

Golden Minerals Reports Second Quarter 2020 Results

06.08.2020 | [GlobeNewswire](#)

GOLDEN, Aug. 06, 2020 - [Golden Minerals Company](#) (NYSE American and TSX: AUMN) today announced financial results and a business summary for the quarter ending June 30, 2020.

Second Quarter Summary Financial Results

- Revenue of \$1.2 million and a net operating margin (oxide plant lease revenue less lease costs) of \$0.8 million related to the lease of the Company's oxide plant in the second quarter 2020, compared to a \$1.3 million net operating margin realized in the second quarter 2019. (All currency in USD.)
- \$3.7 million in funding received in conjunction with the signing of an Earn-In Agreement with Barrick Gold Corporation (\$0.9 million net), and from an equity offering and private placement of Golden common shares and warrants completed in April 2020 (\$2.8 million net).
- Cash and cash equivalents balance of \$3.6 million as of June 30, 2020 compared to \$4.6 million at year-end 2019. Subsequent to June 30, 2020, additional funding of \$7.9 million (net) received in July 2020 from an equity offering without warrants.
- Exploration expenses of \$0.8 million compared to \$1.3 million in the year ago period.
- Net loss of \$2.3 million or \$0.02 per share in the second quarter 2020, compared to a net loss of \$2.5 million or \$0.03 per share in the second quarter 2019.

Second Quarter Business Summary

- Published Preliminary Economic Assessments (PEA) for the Velarde Properties and the Rodeo gold project (May 2020).
- Submitted permits for the Rodeo gold project (June 2020), with mining operations possible for Q1 2021 pending receipt of permits.
- Signed an Earn-in Agreement for the El Quevar silver project with Barrick (April 2020).

Golden Minerals' President and Chief Executive Officer, Warren Rehn, commented, "With the recent capital raise completed, we have a significant cash balance and are now in an excellent position to fund a start-up of production at the Rodeo deposit early next year, assuming that the results of our confirmatory drilling program are satisfactory and providing we receive the necessary government approvals. We are also moving forward with additional engineering studies for a bio-oxidation plant at Velarde. We can now advance our exploration plans at several properties, including drilling at the Yoquivo District in Chihuahua, Mexico. The recent dramatic increase in gold and silver prices has greatly improved our projections of potential cash flow from both Rodeo and Velarde. We will continue to advance our plans to become a gold and silver producer again as quickly as possible."

Financial Results

The Company reported revenue of \$1.2 million in the second quarter 2020 related to the oxide plant lease and costs of approximately \$0.4 million related to the services Golden provides under the terms of the lease, for a net margin of \$0.8 million. Revenue and net operating margins were lower in the current period compared to the \$1.3 million in the second quarter 2019 due to (1) a suspension of operations during portions of April and May related to COVID-19, and (2) a contract amendment permitting a lower variable price per tonne of ore processed beginning in January 2020. During the second quarter 2020 as noted above, Golden also received \$3.7 million in net proceeds from the sale of common stock related to an Earn-In Agreement with Barrick and an offering of the Company's common stock.

Exploration expenses were \$0.8 million in the second quarter 2020 and include work at the Sand Canyon, Rodeo and other properties, as well as property holding costs and their allocated administrative expenses. El

Quevar project expense was \$0.2 million in the quarter which includes costs of exploration and evaluation activities, care and maintenance and property holding costs. Administrative expenses totaled \$0.8 million in the second quarter 2020. These expenses, including costs associated with being a public company, are incurred primarily by the Company's corporate activities in support of the Velarde Properties, the El Quevar project and the Company's exploration portfolio. Golden reported a net loss of \$2.3 million or \$0.02 per share in the second quarter 2020 compared to a net loss of \$2.5 million or \$0.03 per share in the year ago period.

Twelve Month Financial Outlook

The Company ended the second quarter 2020 with a cash balance of \$3.6 million. Cash inflows for the 12-month period ending June 30, 2021 are projected as follows (all figures are approximate):

- \$7.9 million in net proceeds related to a July 2020 public equity offering;
- \$1.3 million in net operating margin and \$0.4 million from the collection of receivables following the termination of the oxide plant lease on November 30, 2020; and
- \$0.5 million in the third quarter 2020 relating to the sale of the Santa Maria project.

The Company's currently budgeted expenditures during the 12 months ending June 30, 2021 total \$9.8 million and are as follows (all figures are approximate):

- \$1.5 million on mine development costs, capital expenditures, working capital and other start-up related activities ahead of a potential first quarter 2021 commencement of milling and processing operations at the Rodeo property,
- \$2.0 million on evaluation activities, exploration and property holding costs related to the Company's portfolio of exploration properties located in Mexico, Nevada and Argentina, including costs at El Quevar, Yoquivo and other properties;
- \$1.6 million at the Velarde Properties for care and maintenance;
- \$1.1 million for repayment of a related party loan to Sentient;
- \$0.5 million for repayment of the remaining Autl?n deposit associated with a cancelled 2019 agreement; and
- \$3.1 million on general and administrative costs.

