

GOLD RESOURCE CORP
Form 10-Q
August 02, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 June 30, 2016

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: 001-34857

Gold Resource Corporation

(Exact Name of Registrant as Specified in its charter)

Colorado 84-1473173
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

2886 Carriage Manor Point, Colorado Springs, Colorado 80906

(Address of Principal Executive Offices) (Zip Code)

(303) 320-7708

(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 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. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Larger accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 54,266,706 shares of common stock outstanding as of August 1, 2016.

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GOLD RESOURCE CORPORATION

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References in this report to agreements to which Gold Resource Corporation is a party and the definition of certain terms from those agreements are not necessarily complete and are qualified by reference to the agreements. Readers should refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and the exhibits filed or incorporated by reference therein.

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

GOLD RESOURCE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(U.S. dollars in thousands, except share and per share amounts)

	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,264	\$ 12,822
Gold and silver rounds/bullion	3,785	2,988
Accounts receivable	2,045	321
Inventories	10,055	8,753
IVA taxes receivable	780	1,332
Income tax receivable	2,074	3,794
Prepaid expenses and other current assets	2,334	2,608
Total current assets	34,337	32,618
Property, plant and mine development, net	52,523	51,637
Deferred tax assets	19,433	21,064
Investments in equity securities	231	231
Other non-current assets	902	985
Total assets	\$ 107,426	\$ 106,535
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,730	\$ 11,600
Accrued expenses and other current liabilities	2,086	2,140
Capital lease obligations	-	842
Mining royalty taxes payable	771	230
Dividends payable	90	90
Total current liabilities	9,677	14,902
Reclamation and remediation liabilities	2,583	2,815
Total liabilities	12,260	17,717
Shareholders' equity:		
Preferred stock - \$0.001 par value, 5,000,000 shares authorized: no shares issued and outstanding	-	-
Common stock - \$0.001 par value, 100,000,000 shares authorized:		

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54,603,104 and 54,266,706 shares issued and outstanding at June 30, 2016 and December 31, 2015	55	55
Additional paid-in capital	96,980	96,766
Accumulated retained earnings / (deficit)	5,186	(948)
Treasury stock at cost, 336,398 shares	(5,884)	(5,884)
Accumulated other comprehensive loss	(1,171)	(1,171)
Total shareholders' equity	95,166	88,818
Total liabilities and shareholders' equity	\$ 107,426	\$ 106,535

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

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GOLD RESOURCE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(U.S. dollars in thousands, except share and per share amounts)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Sales, net	\$ 26,198	\$ 23,273	\$ 43,601	\$ 51,645
Mine cost of sales:				
Production costs	10,707	14,117	21,803	27,051
Depreciation and amortization	3,054	2,224	5,860	3,616
Reclamation and remediation	44	7	91	30
Total mine cost of sales	13,805	16,348	27,754	30,697
Mine gross profit	12,393	6,925	15,847	20,948
Costs and expenses:				
General and administrative expenses	1,670	2,388	3,848	5,119
Exploration expenses	642	2,894	1,146	4,606
Total costs and expenses	2,312	5,282	4,994	9,725
Operating income	10,081	1,643	10,853	11,223
Other income (expense), net	538	(543)	1,244	(1,047)
Income before income taxes	10,619	1,100	12,097	10,176
Provision for income taxes	5,011	288	5,692	4,311
Net income	\$ 5,608	\$ 812	\$ 6,405	\$ 5,865
Net income per common share:				
Basic and diluted	\$ 0.10	\$ 0.01	\$ 0.12	\$ 0.11
Weighted average shares outstanding:				
Basic	54,266,706	54,179,369	54,266,706	54,179,369
Diluted	54,670,594	54,179,369	54,372,705	54,179,369

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

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GOLD RESOURCE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands)

(Unaudited)

	Six months ended	
	June 30,	
	2016	2015
Cash flows from operating activities:		
Net income	\$ 6,405	\$ 5,865
Adjustments to reconcile net income to net cash from operating activities:		
Deferred income taxes	1,623	1,602
Depreciation, depletion and amortization	6,029	3,748
Stock-based compensation	486	1,913
Other operating adjustments	(815)	977
Changes in operating assets and liabilities:		
Accounts receivable	(1,724)	728
Inventories	(1,302)	(1,195)
Prepaid expenses and other current assets	122	424
Accounts payable and other accrued liabilities	(1,571)	703
Mining and income taxes payable/receivable	2,256	(5,263)
Other noncurrent assets	41	(37)
Net cash provided by operating activities	11,550	9,465
Cash flows from investing activities:		
Capital expenditures	(10,276)	(11,943)
Proceeds from the sale of equity investments	324	-
Other investing activities	3	28
Net cash used in investing activities	(9,949)	(11,915)
Cash flows from financing activities:		
Dividends paid	(543)	(3,251)
Repayment of capital leases	(606)	(745)
Net cash used in financing activities	(1,149)	(3,996)
Effect of exchange rate changes on cash and cash equivalents	(10)	(72)
Net increase (decrease) in cash and cash equivalents	442	(6,518)
Cash and cash equivalents at beginning of period	12,822	27,541
Cash and cash equivalents at end of period	\$ 13,264	\$ 21,023
Supplemental Cash Flow Information		
Interest expense paid	\$ 13	\$ 48

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Income and mining taxes paid	\$ 256	\$ 7,321
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