UNITED STATES ANTIMONY CORP
Form 10-K
April 01, 2019

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

FORM 10-K

(Mark One)
[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

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

For the transition period _____ to _____

Commission file number 001-08675
UNITED STATES ANTIMONY CORPORATION
(Exact name of registrant as specified in its charter)

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

P.O. Box 643, Thompson Falls, Montana	59873
(Address of principal executive offices)	(Zip Code)

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

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

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

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

Yes No

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-K contained in this form and will not 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-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “small reporting company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	Accelerated Filer

Non-Accelerated Filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes [ ] No [X]

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 $23,523,836 as of June 30, 2018.

At April 1, 2019, the registrant had 68,427,171 outstanding shares of par value $0.01 common stock.

UNITED STATES ANTIMONY CORPORATION
2018 ANNUAL REPORT

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PART I

General

Item 1. Description of Business

General

Explanatory Note: As used in this report, the terms "we," "us" and "our" are used to refer to United States Antimony Corporation and, as the context requires, its management

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

discuss our future expectations;

contain projections of our future results of operations or of our financial condition; and

state other "forward-looking" information.

History

United States Antimony Corporation, or USAC, was incorporated in Montana in January 1970 to mine and produce antimony products. In December 1983, we suspended antimony mining operations but continued to produce antimony products from domestic and foreign sources. In April 1998, we formed United States Antimony SA de CV or USAMSA, to mine and smelt antimony in Mexico. Bear River Zeolite Company or BRZ, was incorporated in 2000, and it is mining and producing zeolite in southeastern Idaho. On August 19, 2005, USAC formed Antimonio de Mexico, S. A. de C. V. to explore and develop antimony and silver deposits in Mexico. Our principal business is the production and sale of antimony, silver, gold, and zeolite products. On May 16, 2012, we started trading on the NYSE MKT (now NYSE AMERICAN) under the symbol UAMY.

Antimony Division

Our antimony smelter and precious metals plant is located in the Burns Mining District of Sanders County, Montana, approximately 15 miles west of Thompson Falls, MT. We hold 2 patented mill sites where the plant is located. We have no "proven reserves" or "probable reserves" of antimony, as these terms are defined by the Securities and Exchange Commission. Environmental restrictions preclude mining at this site.

Mining was suspended in December 1983, because antimony could be purchased more economically from foreign sources.

For 2018, and since 1983, we relied 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 us. We have developed sources of antimony in Mexico but we are still depending on foreign

companies for raw material in the future. We expect more raw materials from our own properties for 2019 and later years. We continue working with suppliers in North America, Central America, Europe, Australia, and South America.

We currently own 100% of the common stock, equipment, and the leases on real property of United States Antimony, Mexico S.A. de C.V. or “USAMSA”, which was formed in April 1998. We currently own 100% of the stock in Antimony de Mexico SA de CV (AM) which owns the San Miguel concession of the Los Juarez property. USAMSA has three divisions (1) the Madero smelter in Coahuila, (2) the Puerto Blanco flotation mill and oxide circuit in Guanajuato that is ramping up for 2019, and (3) mining properties that include the Los Juarez mineral deposit with concessions in Queretaro, the Wadley mining concession in San Luis Potosi, the Soyatal deposits in Queretaro, and the Guadalupe properties in Zacatecas.

In our existing operations in Montana, we produce antimony oxide, sodium antimonate, antimony metal, and precious metals. 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 catalyst for production of polyethylene pthalate in plastic bottles, as a phosphorescent agent in fluorescent light bulbs, and as an opacifier for porcelains. Sodium antimonate is primarily used as a fining agent (degasser) for glass in cathode ray tubes and as a flame retardant. We also sell antimony metal for use in bearings, storage batteries and ordnance.

We estimate (but have not independently confirmed) that our present share of the domestic market and international market for antimony oxide products is approximately 4% and less than 1%, respectively. We are the only significant U.S. producer of antimony products, while China supplies 92% of the world antimony demand. We believe we are competitive both domestically and world-wide due to the following:

We have a reputation for quality products delivered on a timely basis.