These projections are current as of the date of this news release but could be negatively impacted if further interruptions related to COVID-19 occur in Mexico. The Company currently includes anticipated expenditures for the potential start-up of mining at the Rodeo gold project in the first quarter 2021, but an estimate of revenues has not been included pending the results of a confirmatory drilling program in the third quarter 2020 and receipt of operating permits estimated to occur in late 2020.

Additional information regarding second quarter 2020 financial results may be found in the Company's 10-Q Quarterly Report which is available on the Golden Minerals website at www.goldenminerals.com.

Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS

(US Dollars, unaudited)

Assets
Current assets

June 30,
2020

(in thousands, e

Cash and cash equivalents	\$ 3,557
Lease receivables	353
Inventories, net	186
Derivative at fair value	128
Prepaid expenses and other assets	705
Total current assets	4,929
Property, plant and equipment, net	5,471
Other long term assets	1,013
Total assets	\$ 11,413
Liabilities and Equity	
Current liabilities	
Accounts payable and other accrued liabilities	\$ 1,152
Deferred revenue, current	227
Debt - related party	1,025
Other current liabilities	870
Total current liabilities	3,274
Asset retirement and reclamation liabilities	3,040
Other long term liabilities	412
Total liabilities	6,726
Commitments and contingencies	
Equity	
Common stock, \$.01 par value, 200,000,000 shares authorized; 128,176,731 and 106,734,938 shares issued and outstanding respectively	1,282
Additional paid in capital	525,844
Accumulated deficit	(522,439)
Shareholders' equity	4,687
Total liabilities and equity	\$ 11,413

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (US dollars, unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	(in thousands except per share data)		(in thousands, except per share data)	
Revenue:				
Oxide plant lease	\$ 1,224	\$ 1,976	\$ 2,420	\$ 4,400
Total revenue	1,224	1,976	2,420	4,400
Costs and expenses:				
Oxide plant lease costs	(420)	(613)	(984)	(1,546)
Exploration expense	(824)	(1,328)	(2,455)	(3,707)
El Quevar project expense	(245)	(686)	(493)	(1,419)
Velarde?a care and maintenance costs	(192)	(452)	(655)	(1,309)
Administrative expense	(767)	(969)	(1,930)	(2,455)
Stock based compensation	(614)	(89)	(666)	(1,109)
Reclamation expense	(62)	(55)	(121)	(117)
Other operating (expense) income, net	(106)	71	(102)	1,000
Depreciation and amortization	(265)	(270)	(544)	(1,079)
Total costs and expenses	(3,495)	(4,391)	(7,950)	(10,234)

Loss from operations	(2,271	)	(2,415	)	(5,530)
Other expense:						
Interest and other expense, net	(46	)	(43	)	(73)
Loss on foreign currency	(6)	—		(56)
Total other loss	(52	)	(43	)	(129)
Loss from operations before income taxes	(2,323	)	(2,458	)	(5,659)
Income taxes	—		—		—	
Net loss	\$ (2,323	)	\$ (2,458	)	\$ (5,659)
Net loss per common share — basic						
Loss	\$ (0.02	)	\$ (0.03	)	\$ (0.05)
Weighted average Common Stock outstanding - basic (1)	124,134,135		97,144,467		115,690,717	

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

About Golden Minerals

Golden Minerals is a Delaware corporation based in Golden, Colorado. The Company is primarily focused on advancing its Rodeo and Velarde?a properties in Mexico and, through partner-funded exploration, its El Quevar silver property in Argentina, as well as acquiring and advancing mining properties in Mexico, Argentina and Nevada.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended, and applicable Canadian securities legislation, including statements regarding the Rodeo PEA results and the possibility and timing of future production from the Rodeo property; the Velarde?a PEA results and anticipated future operations at the Velarde?a properties; statements regarding the transaction with Barrick with respect to the El Quevar project; financial projections, including budgeted expenditures and the anticipated net operating margin from the Velarde?a oxide plant lease; projected cash balances and anticipated spending during the 12 months ended June 30, 2021; and potential business restrictions and other matters related to the COVID-19 pandemic. These statements are subject to risks and uncertainties, including the reasonability of the economic assumptions at the basis of the results of the Rodeo and Velarde?a PEAs and technical reports; the Company's ability to timely obtain the necessary permits for commencement of production at Rodeo; the projected timing and the Company's ability to repay its debts, including the related party loan to Sentient and the remaining Autl?n deposit; the timing duration and overall impact of the COVID-19 pandemic, including the potential future re-suspension of non-essential activities in Mexico, including mining; lower than anticipated revenue from the oxide plant lease; increases in costs and declines in general economic conditions; changes in political conditions, in tax, royalty, environmental and other laws in the United States, Mexico or Argentina and other market conditions; and fluctuations in silver and gold prices. Golden Minerals assumes no obligation to update this information. Additional risks relating to Golden Minerals may be found in the periodic and current reports filed with the SEC by Golden Minerals, including the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

For additional information please visit <http://www.goldenminerals.com/> or contact:

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Die URL für diesen Artikel lautet:

<https://www.rohstoff-welt.de/news/358339--Golden-Minerals-Reports-Second-Quarter-2020-Results.html>

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