

Golden Minerals Co
Form 10-Q
November 02, 2009
[Table of Contents](#)

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, 2009.

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

Edgar Filing: Golden Minerals Co - Form 10-Q

(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

AT OCTOBER 30, 2009, 3,232,735 SHARES OF COMMON STOCK, \$0.01 PAR VALUE PER SHARE, WERE ISSUED AND OUTSTANDING.

Table of Contents

GOLDEN MINERALS COMPANY

FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2009

INDEX

	PAGE	
<u>PART I FINANCIAL INFORMATION</u>		
<u>ITEM 1.</u>	<u>FINANCIAL STATEMENTS (Unaudited)</u>	3
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	26
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	32
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u>	32
<u>PART II OTHER INFORMATION</u>		
<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>	33
<u>ITEM 1A.</u>	<u>RISK FACTORS</u>	33
<u>ITEM 2.</u>	<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	33
<u>ITEM 3.</u>	<u>DEFAULTS UPON SENIOR SECURITIES</u>	33
<u>ITEM 4.</u>	<u>SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS</u>	33
<u>ITEM 5.</u>	<u>OTHER INFORMATION</u>	33
<u>ITEM 6.</u>	<u>EXHIBITS</u>	33
<u>SIGNATURES</u>		34

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GOLDEN MINERALS COMPANY

CONSOLIDATED BALANCE SHEETS

Edgar Filing: Golden Minerals Co - Form 10-Q

(Expressed in United States dollars)

(Unaudited)

	September 30, 2009 (Successor) (in thousands, except share data)	December 31, 2008 (Predecessor)
Assets		
Current assets		
Cash and cash equivalents	\$ 13,549	\$ 33,723
Restricted cash		20,575
Investments	416	16,351
Trade receivables	211	7,315
Inventories		75,008
Prepaid expenses and other assets	2,064	15,550
Total current assets	16,240	168,522
Property, plant and equipment, net	8,210	202,534
Assets held for sale	3,499	
Ore stockpile inventories		72,628
Value added tax recoverable		157,146
Investments		5,487
Prepaid expenses and other assets	547	30
Total assets	\$ 28,496	\$ 606,347
Liabilities and Equity (Deficit)		
Current liabilities		
Accounts payable and other accrued liabilities	\$ 2,680	\$ 48,861
Accrued interest payable		8,660
Other current liabilities	63	
Current portion of long term debt		523,610
Total current liabilities	2,743	581,131
Long term debt		59,951
Asset retirement obligation		9,155
Other long term liabilities	634	4,398
Total liabilities	3,377	654,635
Commitments and contingencies (Note 18)		
Equity (deficit)		
Common stock, (Successor) \$.01 par value, 50,000,000 shares authorized; 3,232,735 shares issued and outstanding	32	
Ordinary Shares, (Predecessor) \$.01 par value, 175,000,000 shares authorized; 59,000,832 shares issued and outstanding		590
Additional paid in capital	37,447	680,901
Accumulated deficit	(13,314)	(880,020)
Accumulated other comprehensive income (loss)	160	(551)
Parent company's shareholder's equity (deficit)	24,325	(199,080)
Noncontrolling interest in subsidiaries	794	150,792
Total equity (deficit)	25,119	(48,288)
Total liabilities and equity (deficit)	\$ 28,496	\$ 606,347

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)

Edgar Filing: Golden Minerals Co - Form 10-Q

(Expressed in United States dollars)

(Unaudited)

