tailings ponds. In 2000, we evaluated progress on Yellow Jacket's closure and reclamation and continued to adjust the reclamation liability for costs as incurred (a total of \$86,960) based upon labor and equipment cost experience in 1999 and our estimate of costs related to specific tasks yet-to-complete at year end.

General and administrative expenses increased from \$400,432 in 1999, to \$631,869, an increase of \$231,437 or approximately 58%. The increase in 2000 compared to 1999 was principally due to consulting expenses compensated with shares of the Company's common stock totaling approximately \$150,000 and legal and accounting costs of approximately \$64,000, associated with the filing of a registration statement with the Securities and Exchange Commission.

Antimony sales expenses were \$339,267 during 2000 and comparable to sales expenses of \$337,309 during 1999. Management expects sales expenses to decrease in future periods based on restructuring efforts made to its sales staff during 2000.

Interest expense of \$157,145 in 2000 decreased compared to interest expense of \$185,985 in 1999 primarily due to the conversion of certain debts to common stock in 2000. Interest and other income was \$8,459 in 2000 and \$12,190 in 1999. The decrease in interest and other income during 2000 was primarily due to decreased interest earnings on reclamation bonds, when bonds were released to the Company during 2000 as the Yellow Jacket property reclamation progressed.

In 2000, the Company settled and extinguished a debt owed the Estate of Bobby C. Hamilton of approximately \$1.5 million (see Financial Condition and Liquidity) through payment of \$500,000 cash and issuance of 250,000 shares of the Company's restricted common stock. In connection with the settlement the Company recorded an extraordinary gain of \$917,726. In 1999, the Company converted \$682,397 of defaulted debenture principal and interest and \$144,339 of principal and interest related to certain mining lease royalties (Judgments payable) into common stock of the Company. In connection with these conversions the Company recorded an extraordinary gain of \$77,591, and an addition to paid-in-capital of 534,101.

8

Financial Condition and Liquidity

At December 31, 2000, Company assets totaled \$893,920, and there was a stockholders' deficit of \$1,708,085. The stockholders' deficit decreased \$475,110 from the prior year, primarily due to the conversion of debts to common stock. In order to continue as a going concern, the Company is dependent upon (1) profitable operations from the antimony division, (2) additional equity financing, and (3) continued availability of bank financing. Without financing and profitable operations, the Company may not be able to meet its obligations, fund operations and continue in existence. There can be no assurance that management will be successful in its plans to improve the financial condition of the Company.

Cash used by operations during 2000 was \$731,000 compared to net cash provided by operations during 1999 of \$59,986, a change of approximately \$851,000. The change in cash used by operations in 2000 compared to cash provided by operations in 1999 was primarily due to the operating loss (before extraordinary item) of \$985,425 in 2000 compared to the similar operating loss of \$307,677 during 1999.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

Investing activities used \$38,499 during 2000 compared to \$76,417 used in 1999. Cash used in investing activities during both years related exclusively to purchases and construction of antimony plant and equipment.

Financing activities provided \$829,588 during 2000 compared to \$16,431 of cash in 1999. Cash from financing activities in 2000 related principally to cash received from the sale of convertible debentures (and related warrants) and common stock sales. Cash provided during 1999 related primarily to cash received from bank financing.

Other significant financial commitments for future periods will include:

 Servicing notes payable to bank.

 Servicing convertible debenture interest and principal payments.

 Completion and maintenance of an evergreen registration statement for common shares held by certain shareholders.

 Keeping current on property, payroll, and income tax liabilities and accounts payable.

 Fulfilling responsibilities with environmental, labor safety and securities regulatory agencies.

In an effort to improve USAC's financial condition, USAC's management, during the second quarter of 2000, negotiated the settlement of a debt of approximately \$1.5 million owed the Estate of Bobby C. Hamilton (the "Estate"). USAC entered into a Settlement and Release of All Claims Agreement (the "Settlement Agreement") with the Estate on June 23, 2000. The Settlement Agreement extinguished the note payable to the Estate in exchange for a cash payment of \$500,000 and the issuance of 250,000 shares of USAC's common stock.

The cash payment to the Estate was financed by the issuance of \$600,000 of Debentures pursuant to a financing agreement with Thomson Kernaghan & Co., Ltd., a Canadian investment banker. The financing agreement with Thomson Kernaghan provided, among other things, for the sale of up to \$1,500,000 of USAC's convertible debentures to the investment banker and its affiliates. The debentures are convertible into common stock at a price per share equal to 75% of the average of the three lowest closing bid prices per share of USAC's common stock as reported by Bloomberg L.P. in the 20 trading days immediately preceding the closing date of the debenture sale or the conversion date, whichever is lower, but in any event not greater than \$0.90 per share. The debentures are due two years from their issue date and accrue interest at 10% to be paid annually on each anniversary date of the issue. During 2000, USAC issued \$675,000 of convertible debentures pursuant to the financing agreement. The maximum conversion price is \$0.29125 per share. In connection with the debenture sale, USAC issued warrants to purchase 1,394,230 shares of common stock at \$0.39 per share.

The financing agreement required that USAC execute a registration rights agreement, binding USAC to prepare and file a registration statement with the Securities and Exchange Commission registering the resale of shares of common stock issuable upon conversion of the debentures and upon exercise of the related warrants, and to increase the number of its authorized but outstanding shares of common stock to accommodate the exercise of the warrants and conversion of the debentures. During 2000, USAC expended substantial resources in preparation of the registration statement; but as of the date of this report, the registration statement has not yet become effective. The

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

registration rights agreement that USAC executed provides for certain liquidated damages to be payable to the debenture holders for the delay of the effectiveness of the registration statement. The liquidated damages are calculated as two percent (2%) per month of the aggregate value of the principal amount of the debentures outstanding combined with the aggregate exercise prices of the outstanding purchasers' and agent's warrants issued in connection with the convertible debentures, accrued on a daily basis subsequent to the registration deadline. Accordingly, the filing of an effective registration statement for the convertible debentures continues to be a significant priority of the Company.

During 2000, the Company issued \$247,922 of 10% convertible debentures (due December 2003) to John C. Lawrence, the Company's president and a director. The debentures were issued in exchange for various cash advances the Company had received for working capital purposes from Mr. Lawrence during the year. Also in December 2000, USAC issued two \$50,000 10% convertible debentures (one \$50,000 debenture being due November 22, 2003 and the second debenture being due December 12, 2003) to Al Dugan, a USAC shareholder and accredited investor, in exchange for \$100,000 cash paid by Mr. Dugan and used for working capital purposes. The debentures issued to Mr. Lawrence and Mr. Dugan are convertible into USAC's common stock at a conversion price which is the lower of \$0.31 per share or 75% of the average of the three lowest closing bid prices for USAC's common stock as quoted by Bloomberg L.P. in the 20 trading days immediately preceding the conversion date. In connection with the issuance of these debentures USAC issued warrants to Mr. Lawrence and Mr. Dugan to purchase 151,213 and 60,974 shares of common stock, respectively, at \$0.41 per share.

In 2000, the Company sold 782,511 shares of its common stock for \$255,000, with 100,000 shares sold pursuant to the exercise of stock purchase warrants. Proceeds from stock sales were used to fund the Company's operations.

The Company anticipates funding its operations through additional sales of common stock and debt financing in 2001. The Company believes that it will have additional financial resources from increasing gross profits from its antimony business and sales of zeolite from its newly formed Bear River Zeolite Company subsidiary.

Item 7. Financial Statements

The consolidated financial statements of the registrant are included herein on pages F1-F27.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

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 are as follows:

Name	Age	Affiliation with Registrant	Expiration of Term
John C. Lawrence	62	President, Director	Annualmeeting
Robert A. Rice	76	Director	Annual meeting
Leo Jackson	59	Director	Annual meeting

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

Gary D. Babbitt

54

Director

Annual meeting

Business Experience of Directors and Executive Officers

John C. Lawrence

Mr. Lawrence has been the President and a Director of USAC since its inception. Mr. Lawrence was the President and a Director of AGAU Mines, Inc., the predecessor of USAC, 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.

