

Golden Minerals Co
Form 10-Q
November 06, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(MARK ONE)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2014.

OR

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

FOR THE TRANSITION PERIOD FROM TO .

COMMISSION FILE NUMBER 1-13627

GOLDEN MINERALS COMPANY

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE

(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

26-4413382

(I.R.S. EMPLOYER
IDENTIFICATION NO.)

350 INDIANA STREET, SUITE 800

GOLDEN, COLORADO

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

80401

(ZIP CODE)

(303) 839-5060

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS: YES NO

INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS SUBMITTED ELECTRONICALLY AND POSTED ON ITS CORPORATE WEB SITE, IF ANY, EVERY INTERACTIVE DATA FILE REQUIRED TO BE SUBMITTED AND POSTED PURSUANT TO RULE 405 OF REGULATION S-T (§232.405 OF THIS CHAPTER) DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO SUBMIT AND POST SUCH FILES). YES NO

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A LARGE ACCELERATED FILER, AN ACCELERATED FILER, A NON-ACCELERATED FILER, OR A SMALLER REPORTING COMPANY:

LARGE ACCELERATED FILER

NON-ACCELERATED FILER

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

INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS FILED ALL DOCUMENTS AND REPORTS REQUIRED TO BE FILED BY SECTIONS 12, 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 SUBSEQUENT TO THE DISTRIBUTION OF SECURITIES UNDER A PLAN CONFIRMED BY A COURT: YES NO

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AT NOVEMBER 6, 2014, 53,022,833 SHARES OF COMMON STOCK, \$0.01 PAR VALUE PER SHARE, WERE ISSUED AND OUTSTANDING.

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GOLDEN MINERALS COMPANY

FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2014

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GOLDEN MINERALS COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(Expressed in United States dollars)

(Unaudited)

| | September 30, 2014 | December 31, 2013 |
|--|-----------------------------------|----------------------|
| | (in thousands, except share data) | |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents (Note 3) | \$ 14,955 | \$ 19,146 |
| Trade receivables | | 25 |
| Inventories (Note 5) | 662 | 449 |
| Value added tax receivable, net (Note 6) | 1,394 | 1,765 |
| Prepaid expenses and other assets (Note 4) | 614 | 1,091 |
| Total current assets | 17,625 | 22,476 |
| Property, plant and equipment, net (Note 7) | 30,006 | 32,375 |
| Prepaid expenses and other assets, non-current (Note 4) | | 30 |
| Total assets | \$ 47,631 | \$ 54,881 |
| Liabilities and Equity | | |
| Current liabilities | | |
| Accounts payable and other accrued liabilities (Note 8) | \$ 1,875 | \$ 1,365 |
| Other current liabilities (Note 10) | 2,755 | 4,405 |
| Total current liabilities | 4,630 | 5,770 |
| Asset retirement obligation (Note 9) | 2,635 | 2,602 |
| Other long term liabilities | 74 | 53 |
| Total liabilities | 7,339 | 8,425 |
| Commitments and contingencies (Note 16) | | |
| Equity (Note 13) | | |
| Common stock, \$.01 par value, 100,000,000 shares authorized; 53,022,833 and 43,530,833 shares issued and outstanding for the respective periods | 530 | 435 |
| Additional paid in capital | 502,701 | 494,647 |
| Accumulated deficit | (462,939) | (448,626) |
| Shareholder's equity | 40,292 | 46,456 |
| Total liabilities and equity | \$ 47,631 | \$ 54,881 |

The accompanying notes form an integral part of these condensed consolidated financial statements.

Table of Contents**GOLDEN MINERALS COMPANY****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Expressed in United States dollars)

