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# **Golden Minerals Company.**

## **Golden Minerals Reports Full Year 2019 Results**

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GOLDEN, Colo., Feb. 27, 2020 (GLOBE NEWSWIRE) -- Golden Minerals Company ("Golden Minerals", "Golden" or "the Company") (NYSE American and TSX: AUMN) has today announced financial results and a business summary for the full year ending December 31, 2019.

### **2019 Financial Highlights**

- Revenue for full year 2019 of (all figures in approximate USD) \$7.7 million and operating margin of \$5.3 million related to the lease of the Company's oxide plant at the Velardeña Properties to Hecla Mining Company ("Hecla"), compared to \$7.2 million and \$4.9 million, respectively, in 2018
- Cash and equivalents balance of \$4.6 million as of December 31, 2019 compared to \$3.3 million on December 31, 2018
- Received \$3.0 million related to the sale of two non-core exploration properties to a subsidiary of Industrias Peñoles
- Loss from operations was \$5.0 million in 2019 compared to \$2.0 million in 2018
- Net loss \$5.4 million or \$0.05 per share in 2019 compared to \$1.9 million or \$0.02 per share in 2018

### **2019 Business Summary and Project Updates**

#### **Mogotes and Pistachon**

In December 2019, Golden received \$3.0 million for the sale of two non-strategic properties to a subsidiary of Industrias Peñoles. The Mogotes and Pistachon properties are located near the Velardeña Properties in Mexico and lie adjacent to mineral concessions controlled by Peñoles. None of the claims contain any identified mineral resources.

#### **Oxide Mill Lease**

During 2019 Hecla processed approximately 158,000 tonnes of material through Golden's oxide plant, resulting in revenue to the Company of \$7.7 million, which is comprised of \$5.3 million for direct plant charges and fixed fees plus \$2.4 million for reimbursable costs related to the services Golden provides under the lease. The \$2.4 million of reimbursable costs are also reported as plant lease costs, resulting in a net operating margin of \$5.3 million for the full year.

#### **Velardeña Update**

In the fourth quarter 2019, Golden completed metallurgical test work on Velardeña's pyrite-arsenopyrite flotation concentrates using an alternative processing technology: Finnish firm Outotec's patented bio-oxidation process ("BIOX"). Samples were prepared from vein material representative of the primary veins exposed in the deepest accessible stopes in Velardeña's San Mateo and Santa Juana mine areas. The concentrate sample was processed at an Outotec laboratory using the BIOX process followed by cyanide leaching. Gold and silver recoveries of over 90% were obtained from cyanide leaching of the bio-oxidized concentrate samples. In November 2015, Golden suspended mining activities at Velardeña when a combination of metallurgical challenges and low metals prices rendered operations unprofitable. Notably, 2015 gold payable recoveries were reported at less than 30%. Pre-treatment oxidation of the pyrite-arsenopyrite concentrate with BIOX technology and subsequent cyanide leaching will improve overall payable gold recovery significantly.

These test results and the recent rise in precious metals prices have prompted the Company to engage engineering firm Tetra Tech to complete an updated Preliminary Economic Assessment prepared pursuant to NI 43-101 ("PEA"). The PEA will incorporate BIOX processing methodology and resource model refinements and is expected to be completed by March 31, 2020.

#### **El Quevar**

In September 2019 Golden released final results of a 2019 drilling program conducted at the El Quevar silver project (Salta Province, Argentina). The 3,004-meter, 19-hole program identified a potential new shallow high-grade silver zone located about 2 kilometers ("km") southwest of the known Yaxtché deposit. Four drill holes cut silver intercepts with grades of 500 to 600 g/t Ag over widths of 1 to 4 meters, extending a historical drill intercept by about 200 meters northeast along strike. Yaxtché East drilling returned a 2.1-meter interval grading 340 g/t Ag, representing an approximate 50-meter step out from previous drilling and demonstrating the potential to add to the mineral resources in the northeast sector of the Yaxtché deposit. Drilling at a third prospect located around 1km east of Yaxtché also

returned silver values in one drill hole, with 2 meters of 358 g/t Ag. The 2019 program's results are considered encouraging for the area to host mineralization of potential economic significance, and Golden continues surface exploration in the expansive 57,000-hectare district to identify further drill targets.

### **Sand Canyon**

In May 2019 Golden entered into an earn-in agreement with Golden Gryphon Explorations for the Sand Canyon project in northwestern Nevada, where surface work has identified a large system of epithermal veins with potential for gold and silver deposits. Golden holds an option to earn 60% interest in the project by spending \$2.5 million over four years. The Company completed surface exploration activities to identify drill targets during 2019, and at the end of January 2020 began a 5000-foot drilling program. Results are expected in Q2.