10

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 of USAC 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 the principal owner of Minera de Roja, S.A. de C.V., and has been involved in the production and marketing of industrial minerals such as fluor spar 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 of USAC since February 1999.

Gary D. Babbitt

Mr. Babbitt is a partner in the Boise, Idaho law firm of Hawley Troxell Ennis & Hawley LLP, and has served as USAC's legal counsel for several years. Mr. Babbitt concentrates his law practice in commercial litigation, environmental matters and mining law. He is a member of the Society of Mining Engineers, a director of the Idaho Mining Association, and a trustee of the Rocky Mountain Mineral Law Foundation. Mr. Babbitt was appointed as a director when the Board expanded to four members in November 2000.

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

Board Meetings and Committees

USAC's Board of Directors held twelve (12) regular meetings during the 2000 calendar year. Each incumbent director attended at least 75% of the meetings held during the 2000 calendar year, in the aggregate, by the Board. USAC's Board of Directors does not have a Compensation Committee, an Audit Committee, or a Nominating Committee.

Board Member Compensation

Beginning in 2000, USAC pays directors' fees in the form of 25,000 shares of USAC's Common Stock per year per director. Directors are also reimbursed reasonable out-of-pocket expenses in connection with attending meetings.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

Section 16(a) Beneficial Ownership Reporting Compliance

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

Based solely on review of copies of Forms 3, 4, and 5 furnished to USAC, Mr. Lawrence timely filed Form 4 reports during 2000 and timely filed a Form 5 annual report with respect to the 2000 fiscal year. Mr. Babbitt is late filing a Form 5 report for the 2000 fiscal year. It is unknown to the Company if Mr. Rice and Mr. Jackson timely filed, during 2000, Form 4 reports upon receipt of annual stock compensation or Form 5 annual reports with respect to the 2000 fiscal year. It is unknown to the Company if Al Dugan, a shareholder who became a 10% beneficial owner during 2000, timely filed Form 3 or Form 4 reports during 2000, or timely filed a Form 5 report for the 2000 fiscal year.

11

Item 10. Executive Compensation

Summary Compensation Table

The Securities and Exchange Commission requires the following table setting forth for fiscal years ending December 31, 2000, 1999 and 1998, the compensation paid by USAC to its principal executive officer.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Awards	
		Salary	Bonus	Other Annual Compensation(1)	Restricted Options/Awards(2)	Securities Underlying LTIP SARs
John C. Lawrence, President	2000	\$81,000	N/A	\$4,154	\$3,250	None
John C. Lawrence, President	1999	\$72,000	N/A	\$4,154	\$720	None
John C. Lawrence, President	1998	\$72,000	N/A	\$4,154	\$844	None

(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 restricted Common Stock.

Item 11. Security Ownership of Certain Beneficial Owners and Management

A person who directly or indirectly has or shares voting power or investment power with respect to a security is considered a beneficial owner of the security. Voting power is the power to vote or direct the voting of shares and investment power is the power to dispose of or direct the disposition of shares. Shares as to which voting power or investment power may be acquired within 60 days are also considered as beneficially owned.

The following tables set forth certain information, as of March 30, 2001, regarding beneficial ownership of USAC's stock by (1) each person who is known

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

to USAC to own beneficially more than 5% of any class of USAC's voting stock, and (2) (a) each director and each nominee for the election as a director of USAC, (b) each executive officer named in the Summary Compensation Table set forth above, and (c) all current directors and current executive officers of USAC as a group. The information on beneficial ownership in the table and the footnotes thereto is based upon USAC's records and, in the case of holders of more than 5% of USAC's stock, the most recent Schedule 13D or 13F filed by each such person or entity and information supplied to USAC by such person or entity. Unless otherwise indicated, to USAC's knowledge each person has sole voting power and sole investment power with respect to the shares shown.

12

Security Ownership of Certain Beneficial Owners(7)

As of the close of business on March 30, 2001, based on information available to USAC, the following persons own beneficially more than 5% of any class of the outstanding voting securities of USAC:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent 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	1,501,898(2)	6.1 (1)
Common stock	John C. Lawrence P.O. Box 643 Thompson Falls, MT 59873	3,537,827(3), (6)	14.4 (1)
Common stock	The Dugan Family c/o A. W. Dugan 1415 Louisiana Street, Suite 3100 Houston, TX 77002	2,623,072(4), (6)	10.7 (1)
Preferred Series A stock	A. Gordon Clark, Jr. 2 Musket Trail Simsbury, CT 06070	4,500(5)	100.0
Preferred Series C stock	Walter L. Maguire, Sr. P.O. Box 129 Keller, VA 23401	49,091	27.6
Preferred Series C stock	Richard A. Woods 59 Penn Circle West Penn Plaza Apts. Pittsburgh, PA 15206	48,305	27.2
Preferred Series C stock	Dr. Warren A. Evans 69 Ponfret Landing Road Brooklyn, CT 06234	48,305	27.2
Preferred Series C stock	Edward Robinson	32,203	18.0

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

share and a purchaser's warrant to purchase 432,692 shares of Company's common stock at \$.39 per share. The debentures are convertible into common stock at the lower of \$0.29125 per share or 75% of the average of the lowest closing bid prices during the 20 trading days preceding the conversion date. Assuming conversion of the debentures at \$0.29125 per share and exercise of the warrants, Thomson Kernaghan would be the record owner of 3,861,647 shares, or 15.7%, of the Company's outstanding common stock and common stock equivalents.

However, Thomson Kernaghan disclaims beneficial ownership of all of the shares issuable upon conversion of the debentures or exercise of the agent's warrant or the purchaser's warrant. Further, Thomson Kernaghan has advised the Company that it is not a member of a group, as defined in § 13(d) of the Securities and Exchange Act of 1934, which owns 5% or more of Company's common stock.

Item 12. Certain Relationships and Related Transactions

See transactions described in notes 4, 7, 9, 12, 14 and 17 to USAC's Financial Statements as of December 31, 2000.

14

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, 1999 (File No. 1-8675) are incorporated herein by this reference.
3.02*	Amended and Restated Bylaws of USAC
3.03*	Articles of correction of Restated Articles of Incorporation of USAC.
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.
10.0	Material Contracts Documents filed with USAC's Annual Report on Form 10-KSB for the year ended December 31, 1995 (File No. 1-8675), are incorporated herein by this reference:
10.10	Yellow Jacket Venture Agreement July 7, 1990
10.11	Agreement Between Excel-Mineral USAC and Bobby C. Hamilton August 29, 1991
10.12	Letter Agreement September 1, 1991
10.13	Columbia-Continental Lease Agreement Revision April 3, 1993
10.14	Settlement Agreement with

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

	Excel Mineral Company	July 1993
10.15	Memorandum Agreement	July 1993
10.16	Termination Agreement	September 12, 1993
10.17	Amendment to Assignment of Lease (Geosearch)	September 9, 1994
10.18	Series B Stock Certificate to Excel-Mineral Company, Inc.	December 25, 1993
10.19	Division Order and Purchase and Sale Agreement	March 27, 1995
10.20	Inventory and Sales Agreement	January 1, 1995
10.21	Processing Agreement	July 1, 1995
10.22	Release and settlement agreement between Bobby C. Hamilton and United States Antimony Corporation	November 15, 1995
10.23	Columbia-Continental Lease Agreement	September 27, 1996
10.24	Release of Judgment	February 28, 1996
10.25	Covenant Not to Execute	July 30, 1990

15

Documents filed with USAC's Annual Report on Form 10-KSB for the year ended December 31, 1996 (File No. 1-8675), are incorporated herein by this reference:

Exhibit No.	Item	Dated
10.26	Warrant Agreements	Various

Document filed with 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:

Exhibit No.	Item	Dated
10.27	Letter from EPA, Region 10	August 21, 1997

Documents filed with 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:

Exhibit No.	Item	Dated
10.28	Warrant Agreements	Various

Document filed with 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:

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

Exhibit No.	Item	Dated
10.30	Answer, Counterclaim and Third-Party Complaint	October 13, 1998

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:

Exhibit No.	Item	Dated
10.31	Warrant Issue-Al Dugan	July 28, 1998
10.32	Amendment Agreement	March 31, 1999

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 reference:

Exhibit No.	Item	Dated
10.33	Warrant Issue-John C. Lawrence	March 29, 1999
10.34	PVS Termination Agreement	March 31, 1999

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:

Exhibit No.	Item	Dated
10.35	Maguire Settlement Agreement	November 5, 1999
10.36	Warrant Issue-Carols Tejada	August 30, 1999
10.37	Warrant Issue-Al W. Dugan	January 25, 2000

16

Exhibit No.	Item	Dated
10.38	Memorandum of Understanding with Geosearch Inc.	October 4, 1999
10.39	Factoring Agreement-Systran Financial Services Company	March 30, 1999
10.40	Mortgage to John C. Lawrence	April 19, 1999

Document filed with 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:

Exhibit No.	Item	Dated
10.41	Warrant Issue-Al W. Dugan	January 25, 2000

Documents 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:

Exhibit No.	Item	Dated
-------------	------	-------

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

10.42	Agreement between United States Antimony Corporation and Thomson Kernaghan & Co., Ltd.	July 11, 2000
10.43	Settlement agreement and release of all claims between the Estate of Bobby C. Hamilton and United States Antimony Corporation	June 23, 2000

Exhibit No.	Description	Page
21.01*	Subsidiaries of USAC	II
		Dated
44.1	CERCLA Letter from U.S. Forest Service 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.	February 11, 1994

* Exhibits 3.02, 3.03, and 21.01, are filed with this Form 10-KSB. All other exhibits are incorporated by reference to previous filings identified above.

Documents filed with the Company's Annual Report on Form 10-KSB for the year ended December 31, 1995, and incorporated by reference to such:

There were no reports on Form 8-K filed during the quarter ended December 31, 2000.

Exhibit 21.0

Subsidiaries of Registrant, as of December 31, 2000
Bear River Zeolite Company
c/o Box 643
Thompson Falls, MT 59873

United States Antimony Corporation, Montana
c/o Box 643
Thompson Falls, MT 59873

17

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

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

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: March 30, 2001
John C. Lawrence, Director and President
(Principal Executive, Financial and Accounting
Officer)

By:/s/ Leo Jackson Date: March 30, 2001
Leo Jackson, Director

By:/s/ Robert A. Rice Date :March 30, 2001
Robert A. Rice, Director

By:/s/ Gary D. Babbitt Date :March 30, 2001
Gary D. Babbitt, Director

18

Report of Independent Accountants

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 subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of operations, changes in stockholders' deficit and cash flows for the years then ended. These financial statements are 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 generally accepted auditing standards. 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 subsidiaries as of December 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for the

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

years then ended, in conformity with generally accepted accounting principles. 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.

As discussed in Note 20. to the consolidated financial statements, the Company has restated certain amounts in its previously reported consolidated financial statements for the year ended December 31, 1999.

Spokane, Washington
 March 22, 2001, except for Note 20.
 which is as of October 19, 2001

F-1

United States Antimony Corporation and Subsidiaries
 Consolidated Balance Sheets
 December 31, 2000 and 1999

	2000	1999 (as restated)
ASSETS		
Current assets:		
Restricted cash	\$ 8,518	\$ 227
Inventories	221,457	276,599
Accounts receivable, less allowance for doubtful accounts of \$30,000 and \$50,000	119,568	60,205
	-----	-----
Total current assets	349,543	337,031
Investment in USAMSA	111,088	111,088
Properties, plants and equipment, net	246,250	341,417
Restricted cash for reclamation bonds	123,250	178,986
Deferred financing charges, net	63,789	
	-----	-----
Total assets	\$ 893,920	\$ 968,522
	=====	=====

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:		
Checks issued and payable	\$ 107,133	\$ 45,544
Accounts payable	429,654	467,596
Accrued payroll and property taxes	241,588	263,667
Accrued payroll and other	89,680	132,464
Judgment payable	43,480	40,645
Accrued interest payable	47,324	14,640
Due to related parties	10,307	8,128
Notes payable to bank, current	150,625	160,395
Note payable to Bobby C. Hamilton, current		87,596
Accrued reclamation costs, current	80,000	256,000
	-----	-----
Total current liabilities	1,199,791	1,476,675

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

Debentures payable, net of discount	997,449	
Notes payable to bank, noncurrent	205,377	165,570
Note payable to Bobby C. Hamilton, noncurrent		1,450,785
Accrued reclamations costs, noncurrent	199,388	58,687
	-----	-----
Total liabilities	2,602,005	3,151,717
	-----	-----
Commitments and contingencies (Notes 1 and 18)		
Stockholders' deficit:		
Preferred stock, \$.01 par value, 10,000,000 shares authorized:		
Series A: 4,500 shares issued and outstanding		
(liquidation preference \$110,250)	45	45
Series B: 750,000 shares issued and outstanding		
(liquidation preference \$802,500)	7,500	7,500
Series C: 177,904 and 205,996 shares issued and outstanding		
(liquidation preference \$97,847)	1,779	2,060
Common stock, \$.01 par value, 30,000,000 and 20,000,000 shares authorized; 18,375,564 and 16,900,252 shares issued and outstanding	183,755	169,003
Additional paid-in capital	15,352,386	14,824,048
Accumulated deficit	(17,253,550)	(17,185,851)
	-----	-----
Total stockholders' deficit	(1,708,085)	(2,183,195)
	-----	-----
Total liabilities and stockholders' deficit	\$ 893,920	\$ 968,522
	=====	=====

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

F-2

United States Antimony Corporation and Subsidiaries
Consolidated Statements of Operations
For the years ended December 31, 2000 and 1999

	2000	1999 (as restated)
Revenues:		
Sales of antimony products and other	\$ 5,016,661	\$ 4,710,278
Cost of antimony production	4,037,289	3,511,097
Freight and delivery	506,482	323,003
	-----	-----
Gross profit	472,890	876,178
	-----	-----
Other operating expenses:		
Exploration and evaluations		53,985
Reclamation-antimony	25,615	51,150
Care, maintenance, and reclamation-Yellow Jacket	241,244	146,882
General and administrative	631,869	400,432
Sales expenses	339,267	337,309
	-----	-----
	1,237,995	989,758
	-----	-----

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

Other (income) expense:			
Gain from accrued reclamation costs adjustment		(70,000)	
Gain from accounts payable adjustment	(29,322)		(16,440)
Interest expense	157,145		185,985
Factoring expense	100,956		106,742
Interest income and other	(8,459)		(12,190)
	-----		-----
	220,320		194,097
	-----		-----
Loss before extraordinary item	(985,425)		(307,677)
Extraordinary gain on conversion of debts to common stock	917,726		77,591
	-----		-----
Net loss	\$ (67,699)	\$	(230,086)
	=====		=====
Basic net loss per share of common stock			
Before extraordinary item	\$ (0.06)	\$	(0.02)
Extraordinary item	0.05		Nil
	-----		-----
Net loss	\$ (0.01)	\$	(0.02)
	=====		=====
Basic weighted average shares outstanding	17,772,693		14,597,917
	=====		=====
Diluted net loss per share of common stock			
Before extraordinary item	\$ (0.06)	\$	(0.02)
Extraordinary item	0.05		Nil
	-----		-----
Net loss	\$ (0.01)	\$	(0.02)
	=====		=====
Diluted weighted average shares outstanding	17,772,693		14,839,455
	=====		=====

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

F-3

United States Antimony Corporation and Subsidiaries
Consolidated Statements of Changes in Stockholders' Deficit
for the years ended December 31, 2000 and 1999

	Preferred Stock				Series C		Common Stock		Additional Paid In Capital
	Series A	Series B	Series B	Series B	Series C	Series C	Common Stock	Common Stock	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	
Balances, December 31, 1998	4,500	\$45	750,000	\$7,500	2,560,762	\$25,608	13,425,925	\$134,259	\$14,079,260
Issuance of common stock for cash purchased by employees							4,800	48	1,150