We have two of the three operating antimony smelters in North and Central America.

We are the sole domestic producer of antimony products.

We can ship on short notice to domestic customers.

We are vertically integrated, with raw materials from our own mines, mills, and smelter in Mexico, along with the raw materials from exclusive supply agreements we have with numerous ore and raw material suppliers.

As a vertically integrated company, we will have more control over our raw material costs.

Following is a five year schedule of our antimony sales:

Schedule of Antimony Sales

Year	Lbs Metal Contained	$	Average Price/Lb
2018	1,359,316	$6,113,014	$4.50
2017	1,891,439	$7,588,470	$4.01
2016	2,936,880	$8,744,170	$2.98
2015	2,487,321	$9,863,933	$3.97
2014	1,727,804	$8,132,410	$4.71

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Concentration of Sales:

During the two years ended December 31, 2018 and 2017, the following sales were made to our three largest customers:

Sales to	For the Year Ended	
Largest Customers	December 31, 2018	December 31, 2017
Mexichem Specialty Compounds Inc.	$2,698,770	$3,335,046
East Penn Manufacturing Inc	-	512,621
Kohler Corporation	1,441,197	1,928,692
Ampacet	538,922	-
	$4,678,889	$5,776,359
% of Total Revenues	51.79%	56.50%

While the loss of one of our three largest customers would be a problem in the short term, we have numerous requests from potential buyers that we cannot fill, and we could quickly, in the present market conditions, be able to replace the lost sales. Loss of all three of our largest customers would be more serious and may affect our profitability.

Marketing: We employ full-time marketing personnel and have negotiated various commission-based sales agreements with other chemical distribution companies.

Antimony Price Fluctuations: Our operating results have been, and will continue to be, related to the market prices of antimony metal, which have fluctuated widely in recent years. The volatility of prices is illustrated by the following table, which sets forth the average prices of antimony metal per pound, as reported by sources deemed reliable by us.

A five year price range of prices for antimony oxide and antimony metal, per pound, was as follows:

USAC SALES

	Oxide	Metal	Combined	USA	Rotterdam
		(Metal Contained Price)			
Year	Average Price/Lb	Average Price/Lb	Average Price/Lb	Average Price/Lb	Average Price/Lb
2018	$3.77	$3.70	$4.50	$3.82	$3.74
2017	$3.40	$3.41	$4.01	$3.77	$3.78
2016	$3.11	$2.62	$2.98	$2.99	$2.94
2015	$3.34	$3.71	$3.97	$3.41	$3.32
2014	$4.00	$4.18	$4.71	$4.40	$4.31

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

We use various antimony raw materials to produce our products. We currently obtain antimony raw material from sources in Canada and Mexico.

Zeolite Division

We own 100% of Bear River Zeolite Company, (BRZ), an Idaho corporation that was incorporated on June 1, 2000. BRZ has a lease with Webster Farm, L.L.C. that entitles BRZ to surface mine and process zeolite on property located near Preston, Idaho, in exchange for a royalty payment. In 2010 the royalty was adjusted to $10 per ton sold. The current minimum annual royalty is $60,000. In addition, BRZ has more zeolite on U.S. Bureau of Land Management land. A company controlled by the estate of Al Dugan, a significant stockholder and, as such, an affiliate of USAC, receives a payment equal to 3% of net sales on zeolite products. William Raymond and Nancy Couse are paid a royalty that varies from $1 to $5 per ton. On a combined basis, royalties vary from 8%-13%. BRZ has constructed a processing plant on the property and has improved its productive capacity. We have constructed a new warehouse in 2018 to expedite our shipping and packaging for customers.

