

# Golden Minerals Reports Third Quarter 2020 Results

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GOLDEN, Nov. 05, 2020 - [Golden Minerals Company](#) (NYSE American and TSX: AUMN) today announced financial results and a business summary for the quarter ending September 30, 2020.

## Third Quarter Summary Financial Results

- Revenue of \$2.1 million and a net operating margin (oxide plant lease revenue less lease costs) of \$1.6 million related to the lease of the Company's oxide plant to Hecla Mining Co. in the third quarter 2020, compared to a \$1.4 million net operating margin realized in the third quarter 2019 (all figures presented in approximate USD)
- Cash and cash equivalents balance of \$8.7 million as of September 30, 2020, compared to \$4.6 million on hand at year-end 2019
- Exploration expenses of \$1.2 million in the third quarter 2020, compared to \$0.9 million in the year ago period
- Zero debt after repaying related party short term debt of \$1.0 million (including interest)
- Net loss of \$1.3 million or \$0.01 per share in the third quarter 2020, compared to a net loss of \$1.8 million or \$0.02 per share in the third quarter 2019

## Third Quarter Business Summary

- Completed infill/definition drilling at the Rodeo gold project (Durango State, Mexico) in preparation for projected production in the first quarter 2021, subject to the receipt of final environmental permits which are expected before the end of 2020
- Began preparations for the installation of a new regrind mill circuit at Velarde's oxide mill to improve recoveries and throughput of the harder mined material projected to come from Rodeo in 2021
- Neared completion on a contract mining agreement and began the process of hiring key mine and plant supervisory personnel for Rodeo

Golden Minerals President and Chief Executive Officer, Warren Rehn, commented, "We are on track to begin production at our Rodeo gold mine during the first quarter 2021. We have the first of our required environmental permits in hand and expect to have the second in the next few weeks. Our cash balance is stronger than it has been in five years and we are debt free. I am confident that Golden Minerals is well along the path to sustainable profitability and growth."

## Financial Results

The Company reported revenue of \$2.1 million in the third quarter 2020 related to the oxide plant lease and costs of approximately \$0.6 million related to the services Golden provides under the terms of the lease, for a net operating margin of \$1.6 million. Revenue and margin were higher in 2020 due primarily to an increase in throughput during the period. Golden also received approximately \$8.0 million in net proceeds related to a public offering of the Company's common shares, without warrants, in the third quarter 2020.

Exploration expenses were \$1.2 million in the third quarter 2020 and include expenses related to work at the Sand Canyon, Rodeo and other properties, as well as property holding costs and their allocated administrative expenses. Expenses were higher in the third quarter 2020 compared to the \$0.9 million of exploration expense in the third quarter 2019 due primarily to increased exploration activities at the Rodeo project. Velarde's care and maintenance expenses were \$0.2 million in the third quarter 2020 compared to \$0.4 million in the year ago period. The lower costs are primarily the result of cost reduction initiatives and the allocation of a portion of Velarde's personnel costs in support of the Rodeo project. El Quevar project expense was \$0.1 million in the third quarter compared to \$0.6 million in the year ago period. El

Quevar costs are lower than the year ago period due to the reimbursement of certain costs per the terms of an Earn-In agreement signed between the Company and Barrick, and a drilling program conducted at El Quevar during 2019. Administrative expenses totaled \$0.9 million in the third quarter 2020 compared to \$0.7 million in the third quarter 2019. These expenses, including costs associated with being a public company, are incurred primarily by the Company's corporate activities in support of the Velardeña Properties, the Rodeo project, the El Quevar project and the Company's exploration portfolio. Expenses were higher in 2020 due primarily to increased legal fees and information technology upgrades. Golden reported a net loss of \$1.3 million or \$0.01 per share in the third quarter 2020 compared to a net loss of \$1.8 million or \$0.02 per share in the year ago period.

## Twelve Month Financial Outlook

The Company ended the third quarter 2020 with a cash balance of \$8.7 million. In addition to the Company's current cash balance, projected cash inflows are expected to exceed budgeted cash outflows over the 12-month period ending September 30, 2021. Projected cash inflows for the 12-month period ending September 30, 2021 total approximately \$11.6 million as follows (all figures are approximate):

- \$9.5 million in net operating margin (defined as revenues less costs of sales) from the Rodeo property from production beginning in the first quarter 2021, assuming average metals prices of \$1,887/oz Au and \$23.73/oz Ag;
- \$0.8 million in net operating margin from the Hecla oxide plant lease prior to its termination on November 30, 2020;
- \$0.8 million received in October 2020 from the exercise of 2.5 million Series A warrants issued in the Company's April 2020 offering of common stock; and
- \$0.5 million related to the sale of the Santa Maria project to Fabled Copper (for agreement details, refer to the Company's Form 10-Q Quarterly Report for the period ended September 30, 2020).