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

Issuance of common stock in exchange for services							40,000	400	9,600
Issuance of common stock for conversion of debts							1,036,761	10,368	729,650
Issuance of common stock to employees for compensation							20,000	200	2,400
Issuance of common stock to directors for compensation							18,000	180	1,980
Conversion of series C preferred stock to common stock					(2,354,766)	(23,548)	2,354,766	23,548	
Net loss									
Balances December 31, 1999 (as restated)	4,500	\$45	750,000	\$7,500	205,996	\$ 2,060	16,900,252	\$169,003	\$14,824,040
Issuance of common stock for cash							682,511	6,825	223,170
Exercise of stock warrants							100,000	1,000	24,000
Issuance of common stock for services							300,000	3,000	150,000
Issuance of common stock as settlement of debt							250,000	2,500	78,120
Conversion of series C preferred stock to common stock					(28,092)	(281)	28,092	281	
Issuance of common stock to former Series C preferred stockholders							35,542	355	3,910
Warrants issued for consulting services									10,000
Warrants issued in connection with convertible debentures									29,620
Common stock issued to directors for compensation							79,167	791	9,500
Net loss									
Balances, December 31, 2000	4,500	\$45	750,000	\$7,500	177,904	\$1,779	18,375,564	\$183,755	\$15,352,380

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

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

F-4

United States Antimony Corporation and Subsidiaries
 Consolidated Statements of Cash Flows
 for the years ended December 31, 2000 and 1999

	2000 (as restated)	1999
Cash flows from operating activities:		
Net loss	\$ (67,699)	\$ (230,086)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation	133,666	130,714
Amortization of deferred financing charges	18,711	
Write off of capitalized start-up costs		8,590
Extraordinary gain on conversion of debts to common stock	(917,726)	(77,591)
Gain from accrued reclamation costs adjustment		(70,000)
Gain from accounts payable adjustment	(29,322)	(16,440)
Provision for doubtful accounts	(20,000)	50,000
Issuance of common stock to directors as compensation	10,291	2,160
Issuance of common stock to employees as compensation		2,600
Issuance of common stock and warrants for services	163,000	10,000
Issuance of common stock to former Series C holders	4,265	
Change In:		
Restricted cash	(8,291)	(6)
Accounts receivable	(39,363)	(110,205)
Inventories	55,142	88,799
Restricted cash for reclamation bond	55,736	
Deferred financing charges	(82,500)	
Accounts payable	(8,620)	228,863
Accrued payroll and property taxes	(22,079)	95,185
Accrued payroll and other	(42,784)	35,752
Judgments payable	2,835	11,780
Accrued debenture interest payable	36,769	13,250
Payable to related parties	2,179	5,206
Accrued reclamation costs	(35,299)	(118,585)
	-----	-----
Net cash provided by operating activities	(791,089)	59,986
	-----	-----
Cash flows from investing activities:		
Purchase of properties, plants and equipment	(38,499)	(76,417)
	-----	-----
Net cash used in investing activities	(38,499)	(76,417)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of common stock and warrants	230,000	
Exercise of warrants	25,000	
Proceeds from bank term note payable	250,000	259,484
Payments on notes payable to bank	(219,963)	(200,330)
Change in checks issued and payable	61,589	14,455
Proceeds from issuance of convertible debentures	1,022,992	
Payments on note payable to Bobby C. Hamilton	(540,030)	(57,178)

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

Net cash provided by financing activities	----- 829,588 -----	----- 16,431 -----
Net decrease in cash	0	0
Cash, beginning of year	0	0
Cash, end of year	----- \$ 0 =====	----- \$ 0 =====

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

F-5

United States Antimony Corporation and Subsidiaries
Consolidated Statements of Cash Flows, Continued:
for the years ended December 31, 2000 and 1999

	2000	1999
Supplemental disclosures:		
Cash paid during the year for interest	\$ 119,866 =====	\$ 157,239 =====
Noncash financing activities:		
Discount on debentures payable for detachable warrants	29,682	
Judgment payable converted to common stock		144,339
Debentures payable converted to common stock		335,000
Accrued debenture interest payable converted to common stock		347,397
Series C preferred stock converted to common stock	281	23,548
Note payable to Bobby C. Hamilton converted to common stock	958,321	

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

F-6

United States Antimony Corporation and Subsidiaries
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. Up until the first quarter of 1999 the Company sold its products pursuant to a profit sharing agreement with affiliated chemical sales

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

companies. On March 31, 1999, the company terminated the agreement and started selling its products independently.

In September of 2000, the Company finalized its purchase of a 50% interest in United States Antimony, Mexico S.A. de C.V. ("USAMSA") to mine, mill and produce antimony metal and other related products from certain states in Mexico. During 2000, the Company formed a 75% owned subsidiary, Bear River Zeolite Company, to mine and market zeolite and zeolite products from a mineral deposit in south-eastern Idaho.

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, 2000, the Company had negative working capital of approximately \$850,000, an accumulated deficit of approximately \$17.2 million and a total stockholders' deficit of approximately \$1.7 million. 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:

- In 2000 and 1999, the Company devoted substantial efforts to the research and development of new antimony products and applications. These efforts have resulted in advances in the Company's preparation, packaging, and quality of the antimony products it delivers to customers. The Company believes that it will be able to stay competitive in the antimony business and generate increasing profits because of these advances.

- In 2000 and 1999, the Company converted debts totaling \$958,321 and \$826,736, respectively, of principal and accrued interest into common stock of the Company.

- During 2000, the Company negotiated a financing arrangement with a Canadian investment banking firm, that provides borrowings of up to \$1.5 million in convertible debentures and related warrants. Pursuant to this arrangement, the Company borrowed \$675,000 in 2000.

F-7

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

1. Background of Company and Basis of Presentation, Continued:

- In 2000, the Company generated \$255,000 through sales of 682,511 shares of its unregistered common stock and warrants to existing shareholders and the exercise of 100,000 stock purchase warrants. The Company plans to raise equity funding through additional stock sales in 2001. However, there can be no assurance that the Company will be able to successfully raise additional capital through the sale of its stock.

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

Actual results could differ from those estimates.

2. Concentration of Risk:

The Company purchases the majority of its raw antimony used in the production of 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, 2000 and 1999, 25% and 20%, respectively, of the Company's revenues were generated by antimony product sales to one customer. In addition, during 2000, 11% of the Company's revenues were generated by antimony product sales to a second individual customer.

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.

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 accurately predict.

3. Summary of Significant Accounting Policies:

Principles of Consolidation

The Company's consolidated financial statements also include the accounts of Bear River Zeolite Company, a 75% 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 of cash held for investment in USAMSA, payment of delinquent payroll taxes and reclamation performance bonds.

F-8

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

3. Summary of Significant Accounting Policies, Continued:

Inventories

Inventories at December 31, 2000 and 1999, consisted of ownership of antimony metal, metal in process and finished goods that are stated at the lower of first-in, first-out cost or estimated net realizable value. Since the Company's 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.

Deferred Financing Charges

Deferred financing charges related to convertible debenture sales are amortized on a straight-line basis over the term of the debentures.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

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

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. The Company considers current metal prices, cost of production, proven and probable reserves and salvage value of the property and equipment in its valuation.

Management's estimates of metal prices, operating capital requirements and reclamation costs are subject to risks and uncertainties of changes affecting the recoverability of the Company's investment in its properties, plants and equipment. Although management has made its best estimate of these factors 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 properties, and necessitate asset impairment write-downs.

The Company has adopted the provisions of Statement of Financial Accounting Standards No. 121 ("SFAS No. 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 121 requires 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.

F-9

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

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

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

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 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.

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.

Revenue Recognition

Sales of antimony products are recorded upon shipment to the customer.

Income (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.

F-10

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

3. Summary of Significant Accounting Policies, Continued:

Stock-Based Compensation

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), 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.