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

"Zeolite" refers to a group of industrial minerals that consist of hydrated aluminosilicates that hold cations such as calcium, sodium, ammonium, various heavy metals, and potassium in their crystal lattice. Water is loosely held in cavities in the lattice. BRZ zeolite is regarded as one of the best zeolites in the world due to its high CEC of approximately 180-220 meq/100 gr., its hardness and high clinoptilolite content, its absence of clay minerals, and its low sodium content. BRZ's zeolite deposits’ characteristics which make the mineral useful for a variety of purposes including:

Soil Amendment and Fertilizer. Zeolite has been successfully used to fertilize golf courses, sports fields, parks and common areas, and high value agricultural crops

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

Sewage Treatment. Zeolite is used in sewage treatment plants to remove nitrogen and as a carrier for microorganisms.

Nuclear Waste and Other Environmental Cleanup. Zeolite has shown a strong ability to selectively remove strontium, cesium, radium, uranium, and various other radioactive isotopes from solution. Zeolite can also be used for the cleanup of soluble metals such as mercury, chromium, copper, lead, zinc, arsenic, molybdenum, nickel, cobalt, antimony, calcium, silver and uranium.

Odor Control. A major cause of odor around cattle, hog, and poultry feed lots is the generation of the ammonium in urea and manure. The ability of zeolite to absorb ammonium prevents the formation of ammonia gas, which disperses

the odor.

Gas Separation. Zeolite has been used for some time to separate gases, to re-oxygenate downstream water from sewage plants, smelters, pulp and paper plants, and fish ponds and tanks, and to remove carbon dioxide, sulfur dioxide and hydrogen sulfide from methane generators as organic waste, sanitary landfills, municipal sewage systems and animal waste treatment facilities.

Animal Nutrition. Feeding up to 2% zeolite increases growth rates, decreases conversion rates, prevents scours, and increases longevity.

Miscellaneous Uses. Other uses include catalysts, petroleum refining, concrete, solar energy and heat exchange, desiccants, pellet binding, horse and kitty litter, floor cleaner and carriers for insecticides, pesticides and herbicides.

Environmental Matters

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

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

Antimony Processing Site

We have environmental remediation obligations at our antimony processing site near Thompson Falls, Montana ("the Stibnite Hill Mine Site"). We are under the regulatory jurisdiction of the U.S. Forest Service and subject to the operating permit requirements of the Montana Department of Environmental Quality. At December 31, 2018 and 2017, we have accrued $100,000 to fulfill our environmental responsibilities.

BRZ

During 2001, we recorded a reclamation accrual for our BRZ subsidiary, based on an analysis performed by us and reviewed and approved by regulatory authorities for environmental bonding purposes. The accrual of $7,500 represents our estimated costs of reclaiming, in accordance with regulatory requirements, the acreage disturbed by our zeolite operations, and remains unchanged at December 31, 2018.

General

Reclamation activities at the Thompson Falls Antimony Plant have proceeded under supervision of the U.S. Forest Service and Montana Department of Environmental Quality. We have complied with regulators' requirements and do not expect the imposition of substantial additional requirements.

We have posted cash performance bonds with a bank and the U.S. Forest Service in connection with our reclamation activities.

We believe we have accrued adequate reserves to fulfill our environmental remediation responsibilities as of December 31, 2018. We have made significant reclamation and remediation progress on all our properties over thirty years and have complied with regulatory requirements in our environmental remediation efforts.

Employees

As of December 31, 2018, we employed 28 full-time employees in Montana. In addition, we employed 19 people at our zeolite plant in Idaho, and more than 60 employees at our mining, milling and smelting operation in Mexico. We also employ approximately 100 contracted miners. The number of full-time employees may vary seasonally. None of our employees are covered by any collective bargaining agreement.

Other

We hold no material patents, licenses, franchises or concessions. However, we consider our antimony processing plants proprietary in nature.

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

Item 1A Risk Factors

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

If we were liquidated, our common stockholders could lose part, or all, of their investment.

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

We may have un-asserted liabilities for environmental reclamation.

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

We have accruals for asset retirement obligations and environmental obligations.

We have accruals totaling $277,720 on our balance sheet at December 31, 2018, for our environmental reclamation responsibilities and estimated asset retirement obligations. If we are not able to adequately perform these activities on a timely basis, we could be subject to fines and penalties from regulatory agencies.