The Company's currently budgeted expenditures during the 12 months ending September 30, 2021 total \$8.1 million as follows (all figures are approximate):

- \$0.9 million on pre-production activities, capital expenditures, working capital and other start-up related activities ahead of the projected receipt of revenues from the processing of mined material from the Rodeo property in the first quarter of 2021;
- \$2.5 million on evaluation activities, exploration and property holding costs related to our portfolio of exploration properties located in Mexico, Nevada and Argentina, including El Quevar, Yoquivo and other properties;
- \$0.8 million at the Velardeña Properties for care and maintenance;
- \$3.2 million on general and administrative costs; and
- \$0.7 million related to a net increase in working capital, primarily for inventories and receivables associated with the Rodeo property following the projected start-up of the processing of mined material in our oxide plant beginning in the first quarter of 2021.

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. Additionally, the actual amount of cash receipts and expenditures the Company records during the 12-month period ending September 30, 2021 may vary significantly from the amounts shown above and will depend on a number of factors. For a more complete discussion of risk factors and for additional information regarding third quarter 2020 financial results, refer to the Form 10-Q Quarterly Report for the period ended September 30, 2020 which is available on the Company's website at [www.goldenminerals.com](http://www.goldenminerals.com).

## Financial Statements

### CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (US dollars, unaudited)

Three Months Ended September 30,		Nine Months Ended September 30,	
2020	2019	2020	2019
(in thousands except per share data)		(in thousands, except per share data)	

Revenue:				
Oxide plant lease	\$ 2,146	\$ 1,944	\$ 4,566	\$
Total revenue	2,146	1,944	4,566	
Costs and expenses:				
Oxide plant lease costs	(582 )	(594 )	(1,566 )	
Exploration expense	(1,226 )	(935 )	(3,681 )	
El Quevar project expense	(130 )	(582 )	(623 )	
Velarde? a care and maintenance costs	(206 )	(422 )	(861 )	
Administrative expense	(852 )	(742 )	(2,782 )	
Stock based compensation	(105 )	(72 )	(771 )	
Reclamation expense	(63 )	(57 )	(184 )	
Other operating (expense) income, net	24	45	(78 )	
Depreciation and amortization	(226 )	(270 )	(770 )	
Total costs and expenses	(3,366 )	(3,629 )	(11,316 )	
Loss from operations	(1,220 )	(1,685 )	(6,750 )	
Other expense:				
Interest and other expense, net	(12 )	(42 )	(85 )	
Loss on foreign currency	(36 )	(24 )	(92 )	
Total other loss	(48 )	(66 )	(177 )	
Loss from operations before income taxes	(1,268 )	(1,751 )	(6,927 )	
Income taxes	(18 )	(9 )	(18 )	
Net loss	\$ (1,286 )	\$ (1,760 )	\$ (6,945 )	\$
Net loss per common share &#8212; basic				
Loss	\$ -0.01	\$ -0.02	\$ -0.06	\$
Weighted average Common Stock outstanding - basic (1)	143,285,564	104,764,260	124,956,140	

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

#### CONDENSED CONSOLIDATED BALANCE SHEETS (US Dollars, unaudited)

	September 30, 2020 (in thousands,
Assets	
Current assets	
Cash and cash equivalents	\$ 8,658
Lease receivables	502
Inventories, net	199
Derivative at fair value	251
Value added tax receivable, net	69
Prepaid expenses and other assets	570
Total current assets	10,249
Property, plant and equipment, net	5,343
Other long term assets	988
Total assets	\$ 16,580
Liabilities and Equity	
Current liabilities	
Accounts payable and other accrued liabilities	\$ 1,304
Deferred revenue, current	100
Debt - related party	&#8212;

Other current liabilities	230
Total current liabilities	1,634
Asset retirement and reclamation liabilities	3,102
Other long term liabilities	385
Total liabilities	5,121
Commitments and contingencies	
Equity	
Common stock, \$.01 par value, 200,000,000 shares authorized; 149,012,652 and 106,734,279 shares issued and outstanding respectively	1,490
Additional paid in capital	533,694
Accumulated deficit	-523,725
Shareholders' equity	11,459
Total liabilities and equity	\$ 16,580

#### About Golden Minerals

Golden Minerals is a Delaware corporation based in Golden, Colorado. The Company is primarily focused on advancing its Rodeo and Velarde 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 possibility and timing of future production from the Rodeo property, including the anticipated timing of installation of a new regrind mill circuit and its expected improvement of recoveries and throughput; anticipated future operations at the Velarde properties; financial projections, including budgeted expenditures and the anticipated net operating margin from the Velarde oxide plant lease; projected cash balances and anticipated spending during the 12 months ended September 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 Company's ability to timely obtain the necessary permits for commencement of production at Rodeo; 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:

#### [Golden Minerals Company](#)

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