Recent Accounting Pronouncements

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, which defines derivatives, requires that all derivatives be carried at fair value, and provides for hedge accounting when certain conditions are met. This statement is effective for the first fiscal quarter of fiscal years beginning after June 15, 2000. Adoption of this statement will not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 provides guidance on the recognition, presentation and disclosure of revenue in financial statements. All registrants are expected to apply the accounting and disclosures described in SAB 101. The Company is required to adopt SAB 101 in the fourth quarter of fiscal 2001, retroactive to the beginning of the year. Adoption of SAB 101 will not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In March 2000, the Financial Accounting Standards Board issued FASB Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation an Interpretation of APB Opinion No. 25" ("FIN 44"). FIN 44 clarifies the application of APB Opinion No. 25 and, among other issues, clarifies the following: the definition of an employee for purposes of applying APB Opinion No. 25; the criteria for determining whether a plan qualifies as a noncompensatory plan; the accounting consequence of various modifications to the terms of the previously fixed stock options or awards; and the accounting for an exchange of stock compensation awards in a business combination. FIN 44 is effective July 1, 2000, and has been adopted by the Company.

In April 1998, Statement of Position 98-5, "Reporting on the Costs of Start-up Activities" ("SOP 98-5") was issued. SOP 98-5 provides guidance on the financial reporting of start-up costs and organizational costs. It requires costs of start-up activities and organizational costs to be expensed as incurred. During 1999, the Company expensed \$8,590 of organizational costs that had previously been capitalized relating to its investment in USAMSA. No cumulative effect of a change in accounting principle was recognized, however, due to the immateriality of the amount. If a cumulative effect had been recognized, accumulated deficit at December 31, 1998 would have been increased by \$8,590.

F-11

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

4. Sales of Accounts Receivable:

The Company sells the majority of its accounts receivable to a financing company pursuant to the terms of a factoring agreement entered into on March 30, 1999. 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 maintains an allowance for doubtful accounts receivable 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 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. In addition, Mr. Lawrence was granted 250,000 warrants to purchase common stock of the Company exercisable at \$0.25 per share (see Note 14).

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

The factoring agreement requires that the Company pay 4% of the face amount of the receivables sold up to \$1,200,000, and 2% of the face amount of receivables sold thereafter as a financing fee. Financing fees paid by the Company during the year ended December 31, 2000 and 1999 totaled \$100,956 and \$106,742, respectively. At December 31, 2000 and 1999, net accounts receivable of \$4,867,093 and \$3,909,774, respectively, had been 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. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities."

5. Inventories:

The major components of the Company's inventories at December 31, 2000 and 1999, were as follows:

	2000		1999
Antimony Metal	\$ 32,187	\$	58,365
Antimony Oxide	118,728		206,316
Sodium Antimonate	70,542		11,918
	-----		-----
	\$ 221,457	\$	276,599
	=====		=====

At December 31, 2000 and 1999, antimony metal consisted primarily of lots purchased from foreign suppliers; antimony oxide inventory consisted of finished product oxide held at the Company's plant or in outside 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.

F-12

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

6. Properties, Plants and Equipment:

The major components of the Company's properties, plants and equipment at December 31, 2000 and 1999 were as follows:

	2000		1999
Gold mill and equipment (1)	\$ 37,890	\$	37,890
Gold mining equipment (1)	1,265,392		1,265,392
Antimony mining buildings and equipment (2)	168,746		168,746
Antimony mill and equipment (2)	518,190		518,190
Chemical processing and office buildings	256,067		255,447
Chemical processing equipment	887,467		852,811
Other	80,178		76,955

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

	-----	-----
	3,213,930	3,175,431
Less accumulated depreciation	2,967,680	2,834,014
	-----	-----
	\$ 246,250	\$ 341,417
	=====	=====

- (1) The Company has removed the mill at Yankee Fork and most of the mining and milling equipment as part of the reclamation process. Substantially all of the remaining assets are fully depreciated.
- (2) At December 31, 2000 and 1999, substantially all of these assets are fully depreciated and the antimony milling buildings and equipment are idle.

7. Investment in USAMSA:

In September of 2000, the Company finalized its 50% investment in United States Antimony, Mexico S.A. de C.V. ("USAMSA").

The company translates the foreign currency financial statements of its Mexican subsidiary in accordance with the requirements of SFAS No. 52, "Foreign Currency Translation." Assets and liabilities are translated at current exchange rates, and related revenues and expenses are translated at average exchange rates in effect during the period. Unaudited condensed financial information for USAMSA during 2000 is as follows:

	December 31, 2000	
ASSETS		
Current assets	\$ 48,908	
Noncurrent assets	78,973	

Total assets	\$ 127,881	
	=====	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$ 69,359	
Stockholders' equity	58,522	

Total liabilities and stockholders' equity	\$ 127,881	
	=====	

F-13

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

7. Investment in USAMSA, Continued:

	For the year ended December 31, 2000
Revenues:	
Income from antimony processing	\$ 16,145
Processing costs	(42,995)

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

Gross loss	(26,850)

Other income and (expense):	
Administrative and other costs	(1,051)
Other income	3,023

Net loss	\$ (24,878)
	=====

8. Judgment Payable:

At December 31, 2000 and 1999, the Company owed \$43,480 and \$40,645, 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, which has approximated 6-7%, and is due in monthly installments of \$3,000. During 1999 and 2000, the Company made no payments on this judgment payable.

9. Due to Related Parties:

Amounts due to (from) related parties at December 31, 2000 and 1999 were as follows (see also Note 17):

	2000	1999
Entity owned by John C. Lawrence, president and director	\$ (503)	\$ 788
John C. Lawrence, president and director	10,810	7,340
	-----	-----
	\$ 10,307	\$ 8,128
	=====	=====

Transactions affecting the payable to Mr. Lawrence during 2000 and 1999 were as follows:

	2000	1999
Balance, beginning of year	\$ 7,340	\$ 2,485
Equipment rental charges	29,709	30,616
Payments	(26,239)	(25,761)
	-----	-----
Balance, end of year	\$ 10,810	\$ 7,340
	=====	=====

F-14

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

10. Notes Payable to Bank:

Notes payable to First State Bank of Thompson Falls, Montana ("First State

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

Bank") at December 31, 2000 were as follows:

Ten-year term note bearing interest at 10.5%; dated May 5, 2000 payable in monthly installments of \$3,384; collateralized by certain equipment and patented and unpatented mining claims in Sanders County, Montana; personally guaranteed by John C. Lawrence (president and director).	\$ 223,385
Note payable under a \$95,000 revolving line-of-credit agreement; dated December 18, 2000; bearing interest at 11.5%; collateralized by certain equipment and patented and unpatented mining claims in Sanders County, Montana; principal and accrued interest due at maturity on December 15, 2001; personally guaranteed by John C. Lawrence.	88,257
Note payable under a \$60,000 revolving line-of-credit dated December 26, 2000; bearing interest at 11.5%; collateralized by certain equipment and patented and unpatented mining claims in Sanders County, Montana; principal and accrued interest due at maturity on March 26, 2001; personally guaranteed by John C. Lawrence.	36,305
Note payable under a \$50,000 revolving line-of-credit dated April 2, 2000; bearing interest at 10.5%; collateralized by certain equipment and patented and unpatented mining claims in Sanders County, Montana; principal and accrued interest due at maturity on April 2, 2001; personally guaranteed by John C. Lawrence.	8,055

Total	356,002
Less current portion	(150,625)

Noncurrent portion	\$ 205,377
	=====

At December 31, 2000, principal payments on the notes payable to bank are due as follows:

Year Ending December 31,	
2001	\$ 150,625
2002	19,993
2003	22,197
2004	24,642
2005	27,358
Thereafter	111,187

	\$ 356,002
	=====

F-15

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

11. Note Payable to Bobby C. Hamilton:

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

At December 31, 1999, the Company owed Bobby C. Hamilton ("Hamilton"), an unsecured note payable of \$1,538,381, arising from the settlement of litigation brought against Hamilton by the Company in 1995. The terms for repayment of the note included the payment of principal and interest (at 7.5% per annum) equal to 4% of the gross sales of the Company's operations, with a minimum total annual payment of principal and interest of \$200,000. During 1999, Mr. Hamilton died and the note went into his personal estate (the "Estate"). In an effort to improve the Company's financial condition, the Company's management began negotiations during the second quarter of 2000 to extinguish and settle the debt owed the Estate. As a result of management's negotiations, the Company entered into a Settlement and Release of All Claims Agreement (the "Settlement Agreement") with the Estate on June 23, 2000. The Settlement Agreement extinguished the note payable to the Estate in exchange for a cash payment of \$500,000 and the issuance of 250,000 shares of the Company's unregistered common stock. The cash payment was financed by the issuance of \$600,000 of convertible debentures (see Note 12) pursuant to a financing agreement with Thomson Kernaghan & Co., Ltd., a Canadian investment banker. The Settlement Agreement mutually released both parties from any and all obligations between them, and included the Company's indemnification of the Estate against any liabilities and claims that may result from environmental remediation responsibilities on the Company's Idaho gold properties.