Item 1B Unresolved Staff Comments

Not Applicable

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Item 2 Description of Properties

ANTIMONY DIVISION

Our antimony smelter and precious metals plant is located in the Burns Mining District, Sanders County, Montana, approximately 14 miles west of Thompson Falls on Montana Highway 471. This highway is asphalt, and the property is accessed by cars and trucks. The property includes two five-acre patented mill sites that are owned in fee-simple by us. The claims are U. S. Antimony Mill Site No. 1 (Mineral Survey 10953) and U. S. Antimony Mill Site No. 2 (Mineral Survey 10953).

The U. S. Antimony Mill Sites were used to run a flotation mill and processing plant for antimony that we mined on adjacent claims that have been sold. Presently, we run a smelter that includes furnaces of a proprietary design to produce antimony metal, antimony oxide, and various other products. We also run a precious metals plant. The facility includes 6 buildings and our main office. There are no plans to resume mining on the claims that have been sold or abandoned, although the mineral rights have been retained on many of the patented mining claims. The U. S. Forest Service and Montana Department of Environmental Quality have told us that the resumption of mining would require an Environmental Impact Statement, massive cash bonding, and would be followed by years of law suits. The mill site is serviced with three-phase electricity from Northwest Power, and water is pumped from a well.

We claim no reserves on any of these properties.

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

ANTIMONY MINERAL PROPERTIES

Los Juarez Group

We hold properties that are collectively called the “Los Juarez” property, in Queretaro, as follows:

1. San Miguel I and II were purchased by a USAC subsidiary, Antimonio de Mexico, S. A. de C. V (AM), for $1,480,500. As of December 31, 2018, we have paid for the property, and have incurred significant permitting costs. The property consists of 40 hectares.
2. San Juan I and II are concessions owned by AM and include 466 hectares.
3. San Juan III is held by a lease agreement by AM in which we will pay a 10%

royalty, based on the net smelter returns from another USAC Mexican subsidiary, named United States Antimony Mexico, S. A. de C. V. or USAMSA. It consists of 214 hectares.

The concessions collectively constitute 720 hectares. The claims are accessed by roads that lead to highways.

Part of the USAC Mexican property, including San Miguel I, II and part of San Juan III, was originally drilled by the Penoles Company in 1970, when antimony metal prices were high. They did not proceed with the property, due to the complex metallurgy of antimony. Subsequently, the Mexican Government did additional work and reported a deposit of mineralized material of 1,000,000 metric tons (mt) grading 1a.8% antimony and 8.1 ounces of silver per metric ton (opmt) in Consejo de Recursos Minerales (Publicacion M-4e). Such a report does not qualify as a comprehensive evaluation, such as a final or bankable feasibility study that concludes legal and technical viability, and economic feasibility. The Securities and Exchange Commission does not recognize this report, and we claim no reserves.

The mineralized zone is a classic jasperoid-type deposit in the Cretaceous El Doctor Limestone. The mineralization is confined to silicified jasperiod pipes intruded upwards into limestone. The zone strikes north 70 degrees west. The dimension of the deposit is still conjectural. However, the strike length of the jasperoid is more than 3,500 meters.

The mineralization is typically very fine-grained stibnite with silver and gold. It is primarily sulfide in nature due to its encapsulation in silica. The mining for many years will be by open pit methods. Eventually it will be by underground methods. At the present time, mining has included hauling dump rock and rock from mine faces.

Soyatal Mining District, Pinal De Amoles, Queretaro, Mexico

Soyatal

Reportedly, the Soyatal District was the third largest producer of antimony in Mexico. U. S. Geological Survey Bulletin 960-B, 1948, Donald E. White, Antimony Deposits of Soyatal District, State of Queretaro, Mexico records the production from 1905-1943 at 25,600 tons of antimony metal content. In 1942, the mines produced ore containing 1,737 tons of metal, and in 1943, they produced ore containing 1,864 tons of metal. This mining was performed primarily all by hand labor, with no compressors or trammers, and the ore was transported by mules, in sacks, to the railroad. Recoveries were less than 40% of the values. Mining continued throughout World War II.