	Three Months Ended September 30,		For The Period March 25, 2009 Through September 30, 2009	For The Period January 1, 2009 Through March 24, 2009	Nine Months Ended September 30, 2008
	2009 (Successor)	2008 (Predecessor)	(Successor)	(Predecessor)	
(in thousands, except share data)					
Revenue:					
Management service fees (Note 17)	\$ 2,652	\$ 1,350	\$ 6,010	\$ 1,350	\$ 4,050
Costs and expenses:					
Costs of services (Note 17)	(1,179)		(2,263)		
Exploration expense	(3,598)	(6,108)	(7,067)	(3,482)	(21,437)
Administrative expense	(2,521)	(6,769)	(5,857)	(4,779)	(15,406)
Stock based compensation	(609)	(864)	(1,218)	(2,717)	(2,463)
Depreciation, depletion and amortization	(232)	(115)	(384)	(102)	(439)
Total costs and expenses	(8,139)	(13,856)	(16,789)	(11,080)	(39,745)
Loss from operations	(5,487)	(12,506)	(10,779)	(9,730)	(35,695)
Other income and expenses:					
Interest and other income	386	730	676	1,010	4,312
Royalty income	272	293	399	88	491
Interest and other expense		(2,283)		(345)	(7,562)
Gain (loss) on disposal of assets, net	13		(167)		
Gain (loss) on foreign currency	76	7	170	(13)	213
Gain on extinguishment of debt				248,165	
Loss on auction rate securities	(867)	(4,902)	(2,199)	(828)	(8,002)
Reorganization costs, net	(249)		(917)	(3,683)	
Fresh start accounting adjustments				9,122	
Total other income and expenses	(369)	(6,155)	(2,038)	253,516	(10,548)
Income (loss) from continuing operations before income (taxes) benefit	(5,856)	(18,661)	(12,817)	243,786	(46,243)
Income taxes	(284)	(177)	(497)	(165)	(464)
Net income (loss) from continuing operations	(6,140)	(18,838)	(13,314)	243,621	(46,707)
Loss from discontinued operations		(481,112)		(4,153)	(214,852)
Net income (loss)	\$ (6,140)	\$ (499,950)	\$ (13,314)	\$ 239,468	\$ (261,559)
Net (income) loss attributable to noncontrolling interest		\$ 168,172	\$	\$ (7,869)	\$ 133,042
Net income (loss) attributable to the Successor/Predecessor shareholders	\$ (6,140)	\$ (331,778)	\$ (13,314)	\$ 231,599	\$ (128,517)
Other comprehensive loss:					
Unrealized gain (loss) on securities	(666)	\$ (1,524)	\$ 160	\$ 940	\$ 140
Comprehensive income (loss) attributable to Successor/Predecessor shareholders	\$ (6,806)	\$ (333,302)	\$ (13,154)	\$ 232,539	\$ (128,377)

Edgar Filing: Golden Minerals Co - Form 10-Q

**Net income (loss) per
Common/Ordinary Share
basic**

Income (loss) from continuing operations attributable to the Successor/Predecessor shareholders	\$	(2.06)	\$	(0.32)	\$	(4.46)	\$	4.13	\$	(0.79)
Loss from discontinued operations attributable to the Successor/Predecessor shareholders				(5.31)				(0.20)		(1.39)
Income (loss) attributable to the Successor/Predecessor shareholders	\$	(2.06)	\$	(5.63)	\$	(4.46)	\$	3.93	\$	(2.18)

**Net income (loss) per
Common/Ordinary Share
diluted**

Loss from continuing operations attributable to the Successor/Predecessor shareholders	\$	(2.06)	\$	(0.32)	\$	(4.46)	\$	(0.06)	\$	(0.79)
Loss from discontinued operations attributable to the Successor/Predecessor shareholders				(5.31)				(0.17)		(1.39)
Loss attributable to the Successor/Predecessor shareholders	\$	(2.06)	\$	(5.63)	\$	(4.46)	\$	(0.23)	\$	(2.18)
Weighted average Common Stock/Ordinary Shares outstanding - basic		2,987,735		58,935,475		2,987,735		59,000,832		58,934,882
Weighted average Common Stock/Ordinary Shares outstanding - diluted		2,987,735		58,935,475		2,987,735		69,171,400		58,934,882

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

Table of Contents

GOLDEN MINERALS COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Edgar Filing: Golden Minerals Co - Form 10-Q

(Expressed in United States dollars)

(Unaudited)

For The Period
March 25, 2009
Through
September 30, 2009
(Successor)

For The Period
January 1, 2009
Through
March 24, 2009
(Predecessor)
(amounts in thousands)

Nine Months
Ended
September 30, 2008