### **Santa Maria**

On October 16, 2019, Golden entered into an option agreement to sell its right to acquire 100% of the Santa Maria silver and gold property to Magellan Gold Corporation ("Magellan"). The agreement includes a period of up to 150 days during which Magellan will complete due diligence and secure financing for the project. Magellan has the right to exercise its option prior to the end of this period. If it exercises its option it will make a cash payment of \$1.0 million to Golden upon closing. Golden will retain a 6.5% net smelter return royalty from all Santa Maria production until \$3.0 million has been received; thereafter Golden will retain a 3.0% NSR royalty for the remainder of the mine's life. If Magellan fails to achieve commercial production at Santa Maria within one year of closing, Golden will not be obligated to convey its interests in the project to Magellan and will not be obligated to return any payments to Magellan.

### **2019 Financial Results**

The Company reported revenue of \$7.7 million and a net operating margin of \$5.3 million in 2019, compared to \$7.2 million and \$4.9 million in 2018, respectively. Both are wholly related to the lease of the Company's Velardeña oxide plant to Hecla. The Company also reported \$3.2 million in other operating income in 2019 compared to \$5.1 million in 2018. Both years' figures relate primarily to gains recorded upon the sale of various property interests, with the 2019 figure largely attributable to the sale of the Mogotes and Pistachon properties to Industrias Peñoles in December 2019. The 2018 figure includes \$4.0 million for the sale of the Celaya project and \$1.1 million related to the final sale of Golden's interest in its Zacatecas properties and the sale of two non-strategic Mexican subsidiaries.

Total expenses of \$12.8 million in 2019 were \$3.6 million higher than the \$9.2 million in total expenses recorded in 2018, with the difference being related primarily to (a) the reduction in other operating income (as described above) and (b) an increase in El Quevar project expenses, which rose from \$1.3 million in 2018 to \$2.0 million in 2019 and reflect costs incurred with that property's 2019 drilling program. Velardeña care and maintenance expenses were \$1.8 million compared to \$1.9 million in 2018. Administrative expenses were \$3.6 million in 2019 compared to \$3.4 million in 2018, with the difference attributable to costs associated with a proposed Purchase and Sale Agreement with Compañía Minera Autlán S.A.B. de C.V. ("Autlán").

The Company reported a net loss of \$5.4 million or (\$.05) per share in 2019 compared to a net loss of \$1.9 million or (\$.02) per share in 2018.

### **Cash and Financial Outlook**

The Company reported a cash and equivalents balance of \$4.6 million at year end 2019, compared to the \$3.3 million held at year end 2018. Cash inflows during 2019 totaled \$12.7 million and included:

- \$5.3 million of net operating margin related to the oxide plant lease
- \$3.0 million from the sale of the Mogotes and Pistachon claims to Peñoles
- \$1.9 million of net proceeds from the sale of Golden's common stock in a registered direct offering
- \$1.3 million received as a deposit, net of repayments, related to a proposed sale of the Velardeña Properties and other mineral concessions to Autlán
- \$0.6 million, net of commitment fees and other offering related costs, related to issuance of stock through the 2018 Lincoln Park Capital Commitment Purchase Agreement ("LPC") program
- \$0.1 million from the sale of miscellaneous assets and \$0.1 million from the sale of an investment in a junior mining company
- \$0.4 million from a decrease in working capital

Expenditures during 2019 totaled \$11.4 million and included the following:

- \$4.0 million in exploration expenditures, including work at Sand Canyon, Yoquivo, Santa Maria and other properties
- \$2.0 million in evaluation activities, care and maintenance and property holding costs at El Quevar
- \$1.8 million in care and maintenance costs at the Velardeña Properties
- \$3.6 million in general and administrative expenses

In addition to the \$4.6 million cash balance at December 31, 2019, Golden expects to receive an initial cash payment of \$1.0 million in connection with the Santa Maria transaction (referenced above) by the end of the first quarter 2020. The Company also expects to

receive approximately \$3.3 million in net operating margin from the lease of the oxide plant during the next 12-month period ending December 31, 2020. In addition, subsequent to December 31, 2019 Golden received approximately \$0.4 million from the sale of its common stock under the LPC and ATM equity programs. Forecasted expenditures during the twelve months ending December 31, 2020 are as follows:

- \$3.0 million on exploration activities and property holding costs related to our portfolio of exploration properties, including project assessment and evaluation costs related to Sand Canyon, Yoquivo and other properties
- \$1.8 million at the Velardeña Properties for care and maintenance
- \$1.3 million related to repayment of the remaining Autlán deposit
- \$0.3 million related to the payment of income taxes due in Canada
- \$3.2 million on general and administrative costs
- \$0.5 million related to an increase in working capital
- \$0.8 million at El Quevar to fund ongoing exploration and evaluation activities, care and maintenance and property holding costs

The Company does not intend to allow its cash balance to drop below acceptable levels during 2020. Therefore, the Company intends to take appropriate actions, which may include sales of certain of the Company's exploration assets, reductions to the Company's currently budgeted level of spending, and/or raising additional equity capital through sales under the ATM or LPC equity programs or otherwise.