Mr. White remarks p. 84 and 85, “In the Soyatal Mines, as in practically all antimony mines, it is difficult to estimate the reserves, for the following reasons:

The individual deposits are so extremely irregular in size, shape, and grade that the amount of ore in any one of them is unknown until the ore has been mined.

As only the relatively high grade shipping ore is recovered, the ore bodies are not systematically sampled and assayed…The total reserves are thus unknown and cannot be estimated accurately, but they probably would suffice to maintain a moderate degree of activity in the district for at least 10 years. The mines may even contain enough ore (mineralized deposit) to equal the total past production.”

Minimal ore, primarily through hand mining and sorting methods, has continued at the Soyatal properties since 1943. We do not claim any reserves at Soyatal as defined by the SEC.

USAMSA Puerto Blanco Flotation Mill, Guanajuato, Mexico

The flotation plant has a capacity of 140 metric tons per day. It includes a 30” x 42” jaw crusher, a 4’x 8’ double-deck screen, a 36” cone crusher, an 8’x 36” Harding type ball mill, and eight No. 24 Denver sub A type flotation machines, an 8’ disc filter, front end loaders, tools and other equipment. The flotation circuit is used for the processing of rock from Los Juarez, Guadalupe, and other properties. We are in the process of installing a 400 metric ton per day flotation mill that will be dedicated to processing ore from our Los Juarez property. The crushing equipment currently in place is adequate for both flotation mills. An oxide circuit was added to the plant in 2013 and 2014 to mill oxide ores from Soyatal and other properties. It includes a vertical shaft impactor, 3 ore bins, 8 conveyors, a 4’ x 6’ high frequency screen, jig, 8 standard concentrating tables, 5 pumps, sand screw and two buildings. The capacity of the oxide circuit is 50 tons per day. We are presently installing a cyanide leach circuit and settling pond that will be used to recover precious metals from our Los Juarez mine. During 2018 and 2017, less than 10% of the mill’s capacity was utilized.

USAMSA Madero Smelter, Estacion Madero, Parras De La Fuente, Coahuila, Mexico

USAC, through its wholly owned subsidiary, USAMSA, owns and operates a smelting facility at Estacion Madero, in the Municipio of Parras de la Fuente, Coahuila, Mexico. The property includes 13.48 hectares. Seventeen small rotating furnaces (SRF's) and one large rotating furnace (LRF) with an associated stack and scrubber were permitted and installed by the end of 2015. Other equipment includes cooling ducting, dust collectors, scrubber, laboratory, warehouse, slag vault, stack, jaw crusher, screen, hammer mill, and a 3.5' x 8' rod mill. The plant has a feed capacity of five to six metric tons of direct shipping ore or concentrates per day, depending on the quality of the feedstock. If the feedstock is in the mid-range of 45% antimony, the smelter could produce approximately 1.8 MM pounds of contained antimony annually. Concentrates from our flotation plant, and hand-sorted ore from Mexico sources and other areas, are being processed. During 2017, we completed the installation of a leach circuit to process concentrates from the Puerto Blanco cyanide leach plant containing precious metals from our Los Juarez Mining property. We are currently installing a second LRF and expect it to be in production by mid-year 2019. The Madero production is either sold or shipped to our Montana plant to produce finished Antimony products and precious metals. Access to the plant is by road and railroad. Set forth below are location maps:

ZEOLITE DIVISION

Location

This property is located in the southeast corner of Idaho, approximately seven miles east of Preston, Idaho, 34 miles north of Logan, Utah, 79 miles south of Pocatello, Idaho, and 100 miles north of Salt Lake City, Utah.

The mine is located in the N ½ of section 10 and the W ½ of section 2, section 3, and the E ½ section 4, Township 15, Range 40 East of the Boise Meridian, Franklin County, Idaho. The plant and the initial pit are located on the Webster Farm, L.L.C., which is private land.

Transportation

The property is accessed by seven miles of paved road and about l mile of gravel road from Preston, Idaho. Preston is near the major north-south Interstate Highway 15 to Salt Lake City or Pocatello.

