

Golden Minerals Co
Form 10-Q
November 14, 2011
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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, 2011

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

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

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 11, 2011, 35,685,035 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, 2011

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****GOLDEN MINERALS COMPANY
CONSOLIDATED BALANCE SHEETS****(Expressed in United States dollars)****(Unaudited)**

	Pro Forma September 30, 2011 (1)	September 30, 2011	December 31, 2010
	(in thousands, except share data)		
Assets			
Current assets			
Cash and cash equivalents	\$ 85,618	\$ 54,979	\$ 120,990
Investments (Note 4)	23	23	601
Inventories (Note 6)	1,523	1,523	
Value added tax receivable (Note 7)	1,332	1,332	
Prepaid expenses and other assets (Note 5)	3,166	3,166	1,695
Total current assets	91,662	61,023	123,286
Property, plant and equipment, net (Note 8)	381,876	381,876	10,139
Assets held for sale (Note 8)			1,795
Long term receivable	643	643	
Prepaid expenses and other assets (Note 5)	293	293	398
Total assets	\$ 474,474	\$ 443,835	\$ 135,618
Liabilities and Equity			
Current liabilities			
Accounts payable and other accrued liabilities (Note 9)	\$ 9,714	\$ 9,714	\$ 2,931
Current portion of long term debt (Note 10)	14,957	14,957	
Other current liabilities (Note 12)	8,543	8,543	67
Total current liabilities	33,214	33,214	2,998
Asset retirement obligation (Note 11)	3,506	3,506	
Deferred tax liability (Note 14)	83,342	83,342	
Other long term liabilities (Note 12)	502	502	802
Total liabilities	120,564	120,564	3,800
Commitments and contingencies (Note 18)			
Equity (Note 15)			
Common stock, \$.01 par value, 100,000,000 shares authorized; 31,566,885 and 15,124,567 shares issued and outstanding, respectively	355	314	152
Additional paid in capital	453,509	422,911	185,051
Accumulated deficit	(99,810)	(99,810)	(53,550)
Accumulated other comprehensive income (loss)	(144)	(144)	165
Parent company's shareholder's equity	353,910	323,271	131,818

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Total liabilities and equity	\$	474,474	\$	443,835	\$	135,618
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(1) The pro-forma presentation reflects a private placement of common stock completed in October 2011; see Note 20.

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

Table of Contents**GOLDEN MINERALS COMPANY****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

(Expressed in United States dollars)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,					
	2011	2010	2011	2010				
	(in thousands, except share data)							
Revenue:								
Management service fees (Note 16)	\$	\$	98	\$	11,216			
Costs and expenses:								
Costs applicable to sale of metals (Note 16)		(965)		(965)				
Costs of services (Note 16)			(31)		(2,566)			
Exploration expense	(4,639)	(3,755)	(12,645)	(9,893)				
El Quevar project expense	(5,520)	(4,031)	(23,276)	(10,004)				
Administrative expense	(1,836)	(1,868)	(6,242)	(6,295)				
Severance and acquisition related cost (Note 3)	(5,353)		(7,050)					
Stock based compensation	(3,260)	(559)	(5,328)	(1,859)				
Reclamation expense	(31)		(126)					
Other operating income & (expenses), net	(76)	76	340	186				
Depreciation, depletion and amortization	(717)	(307)	(1,580)	(751)				
Total costs and expenses	(22,397)	(10,475)	(56,872)	(31,182)				
Loss from operations	(22,397)	(10,377)	(56,872)	(19,966)				
Other income and expenses:								
Interest and other income	11,099	90	11,240	376				
Royalty income	155	80	285	239				
Interest expense	(337)		(337)					
Loss on foreign currency	(1,432)	(65)	(1,646)	(53)				
Total other income and expenses	9,485	105	9,542	562				
Loss from operations before income taxes	(12,912)	(10,272)	(47,330)	(19,404)				
Income taxes	1,168	20	1,070	(1,517)				
Net loss	\$	(11,744)	\$	(10,252)	\$	(20,921)		
Other comprehensive loss:								
Unrealized gain (loss) on securities		251		(74)	(309)	(141)		
Comprehensive gain (loss)	\$	(11,493)	\$	(10,326)	\$	(46,569)	\$	(21,062)
Net loss per common share basic and diluted								
Loss	\$	(0.59)	\$	(1.15)	\$	(2.79)	\$	(2.81)
Weighted average common stock outstanding - basic and diluted (1)								
		19,989,334		8,919,536		16,605,896		7,455,303

(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 consolidated financial statements.

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GOLDEN MINERALS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States dollars)
(Unaudited)

	2011	Nine Months Ended September 30, (in thousands)	2010
Cash flows from operating activities:			
Net cash used in operating activities (Note 17)	\$	(46,704)	\$ (16,775)
Cash flows from investing activities:			
Purchase of available for sale investments			(6,003)
Sale of available for sale investments		1,221	6,441
Cash received net of cash paid in ECU merger		5,614	
Convertible note issued to ECU		(15,713)	
Proceeds from sale of assets		404	85
Capitalized costs and acquisitions of property, plant and equipment		(6,230)	(2,585)
Net cash used in investing activities	\$	(14,704)	\$ (2,062)
Cash flows from financing activities:			
Proceeds from issuance of common stock, net of issue costs			40,535
Payments of long term debt		(554)	
Payment of customer advance		(4,049)	
Net cash (used in) / provided by financing activities	\$	(4,603)	\$ 40,535
Net (decrease) / increase in cash and cash equivalents		(66,011)	21,698
Cash and cash equivalents - beginning of period		120,990	8,570
Cash and cash equivalents - end of period	\$	54,979	\$ 30,268

See Note 17 for supplemental cash flow information.

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

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GOLDEN MINERALS COMPANY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in United States dollars)
(Unaudited)

Common Stock (1) Shares	Additional Paid-in	Accumulated	Accumulated Other Comprehensive income	Noncontrolling	Total
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