Additional information regarding full year 2019 financial results may be found in the Company's Annual Report on Form 10-K which is available on the Golden Minerals website at [www.goldenminerals.com](http://www.goldenminerals.com).

### **About Golden Minerals**

Golden Minerals is a Delaware corporation based in Golden, Colorado. The Company is primarily focused on advancing its Velardeña Properties in Mexico and its El Quevar silver property in Argentina, as well as acquiring and advancing mining properties in Mexico 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 financial projections, including budgeted expenditures and the anticipated net operating margin from the Velardeña oxide plant lease; timing and results of the updated PEA for the Velardeña properties; expectations surrounding plans to continue a drilling program at El Quevar and productivity projections from the El Quevar project; future drilling plans, exploration activities and anticipated results at Yoquivo, Sand Canyon and other properties; the election of Magellan to terminate the Santa Maria agreement without payment of the initial cash payment of \$1.0 million; projected cash balances and anticipated spending during the 12 months ended December 31, 2020; and assumptions regarding raising additional equity capital through sales under the Company's ATM or LPC programs or otherwise. These statements are subject to risks and uncertainties, including changes in interpretations of geological, geostatistical, metallurgical, mining or processing information and interpretations of the information resulting from future exploration, analysis or mining and processing experience, new information from exploration or analysis; unexpected variations in mineral grades, types and metallurgy, fluctuations in silver and gold metal prices; failure of mined material or veins mined to meet expectations; lower than anticipated revenue from the oxide plant lease as a result of delays or problems at the third party's mine or the oxide plant or earlier than expected termination of the oxide plant lease; increases in costs and declines in general economic conditions; and changes in political conditions, in tax, royalty, environmental and other laws in the United States, Mexico or Argentina and other market conditions. 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 Securities and Exchange Commission 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:

Golden Minerals Company

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SOURCE: Golden Minerals Company

**GOLDEN MINERALS COMPANY**

**CONSOLIDATED BALANCE SHEETS**

(Expressed in United States dollars)

	December 31, 2019	December 31, 2018
(in thousands, except share data)		
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 4,593	\$ 3,293
Short-term investments	—	330
Lease receivables	448	481
Inventories, net	231	229
Derivative at fair value	254	—
Prepaid expenses and other assets	669	633
Total current assets	6,195	4,966
Property, plant and equipment, net	6,031	7,109
Other long term assets	1,131	569
Total assets	\$ 13,357	\$ 12,644
<b>Liabilities and Equity</b>		
Current liabilities		
Accounts payable and other accrued liabilities	\$ 2,127	\$ 1,969
Deferred revenue, current	472	293
Other current liabilities	1,824	12
Total current liabilities	4,423	2,274
Asset retirement and reclamation liabilities	2,839	2,683
Deferred revenue, non-current	—	307
Other long term liabilities	494	10
Total liabilities	7,756	5,274
Commitments and contingencies		
Equity		
Common stock, \$.01 par value, 200,000,000 shares authorized; 106,734,279 and 95,620,796 shares issued and outstanding respectively	1,067	955
Additional paid in capital	521,314	517,806
Accumulated deficit	(516,780)	(511,391)
Shareholders' equity	5,601	7,370
Total liabilities and equity	\$ 13,357	\$ 12,644

## GOLDEN MINERALS COMPANY

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Expressed in United States dollars)

	The Year Ended December 31, 2019	2018
(in thousands except per share data)		
<b>Revenue:</b>		

Oxide plant lease	\$ 7,730	\$ 7,217
Total revenue	<u>7,730</u>	<u>7,217</u>
<b>Costs and expenses:</b>		
Oxide plant lease costs	(2,377)	(2,289)
Exploration expense	(4,109)	(3,909)
El Quevar project expense	(2,011)	(1,266)
Velardeña care and maintenance costs	(1,797)	(1,889)
Administrative expense	(3,614)	(3,355)
Stock based compensation	(782)	(226)
Reclamation expense	(228)	(210)
Other operating income, net	3,238	5,138
Depreciation and amortization	(1,098)	(1,171)
Total costs and expenses	<u>(12,778)</u>	<u>(9,177)</u>
Income (loss) from operations	(5,048)	(1,960)
<b>Other income and (expense):</b>		
Interest and other income (expense), net	(201)	112
Other income	—	—
Loss on foreign currency	(102)	(84)
Total other income (loss)	<u>(303)</u>	<u>28</u>
Income (loss) from operations before income taxes	(5,351)	(1,932)
Income taxes	(35)	(13)
Net loss	\$ (5,386)	\$ (1,945)
<b>Net loss per common share — basic</b>		
Loss	\$ (0.05)	\$ (0.02)
<b>Weighted average Common Stock outstanding - basic (1)</b>	101,058,219	94,003,165

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