Several Union Pacific rail sidings may be available to the mine. Bonida is approximately 25 miles west of the mine and includes acreage out of town where bulk rock could be stored, possibly in existing silos or on the ground. Three-phase power is installed at this abandoned site. Finished goods can also be shipped from the Franklin County Grain Growers feed mill in the town of Preston on the Union Pacific Railroad.

The Burlington Northern Railroad can be accessed at Logan, Utah.

Location Map

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Property and Ownership

BRZ leases 320 acres from the Webster Farm, L.L.C. The term of the lease is 15 years and it began on March 1, 2010. This includes the mill site and zeolite in the area of the open pit. The property is the NW ¼ and W ½ of the SW ¼ of section 3 and the N ½ of the W ¼ of section 10, Township 15 South, Range 40 East of the Boise Meridian, Franklin County, Idaho. The lease requires a payment of $10.00 per ton plus an additional annual payment of $10,000 on March 1st of each year. In addition, there are two other royalty holders. Nick Raymond and the estate of George Desborough each have a graduated royalty of $1.00 per ton to $5.00 per ton, depending on the sale price.

The balance of the property is on Bureau of Land Management property and includes 480 acres held by 24, 20-acre Placer claims. Should we drop our lease with Webster Farms LLC., we will retain these placer claims as follows:

BRZ 1	IMC 185308	BRZ 20	IMC 186183
BRZ 2	IMC 185309	BRZ 21	IMC 186184
BRZ 3	IMC 185310	BRZ 22	IMC 186185
BRZ 4	IMC 185311	BRZ 23	IMC 186186
BRZ 5	IMC 185312	BRZ 24	IMC 186187
BRZ 6	IMC 185313	BRZ 25	IMC 186188
BRZ 7	IMC 185314	BRZ 26	IMC 186189
BRZ 8	IMC 185315	BRZ 27	IMC 186190
BRZ 9	IMC 185316	BRZ 28	IMC 186191
BRZ 10	IMC 185317	BRZ 29	IMC 186192
BRZ 11	IMC 185318	BRZ 30	IMC 186193
BRZ 12	IMC 185319	BRZ 31	IMC 186194

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Geology

The deposit is a very thick, sedimentary deposit of zeolitized volcanic ash of Tertiary age known as the Salt Lake Formation. The sedimentary interval in which the clinoptilolite occurs is more than 1000 feet thick in the area. Thick intervals of the zeolite are separated by thin limestone and sandstone beds deposited in the freshwater lake where the volcanic ash accumulated.

The deposit includes an 800- foot mountain. Zeolite can be sampled over a vertical extent of 800 feet and on more than 700 acres. The current pit covers more than 3 acres. Despite the apparent size of the deposit, we claim no reserves.

Exploration, Development, and Mining

Exploration has been limited to the examination and sampling of surface outcrops and mine faces.

Mining Methods

Depending on the location, the zeolite is overlain by 1 to 12 feet of zeolite-rich soil. On the ridges, the cover is very little, and in the draws the soil is thicker. The overburden is stripped using a tractor dozer, currently a Caterpillar D-8K. It is moved to the toe of the pit, and will eventually be dozed back over the pit for reclamation.

Although near-surface rock is easily ripped, it is more economical to drill and blast it. Breakage is generally good. Initial benches were 20 to 30 foot, and each bench is accessed by a road.

Haulage is over approximately 4,000 feet of road on an uphill grade of 2.5% to the mill. On higher benches, the grade will eventually be downhill. Caterpillar 769 B rock trucks are being used. They haul 18 to 20 tons per load, and the cycle time is about 30 minutes.

With the trucks and the other existing equipment, the mine is capable of producing 80 tons per hour.

MILLING

Primary Crusher

The primary crushing circuit is a conventional closed circuit, utilizing a Stephens-Adamson 42” x 12’ apron feeder, Pioneer 30” x 42” jaw crusher, Nordberg standard 3’ cone crusher, a 5’ by 12’ double deck Kohlberg screen, and has a self-cleaning dust collector. The rock is crushed to minus 1 inch and the circuit has a rated capacity of more than 50 tons per hour.