(Unaudited)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | | | | | |
|--|-------------------------------------|------------|------------------------------------|---------|------------|----------|----|-----------|
| | 2014 | 2013 | 2014 | 2013 | | | | |
| | (in thousands, except share data) | | | | | | | |
| Revenue: | | | | | | | | |
| Sale of metals (Note 14) | \$ | \$ | 500 | \$ | 10,797 | | | |
| Costs and expenses: | | | | | | | | |
| Costs applicable to sale of metals (exclusive of depreciation shown below) (Note 14) | | | (517) | | (17,534) | | | |
| Exploration expense | (1,009) | (1,024) | (4,262) | | (3,788) | | | |
| El Quevar project expense | (489) | (486) | (1,244) | | (2,159) | | | |
| Velardeña project expense | (2,034) | (85) | (2,034) | | (3,006) | | | |
| Velardeña shutdown and care & maintenance costs | | (2,218) | (2,457) | | (4,547) | | | |
| Administrative expense | (782) | (1,078) | (3,587) | | (4,608) | | | |
| Stock based compensation | (181) | (305) | (768) | | (1,284) | | | |
| Reclamation and accretion expense | (50) | (47) | (148) | | (135) | | | |
| Impairment of long lived assets | | | | | (237,838) | | | |
| Impairment of goodwill | | | | | (11,180) | | | |
| Other operating income, net | 687 | (31) | 691 | | 3,615 | | | |
| Depreciation, depletion and amortization | (751) | (1,083) | (2,375) | | (6,180) | | | |
| Total costs and expenses | (4,609) | (6,874) | (16,184) | | (288,644) | | | |
| Loss from operations | (4,609) | (6,374) | (16,184) | | (277,847) | | | |
| Other income and (expense): | | | | | | | | |
| Interest and other income, net | 882 | 186 | 1,763 | | 509 | | | |
| Gain (loss) on foreign currency | 115 | (127) | 108 | | (537) | | | |
| Total other income (expense) | 997 | 59 | 1,871 | | (28) | | | |
| Loss from operations before income taxes | (3,612) | (6,315) | (14,313) | | (277,875) | | | |
| Income tax benefit | | 104 | | | 47,599 | | | |
| Net loss | \$ | (3,612) | \$ | (6,211) | \$ | (14,313) | \$ | (230,276) |
| Comprehensive loss, net of tax: | | | | | | | | |
| Unrealized gain on securities | | | | | 90 | | | |
| Comprehensive loss | \$ | (3,612) | \$ | (6,211) | \$ | (14,313) | \$ | (230,186) |
| Net loss per common share basic | | | | | | | | |
| Loss | \$ | (0.08) | \$ | (0.14) | \$ | (0.33) | \$ | (5.38) |
| Weighted average common stock outstanding - basic (1) | | | | | | | | |
| | 45,029,388 | 42,857,347 | 43,621,634 | | 42,827,891 | | | |

(1) Potentially dilutive shares have not been included because to do so would be anti-dilutive.

The accompanying notes form an integral part of these condensed consolidated financial statements.

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GOLDEN MINERALS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in United States dollars)

(Unaudited)

| | 2014 | Nine Months Ended September 30, (in thousands) | 2013 |
|---|------|--|-------------|
| Cash flows from operating activities: | | | |
| Net cash used in operating activities (Note 15) | \$ | (12,147) | \$ (23,435) |
| Cash flows from investing activities: | | | |
| Sale of available for sale investments | | | 198 |
| Proceeds from sale of assets | | 973 | 4,125 |
| Capitalized costs and acquisitions of property, plant and equipment | | (427) | (1,471) |
| Net cash provided by investing activities | \$ | 546 | \$ 2,852 |
| Cash flows from financing activities: | | | |
| Proceeds from issuance of stock units, net of issue costs | | 7,410 | |
| Net cash provided by financing activities | \$ | 7,410 | \$ |
| Net decrease in cash and cash equivalents | | (4,191) | (20,583) |
| Cash and cash equivalents - beginning of period | | 19,146 | 44,406 |
| Cash and cash equivalents - end of period | \$ | 14,955 | \$ 23,823 |

See Note 15 for supplemental cash flow information.

The accompanying notes form an integral part of these condensed consolidated financial statements.

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GOLDEN MINERALS COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in United States dollars)

(Unaudited)

| | Common Stock Shares | Common Stock Amount | Additional Paid-in Capital (in thousands except share data) | Accumulated Deficit | Accumulated Other Comprehensive income (loss) | Total Equity (Deficit) |
|--|------------------------|------------------------|--|------------------------|---|------------------------------|
| Balance, December 31, 2012 | 43,265,833 | \$ 433 | \$ 493,175 | \$ (208,246) | \$ (90) | \$ 285,272 |
| Stock compensation accrued | 265,000 | 2 | 1,472 | | | 1,474 |
| Realized gain on marketable equity securities, net of tax | | | | | 90 | 90 |
| Net loss | | | | (240,380) | | (240,380) |
| Balance, December 31, 2013 | 43,530,833 | \$ 435 | \$ 494,647 | \$ (448,626) | \$ | \$ 46,456 |
| Stock compensation accrued | | | 768 | | | 768 |
| KELTIP mark-to-market | | | (29) | | | (29) |
| Registered offering stock units, net (Note 13) | 3,692,000 | 37 | | | | |