12. Debentures Payable

Thomson Kernaghan & Co., Ltd.

In connection with the Settlement Agreement between the Company and the Estate of Bobby C. Hamilton (see Note 11), the Company entered into a financing agreement (the "Financing Agreement") with Thomson Kernaghan & Co., Ltd. ("TK") on July 11, 2000. The financing agreement provided, among other things, for the sale of up to \$1,500,000 of the Company's convertible debentures. In July of 2000, the Company sold an initial tranche of \$600,000 of convertible debentures and in August sold a second tranche of \$75,000 pursuant to the agreement with TK. In connection with the debenture sales and terms of the Financing Agreement, the Company issued stock purchase warrants totaling 961,538 to the debenture purchasers' agent (TK) and 432,692 stock purchase warrants to the debenture purchasers. The exercise price of the agent and purchaser warrants is the closing bid price as reported by Bloomberg L.P. on the trading day immediately preceding the July 11, 2000 (The effective date of the Financing Agreement), or \$0.39 per share. The warrants expire in July and August of 2005.

The Financing Agreement also contained a registration rights agreement in which Company agreed to register the debenture purchasers' resale of the shares of common stock issued upon conversion of the debentures and upon exercise of the related purchasers and agents warrants. For the \$675,000 of debentures issued as of December 31, 2000, the registration rights agreement requires that the Company register 150% of the conversion shares and 100% of the underlying agent and purchaser warrant shares. The registration rights agreement also provides for liquidated damages to be due if the Company fails to have an effective registration statement filed by the registration deadline (see Note 18).

The debentures are convertible into common stock at \$0.29125 per share or 75% of the average of the three lowest closing bid prices per share of the Company's common stock as reported by Bloomberg L.P. in the 20 trading days immediately preceding the conversion date, whichever is lower. The converting debenture holder may not, however, own more than 9.9% of the then outstanding common stock of the Company after the conversion.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

12. Debentures Payable, Continued:

The debentures are payable in full at their maturity date on June 30, 2002, with interest payable at 10% per annum and due annually. At December 31, 2000, \$675,000 of convertible debentures had been issued to TK. The Financing Agreement requires TK to purchase up to \$825,000 principal amount of additional debentures upon the Company's request prior to the June 30, 2002 Maturity Date if specified conditions precedent are satisfied, including the condition that the closing bid price of the Company's stock must exceed \$0.50 per share.

The debentures are transferable, subject to the rules and regulation of the Securities Act of 1933, and exchangeable for an equal amount of aggregate principal in different denominations. The debenture agreement requires that so long as any of the principal of or interest on the debentures remain unpaid or unconverted, the Company shall not (i) merge or consolidate with any other entity; (ii) sell or otherwise dispose of a material portion of its assets (other than in the ordinary course of business); (iii) pay any dividend on its shares (including any dividend payable in common stock or other property); (iv) subdivide, split or otherwise increase the number of shares of common stock; or (v) issue any common stock or other equity securities, or any other stock, option, warrant, right or other instrument that is convertible into or exercisable or exchangeable for common stock or other equity securities, except for (a) securities of a subsidiary that are issued to the Company; and (b) securities sold and options granted to directors, officers and employees of the Company pursuant to bona fide employee benefit plans; provided, however, that the Company may issue such securities enumerated in (v) above, with the prior written consent of the holders, which consent the holder agrees not to unreasonably withhold.

Related Parties

During the fourth quarter of 2000, the Company sold \$100,000 of convertible debentures to Al Dugan, a significant shareholder, and \$247,992 of convertible debentures to John C. Lawrence, the Company's president and a director. The debentures mature three years from the date of issuance and accrue interest at 10%, payable upon each issuance anniversary date. The debentures are convertible into common stock at \$0.31 per share or 75% of the average of the three lowest closing bid prices per share of the Company's common stock as reported by Bloomberg L.P. in the 20 trading days immediately preceding the conversion date, whichever is lower.

The debentures are transferable, exchangeable for an equal amount of aggregate principal in different denominations, and subject to the same covenants regarding mergers, dispositions, dividend payments, and stock sales as the convertible debentures sold pursuant to the financing agreement with Thomas Kernaghan & Co., Ltd. (above).

In connection with the issuance, Mr. Dugan and Mr. Lawrence, were issued 60,974 and 151,213, respectively, stock purchase warrants. The warrants expire five years from their date of issue and are exercisable for shares of the Company's unregistered common stock at \$0.41 per share.

The Company accounted for the detachable warrants issued in connection with the debentures in accordance with Accounting Principles Board Opinion No. 14, and calculated the fair value attributable to the detachable warrants based

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

upon the present value of the interest costs of the debentures as compared to interest costs of the Company's alternative financing sources. The resulting value was recorded as a discount against the carrying value of the debentures, and amortized by the straight-line method as interest expense over the terms of the debentures. During the year ended December 31, 2000, \$4,085 of the debentures payable discount was amortized to interest expense.

F-17

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

12. Debentures Payable, Continued:

At December 31, 2000, debentures payable are as follows:

	Amount	Maturing
\$ 600,000		June, 2002
75,000		August, 2002
50,000		November, 2003
297,992		December, 2003

1,022,992		
(25,543)		Less amortized discount

\$ 997,449		
=====		

13. 2000 Stock Plan

In January of 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. In connection with the Plan, the Company filed a Form S-8 registration statement with the Securities and Exchange Commission in March of 2000, registering the Plan's shares pursuant to Rule 416-c of the Securities Act of 1933. At December 31, 2000, 300,000 shares of the Company's common stock had been issued under the Plan (see Notes 14 and 18).

14. Stockholders' Deficit:

Increase in Authorized Capital

On August 28, 2000, the Company's board of directors resolved to seek shareholder approval of an amendment of the Company's Articles of Incorporation to increase the aggregate number of shares of common stock the Company shall have the authority to issue from 20,000,000 to 30,000,000. The increase in authorized shares was approved by the Company's shareholders at the annual meeting of the shareholders on October 31, 2000.

Stock Warrants

The Company's Board of Directors has the authority to issue incentive stock warrants for the purchase of common stock to directors and employees of the Company. The Company has also issued warrants in exchange for services

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

rendered the Company, personal guarantees of financial obligations and the issuance of debentures.

F-18

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

14. Stockholders' Deficit, Continued:

Transactions in stock warrants are as follows:

	Number of Warrants	Exercise Prices	Expiration Date
Balance, December 31, 1998	1,094,356	\$ 0.25-0.80	
Warrants issued to John C. Lawrence, president and director, in connection with his personal guarantee of a financing arrangement	250,000	\$ 0.25	(A)
Warrants issued to a stockholder and consultant as compensation for services	100,000	\$ 0.55	(B)
Warrants expired	(225,000)	\$ 0.50-0.70	

Balance, December 31, 1999	1,219,356	\$ 0.25-0.80	

Warrants issued as compensation for consulting services	300,000	\$ 0.25	(C)
Warrants exercised	(100,000)	\$ 0.25	
Warrants issued in connection with issuance of debentures	1,606,417	\$ 0.39-0.41	(D)
Warrants issued in connection with stock sale	48,077	\$ 0.39	(E)
Warrants expired	(669,356)	\$ 0.70-0.80	

Balance December 31, 2000	2,404,494		
	=====		

- (A) Warrants are exercisable for as long as Mr. Lawrence personally guarantees certain company financing arrangements.
- (B) Warrants are exercisable on or before August of 2002.
- (C) Warrants are exercisable on or before January of 2003.
- (D) 1,394,230 warrants are exercisable on or before July-August of 2005; 212,187 warrants are exercisable on or before November-December of 2005.
- (E) Warrants are exercisable on or before August of 2005.