Dryer

There are two dryer circuits, one for lines one and two, and one for the Raymond mill. The dryer circuits include one 50 ton feed bin, and each dryer has a conveyor bypass around each dryer, a bucket elevator, and a dry rock bin. The dryers are 25 feet long, 5 feet in diameter and are fired with propane burners rated at 750,000 BTUs. One self-cleaning bag house services both dryers. Depending on the wetness of the feed rock, the capacity is in the range of 10 tons per hour per dryer. During most of the year, the dryers are not run.

Coarse Products Circuit

There are two lines to produce coarse products:

Line 1 is a closed circuit with a 100 HP vertical shaft impactor and a 5 deck Midwestern multivibe screen.

Line 2 includes a Jeffries 30” by 24” 60 HP hammer mill in a closed circuit with two 5’ x 12’ triple deck Midwestern Multi Vibe high frequency screens. The circuits also include bucket elevators, (3) 125 ton capacity product silos, a 6 ton capacity Crust Buster blender, augers, Sweco screens, and dust collectors.

Fine Products Circuit

The fine products circuit is in one building and it includes (2) 3.5’ x 10.5’ Derrick 2 deck high frequency (3450 RPM) screens and various bucket elevators, augers, bins, and Sweco screens for handling product. Depending on the screening sizes, the plants can generate approximately 150 tons of granules and 125 tons of fines per 24-hour day.

Raymond Mill Circuit

The Raymond mill circuit includes a 6058 high-side Raymond mill with a double whizzer, dust collector, two 100 ton product silos, feed bin, conveyors, air slide, bucket elevators, and control booth. The Raymond mill has a rated capacity of more than 10 tons per hour.

Item 3 Legal Proceedings

No director, officer or affiliate of USAC and no owner of record or beneficial owner of more than 5.0% of our securities or any associate of any such director, officer or security holder is a party adverse to USAC or has a material interest adverse to USAC in reference to pending litigation.

Item 4 Mine Safety Disclosures

The information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Annual Report.

PART II

Item 5 Market for Common Equity and Related Stockholder Matters

Currently, our common stock is traded on the NYSE-AMERICAN under the symbol UAMY.

The approximate number of holders of record of our common stock at April 1, 2019, is 2,500.

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

During the year ended December 31, 2018, the Company awarded, but did not issue, common stock with a value of $175,000 to its Board of Directors as compensation for their services as directors. In connection with the issuances, the Company recorded $175,000 in director compensation expense and accrued common stock payable.

In May 2018, the Company issued the Board members 739,018 shares of the Company’s common stock for services provided during 2017 which was accrued at December 31, 2017, with a value of $175,000.

Item 6 Selected Financial Data

Not Applicable.

Item 7 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 our judgment as of the date of this filing. We disclaim, however, any intent or obligation to update these forward-looking statements.

Overview

Company-wide

For the year ended December 31, 2018, we reported net income of $873,225, after depreciation and amortization of $904,844, compared to a loss of $1,134,394 for 2017 after depreciation and amortization of $968,888. Our company-wide EBITDA was $1,445,737 for 2018, compared to a negative EBITDA of $165,506 for 2017.

Net non-cash expense items for 2018 totaled $1,169,327 and included $904,844 for depreciation and amortization, $83,991 for amortization of debt discount, $175,000 for director compensation and $5,492 for other items.

For the year ended December 31, 2017, we incurred a loss of $1,134,394 after depreciation and amortization of $968,888 compared to a loss of $1,309,200 for 2016, after depreciation and amortization of $999,737 and an income tax provision of $298,138 for our Mexican operations. Our company-wide EBITDA was a negative $165,506 for 2017, compared to a negative EBITDA of $11,325 for 2016.

Net non-cash expense items for 2017 totaled $1,275,071 and included $968,888 for depreciation and amortization, $93,450 for amortization of debt discount, $175,000 for director compensation and $37,773 for other items.

During the year ending December 31, 2018, there were several transactions that had a material impact on the Company’s net income and balance sheet.

On August 31, 2018, we completed an agreement to acquire a company that was an antimony processing plant in Reynosa, Mexico for which we were paid $1,500,000. As part of the demolition, we were able to salvage a significant amount of equipment and plant infrastructure which will enhance our Mexican operations. As of December 31, 2018, we had incurred approximately $378,562 of expenses decommissioning the antimony plant, of which we treated $225,925 as a capital expenditure for salvaged equipment, and $152,636 were included in other operating expense. We will incur additional costs in 2019. We will use the equipment to improve and increase capacity at our smelter at Madero, complete the cyanide leach plant at Puerto Blanco for processing the precious metals ore from the Los Juarez mine, and provide equipment for our mines.

In the third quarter of 2018, we settled an income tax liability in Mexico for $443,110 with a finding of no tax due. We paid our Mexican attorneys and accountants $157,500 to represent us in this matter.

In November 2018, we sold the real property we acquired with the Reynosa processing plant for $700,000. We were paid $300,000 in 2018 and received the remainder by March 5, 2019.

Antimony Sales

During 2018, we saw our average sale price increase by $0.49 per pound to $4.50 per pound from an average price of $4.01 per pound for 2017. During 2018, we saw our raw material from our North American supplier temporarily decrease by approximately 660,000 pounds and our supply of raw material from our Mexican mines increase by approximately 128,000 pounds. This resulted in estimated decreased sales of $1.5 million (532,123 pounds of antimony). Normal shipments from our North American supplier have resumed in 2019, and we expect to see a significant increase in the antimony produced by our Mexican mines in 2019.

In 2017, due to the loss of our supply of antimony concentrates from Australia, the volume of antimony sold (metal contained) decreased from a record of 2,936,880 pounds in 2016 to 1,891,439 pounds sold in 2017, a decrease of 1,045,441 pounds. During 2017, our production and sales from Mexican sources was approximately 530,000 pounds from our mines and approximately 35,000 pounds from Australian concentrates.

In November of 2017, we renegotiated our sodium antimonite supply agreement to recognize that antimony prices were in a world-wide slump, and that our general and administrative costs were a larger percent of our revenues than they were under the previous agreement. The new price agreement was implemented in December of 2017, and resulted in lower antimony production costs and an improved cash flow for 2018.

Zeolite Sales

Our sales volume of zeolite in 2018 was 1,944 tons more than we sold in 2017, an increase of 16%. Our average sales price increased by approximately $3 per ton, from $183 per ton in 2017 per ton to $186 per ton in 2018 (2%). During 2018, total sales of zeolite increased by $400,308 from 2017. The zeolite division had EBIDTA of $638,764 for 2018, compared to EBITDA of $554,201 for 2017. Net income increased from $331,472 in 2017 to $449,961 in 2018, approximately $118,000.

Our sales volume of zeolite in 2017 was 766 tons less than we sold in 2016, a decrease of 6%. Our average sales price decreased by approximately $5 per ton, from $188 per ton in 2016 per ton to $183 per ton in 2017 (3%). During 2017, total sales of zeolite decreased by $206,458 from 2016. The zeolite division had EBIDTA of $554,201 for 2017, compared to EBITDA of $447,775 for 2016. Net income increased from $233,907 in 2016 to $331,472 in 2017, approximately $98,000.

Precious Metals Sales

Precious Metals Sales

Silver/Gold - Montana	2014	2015	2016	2017	2018
Ounces Gold Shipped (Au)	64.77	89.12	108.10	107.00	68.91
Ounces Silver Shipped (Ag)	29,480	30,421	38,123	32,021	18,278
Revenues	$461,083	$491,426	$556,650	$480,985	$254,445
Australian - Hillgrove					
Ounces Gold Shipped (Au)			496.65	90.94	-
Revenues - Gross			$597,309	$96,471	-
Revenues to Hillgrove			(481,088)	(202,584)	-
Revenues to USAC			$116,221	$(106,113)	-
Total Revenues	$461,083	$491,426			