F-19

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

14. Stockholders' Deficit, Continued:

Issuance of Common Stock to Employees

During 1999, the Company issued 20,000 shares of its unregistered common stock to employees in recognition of their service to the Company. In connection with the issue the Company recognized compensation expense of \$2,600 based upon the fair value of the unregistered shares issued.

Issuance of Common Stock in Connection with Conversion of Debts

In June of 2000, the Company issued 250,000 shares of its unregistered common stock to the Estate of Bobby C. Hamilton (see Note 11) in exchange for the settlement and extinguishment of the balance of a note payable due the Estate after the Company's payment of \$500,000. In connection with the extinguishment of the remaining balance due of \$958,321, the Company recorded an extraordinary gain of \$917,726 based on the value of the restricted shares issued at the time.

In November 1999, the Company entered into a Settlement Agreement and Release of all Claims ("the Agreement") with Ronald Michael Meneo, Trustee of the Walter L. Maguire 1935-1 Trust ("the Trust") and Walter L. Maguire Sr., beneficiary of the Trust and stockholder and former director of the Company. The Agreement settled litigations brought by the Trust against the Company for default on certain debentures of the Company held by the Trust and the resulting counterclaim against the Trust and Mr. Maguire by the Company. The Agreement called for the issuance of 790,909 shares of the Company's unregistered common stock to the Trust in exchange for the extinguishment of all indebtedness claimed owing to the Trust or Mr. Maguire. In connection with the issuance, the Company extinguished \$335,000 of debenture principal and \$347,397 of related accrued interest thereon. The Company recorded an addition to paid-in-capital (see Note 20.) of \$534,101 on the extinguishment based upon the value of the restricted shares issued at the time.

In October 1999, the Company extinguished a debt due Geosearch, Inc., a former lessor of a mining interest to the Company, by issuing 245,852 shares of its unregistered common stock. The debt extinguished totaled \$144,339 of principal and accrued interest. The Company recorded an extraordinary gain of \$77,591 on the extinguishment based upon the value of the restricted shares issued at the time.

Issuance of Common Stock for Cash

During 2000, the Company sold an aggregate of 582,511 shares of its unregistered common stock and warrants to purchase 48,077 shares of common stock exercisable at \$0.39 per share to Al Dugan and entities affiliated with him, for cash in the amount of \$175,000. Of the shares issued to Mr. Dugan, 100,000 were issued pursuant to the exercise of stock purchase warrants previously granted him. Mr. Dugan is a significant shareholder of the Company.

In addition, during 2000, the Company sold 200,000 shares of its unregistered common stock to an existing shareholder for cash in the amount of \$80,000.

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

14. Stockholders' Deficit, Continued:

Issuance of Common Stock in Exchange for Services

In March 2000, the Company issued an aggregate of 300,000 shares of its common stock pursuant to its 2000 Stock Plan (see Notes 13 and 18) to two companies in exchange for financial consulting services provided the Company. In connection with the issue, the Company recorded \$153,000 of compensation expense based on the Company's estimate of the value of the stock issued and the services received.

During 1999, the Company issued 40,000 shares of its unregistered common stock and 100,000 warrants to purchase shares of common stock at \$0.55 per share, exercisable until August 2002, to a consultant in exchange for professional services rendered to the Company. The shares and related warrants were recorded based on the value of services rendered.

Issuance of Common Stock Pursuant to Antidilution Provisions

During 2000, the Company issued 35,542 shares of its restricted common stock to the former holders of Series C preferred stock pursuant to the antidilution provisions of the Series C preferred shares. In connection with the issue, the Company recorded an expense of \$4,265 based upon management's estimate of the fair value of the Company's restricted common stock shares when the Series C holders converted to common stock in 1999. The Company made no adjustments to its 1999 net loss or accumulated deficit as previously stated, based on the immateriality of the transaction.

Preferred Stock

The Company's Articles of Incorporation authorize 10,000,000 shares of \$.01 par value preferred stock. Subject to amounts of outstanding preferred stock, additional shares of preferred stock can be issued with such rights and preferences, including voting rights, as the Board of Directors shall determine.

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, 2000, 4,500 shares of Series A preferred stock were outstanding; and cumulative dividends in arrears amounted to \$65,250, or \$14.50 per share.

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 the 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 \$.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

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

restricted preferred stockholders is \$1.00 per share plus dividends in arrears. No dividends have 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, 2000, cumulative dividends in arrears on the 750,000 outstanding Series B shares were \$52,500, or \$0.07 per share.

F-21

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

14. Stockholders' Deficit, Continued:

Preferred Stock, Continued:

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. The rights, preferences, privileges and limitations of the Series C preferred shares issued upon conversion of debt are set forth below:

Designation. The class of Convertible Preferred Stock, Series C, \$0.01 par value per share, consists of up to 3.8 million shares of the Company.

Optional Conversion. A holder of Series C preferred shares had the right to convert the Series C shares, at the option of the holder, at any time within 18 months following issuance, into shares of common stock at the ratio of 1:1, subject to adjustment as provided below. During 1999, holders of 2,354,766 shares of Series C stock converted their shares into common stock of the Company.

Voting Rights. The holders of Series C 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 C preferred shares.

Liquidation Preference. In the event of any liquidation or winding up of the Company, the holders of Series C preferred shares shall be entitled to receive as a preference over the holders of common stock an amount per share equal to \$0.55, subject to the preferences of the holders of the Company's outstanding Series A and Series B preferred stock.

Registration Rights. Twenty percent (20%) of the underlying common stock issued upon conversion of the Series C 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. These shares are included in a registration statement currently being filed with the Securities and Exchange Commission.

Redemption. The Series C preferred shares are not redeemable by the Company.

Antidilution Provisions. The conversion price of the Series C shares was subject to adjustment to prevent dilution in the event that the Company issued additional shares at a purchase price less than the applicable conversion price (other than shares issued to employees, consultants and directors pursuant to plans and arrangements approved by the Board of Directors, and securities issued to lending or leasing institutions approved by the Board of Directors). Accordingly, the conversion price was adjusted according to a weighted-average formula, resulting in the issuance (in 2000) of an additional

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

35,542 shares of common stock to Series C holders who exercised their conversion rights in 1999. The initial conversion price for the Series C shares was \$0.55 and was subsequently adjusted to \$0.54 per share based on the antidilution formula.

Protective Provisions. The consent of a majority interest of the holders of Series C preferred shares shall be required for any action which (i) alters or changes the rights, preferences or privileges of the Series C shares materially and adversely; or (ii) creates any new class of shares having preference over or being on a parity with the Series C shares.

F-22

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

14. Stockholders' Deficit, Continued:

During 2000, the Company converted 28,092 of shares of Series C preferred stock into an equal number of common shares for a Series C preferred stockholder that had timely noticed the Company of its desire to convert its Series C shares during 1999. At December 31, 2000, 177,904 shares of Series C preferred stock remained outstanding and unconverted.

15. Income Taxes:

At December 31, 2000 and 1999, the Company had net deferred tax assets of approximately \$1,900,000 and \$2,700,000, respectively. The deferred tax assets principally arise from net operating loss carryforwards for income tax purposes. 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, 2000 and 1999 has been established.

At December 31, 2000, the Company had regular tax net operating loss carryforwards of approximately \$5,300,000, which expire in the years 2001 through 2020, with the majority of the carryforwards expiring in 2001 through 2003. At December 31, 2000, the Company had net operating loss carryforwards for alternative minimum tax purposes of approximately \$4,900,000.

16. Loss Per Common Share:

The following table presents a reconciliation of the numerators and denominators of the basic and diluted earnings per share ("EPS") computations for the year ended December 31, 1999:

	Loss	Shares	Per Share Amounts
Basic EPS:			
Net loss before extraordinary item	\$ (307,677)	14,597,927	\$ (0.02)
Common stock warrants (1)			
Series C preferred stock (2)		241,528	Nil
	-----	-----	-----
Diluted EPS:			
Net loss before extraordinary item	\$ (307,677)	14,839,455	\$ (0.02)
	=====	=====	=====

- (1) Common stock warrants totaling 1,219,356 outstanding during 1999 were not included in the computation of diluted EPS at December 31, 1999, because the various exercise prices of the warrants were greater than the average market price of the Company's common stock.

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

- (2) Series C preferred stock was convertible into common stock of the Company on a share-for-share basis. The effect on the computation of diluted weighted average shares outstanding is based upon the potential conversion of the shares into common stock for the period of time the preferred shares were outstanding and the effect of Series C preferred stock antidilution provisions.

F-23

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

17. Related-Party Transactions:

In addition to transactions described in Notes 4, 7, 9, 10, 12, and 14 during 2000 and 1999, the Company had the following transactions with related parties:

- During 2000 and 1999, the Company issued 79,167 and 18,000, respectively, shares of its unregistered common stock to members of the Board of Directors for their duties as directors. The issuances have been recorded in the consolidated financial statements as if they were issued in the year they were earned. The stock awards were recorded as compensation expense (director's fees) based upon the estimated value of the stock at the date of issuance.
- In February 1999, the Board of Directors nominated Leo Jackson to serve as a director. Mr. Jackson is a stockholder of the Company and owns 31.4% of Production Minerals Inc., which has an indirect interest of 25% in the stock of USAMSA (see Note 7).

18. Commitments and Contingencies:

Until 1989, the Company mined, milled and leached gold and silver in the Yankee Fork Mining District in Custer County, Idaho. In 1994, the U.S. Forest Service, under the provisions of the Comprehensive Environmental Response Liability Act of 1980 (CERCLA), designated the cyanide leach plant as a contaminated site requiring cleanup of the cyanide solution. The Company has been reclaiming the property; and, as of December 31, 2000, the cyanide solution cleanup was complete, the mill removed, and a majority of the cyanide leach residue disposed of. In 1996, the Idaho Department of Environmental Quality requested that the Company sign a consent decree related to completing the reclamation and remediation at the Preachers Cove mill, which the Company signed in December 1996. The Company also has environmental remediation obligations at its antimony production facility near Thompson Falls, Montana and its former gold mining property (Yellow Jacket) in Lemhi County, Idaho.

The Company's management believes that USAC is currently in substantial compliance with environmental regulatory agencies and that its accrued environmental reclamation costs are representative of management's estimate of costs required to fulfill its reclamation obligations. 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. Such costs are accrued at the time the expenditure becomes

probable and the costs can reasonably be estimated.

F-24

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

18. Commitments and Contingencies, Continued:

During the first quarter of 2000, the Company issued 150,000 shares of its common stock to Thomson Kernaghan & Co., Ltd., and 150,000 shares of its common stock to Blue Water Partners, Inc. as compensation for fiscal advisory and consulting services to be provided the Company. The shares were issued pursuant to the Company's 2000 Stock Plan (see Note 13), and were believed by the Company to be registered under a Form S-8 registration statement filed in connection with the 2000 Stock Plan. The stock certificates issued to the two companies therefore did not bear a restrictive legend. Subsequent to the issuance of the shares, management was informed by its legal counsel that Form S-8 cannot be used to register stock issued to consultants whose services involve promotion of the Company's stock. In response to this information, management immediately contacted both companies and requested that the unlegended shares of common stock be returned to the Company in exchange for a certificate bearing a restrictive legend. In March of 2001, Thomson Kernaghan & Co., Ltd. returned 150,000 shares to the Company in exchange for 150,000 restricted shares. No response has been received from Blue Water Partners, Inc. As a result of the issuance, the Company may be subject to civil liabilities, including fines and other penalties imposed by federal and state securities agencies. At December 31, 2000, the Company had not recorded any liability associated with the issuance of these shares, as management believes the likelihood of a claim and the ultimate outcome if a claim is asserted cannot be ascertained at this time.

In July of 2000, the Company entered into a financing agreement with Thomson Kernaghan & Co., Ltd. (see Note 12). The financing agreement provided, among other things, for the sale of up to \$1,500,000 of the Company's convertible debentures. The Financing Agreement also contained a registration rights agreement in which Company agreed to register the debenture purchasers' resale of the shares of common stock issued upon conversion of the debentures and upon exercise of the related purchasers and agents warrants. The registration rights agreement also provides for liquidated damages to be due if the Company fails to have an effective registration statement filed by the registration deadline. The liquidated damages are calculated as two percent (2%) per month of the aggregate value of the principal amount of the debentures outstanding combined with the aggregate exercise prices of the outstanding purchasers' and agent's warrants issued in connection with the convertible debentures, accrued on a daily basis subsequent to the registration deadline. At December 31, 2000, the Company did not have a registration statement yet effective, and the registration deadline had past. The Company has not accrued any liability associated with liquidated damages that may be due (of approximately \$38,000 for the period from the registration deadline to December 31, 2000) as of December 31, 2000, as the Company's management and its legal counsel believes that while it is reasonably possible that Thomson Kernaghan & Co., Ltd. will assert a liquidated damages claim against the Company, it is most likely not probable, based upon the circumstances surrounding the late registration filing and other factors.

F-25

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

19. 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 a reasonable estimate of their fair values. The fair value of amounts due to related parties approximate their carrying values of \$10,307 and \$8,128, respectively, at December 31, 2000 and December 31, 1999, based upon the contractual cash flow requirements.

Judgments payable of \$43,480 and \$40,645, at December 31, 2000 and 1999, respectively, approximate their carrying value based upon the judgment's repayment requirements. The fair value of the Company's convertible debentures and accrued interest of \$997,449 and \$47,324, respectively, at December 31, 2000, approximate their carrying value based on management's estimate the fair values of comparable debt instruments.

F-26

United States Antimony Corporation and Subsidiaries
Notes to Consolidated Financial Statements, Continued:

20. Restatement:

As discussed in Note 14, in 1999 the Company settled litigations brought by a trust associated with a former director of the Company. As a result of the settlement, the Company issued 790,909 shares of its unregistered common stock to the trust in exchange for the extinguishment of \$682,397 of indebtedness claimed owing to the trust. The Company recorded the transaction by recognizing an extraordinary gain of \$534,101 on the extinguishment based upon the value of the restricted shares issued at the time.

In connection with the filing of a registration statement with the Securities and Exchange Commission ("the Commission") begun in 2000, the Commission commented that if the trust was a related party to the Company, the transaction may in essence be a capital transaction and should be classified as a credit to additional paid-in capital versus an extraordinary item. Although the Company believes the trust was not a related party as defined by generally accepted accounting principles, the Company agreed to restate the 1999 financial statements to reflect the extinguishment as an addition to additional paid-in-capital in an effort to facilitate the effectiveness of the

Edgar Filing: UNITED STATES ANTIMONY CORP - Form 10KSB/A

registration statement.

The restatement has no effect on total stockholders' deficit or net loss from operations as previously reported, the effects on accumulated deficit, additional paid-in-capital, extraordinary gain on conversion of debt to common stock, and net loss are illustrated as follows:

	As previously reported	As restated
Additional paid-in capital	\$ 14,289,947	\$ 14,824,048
Accumulated deficit	(16,651,750)	(17,185,851)
	-----	-----
Total stockholders' deficit	(2,183,195)	(2,183,195)
	-----	-----
Total liabilities and stockholders' deficit	\$ 968,522	\$ 968,522
	=====	=====
Loss before extraordinary item	(307,677)	(307,677)
Extraordinary gain on conversion of debts to common stock	611,692	77,591
	-----	-----
Net income (loss)	\$ 304,015	\$ (230,086)
	=====	=====
Basic and diluted net income (loss) per share of common stock		
Before extraordinary item	\$ (0.02)	\$ (0.02)
Extraordinary item	0.04	Nil
	-----	-----
Net income (loss)	\$ 0.02	\$ (0.02)
	=====	=====

F-27