



GOLDEN MINERALS REPORTS SECOND QUARTER 2016 RESULTS

GOLDEN, CO - /PRNEWswire/ - August 11, 2016 – Golden Minerals Company (“Golden Minerals” or the “Company”) (NYSE MKT: AUMN and TSX: AUM) announces results for the second quarter ended June 30, 2016.

Second Quarter Summary

- Positive net operating margin from the oxide plant lease (oxide plant lease revenue less lease costs) of \$1.1 million in the second quarter 2016 compared to a negative net operating margin (sale of metals less costs of metals sold) of \$0.8 million in the second quarter 2015
- Loss from operations of \$2.6 million in the second quarter 2016 compared to a loss from operations of \$4.5 million in the second quarter 2015
- Net loss of \$3.9 million in the second quarter 2016, which included non-cash derivative losses of \$1.2 million related to the Company’s warrants and convertible loan, compared to a net loss of \$3.9 million in the second quarter 2015, which included a non-cash gain of \$0.2 million from the Company’s warrants
- Cash and cash equivalents balance of \$3.9 million as of June 30, 2016
- Debt balance of zero as of June 30, 2016

Financial Results

The Company reported a net loss of \$3.9 million in the second quarter 2016 compared to a net loss of \$3.9 million in the second quarter 2015. The 2016 net loss includes \$1.2 million of non-cash derivative losses related to the Company’s warrants and convertible loan. (See Notes 11 and 18 in the Company’s Form 10-Q for the period ending June 30, 2016 for complete details.) The 2015 net loss of \$3.9 million included non-cash derivative income of \$0.2 million related to the Company’s warrants. Revenue of \$1.6 million in the second quarter 2016, which is wholly related to the lease of the Company’s oxide plant, was lower than revenue of \$2.0 million in the second quarter 2015 which was generated from mining and processing activities at Golden Minerals’ Velardeña Properties. Operating costs in the second quarter 2016 were \$4.2 million, lower than \$6.5 million in the 2015 period, with the decrease largely due to \$2.8 million costs of metals sold incurred in the 2015 period.



Also in the second quarter 2016, the Company recorded \$1.3 million of non-operating expenses related to its outstanding warrants and to the one-year convertible loan with The Sentient Group ("Sentient"), of which \$1.2 million are non-cash expenses. Details are as follows:

- An increase in the Company's stock price during the second quarter 2016 resulted in a non-cash loss of \$1.1 million for the derivative value associated with its outstanding warrants
- The Company recorded a non-cash derivative loss of \$0.1 million related to an increase in the fair value of the derivative liability associated with the Sentient loan
- On June 10, 2016, Sentient converted the remaining (approximate) \$1.1 million principal and \$34,000 accrued interest into Golden Minerals common stock, resulting in a small (\$0.01 million) non-cash gain on debt extinguishment. Subsequent to the conversion, the Company carries no debt on its balance sheet.
- The Company incurred \$0.1 million of interest expense related to the Sentient loan during the second quarter 2016

The Company's cash and cash equivalents balance of \$3.9 million on June 30, 2016 was \$0.2 million lower than the year-end 2015 balance of \$4.1 million. The primary uses of cash during the first six months of 2016 were as follows:

- \$1.1 million in shutdown and care and maintenance expenses at the Velardeña Properties
- \$1.9 million in exploration expenditures, including costs related to drilling at the San Luis del Cordero, Santa Maria and Rodeo properties
- \$0.4 million in care and maintenance plus property holding costs at the El Quevar project
- \$2.2 million in general and administrative expenses
- \$0.5 million from an increase in working capital primarily related to a decrease in deferred revenue from the lease of the Company's oxide plant

These items were offset in part by:

- \$0.2 million of net proceeds from the sale of non-strategic exploration properties
- \$2.1 million of net operating margin received pursuant to the oxide plant lease
- \$3.6 million of net proceeds received in a registered direct offering of the Company's common stock in May 2016



Financial Outlook

The Company currently expects it will have sufficient cash to continue its business plan into 2017 without external funding. In addition to the \$3.9 million cash balance at June 30, 2016, the Company expects to receive approximately \$2.4 million in net operating margin from the lease of the oxide plant in the remaining two quarters of 2016 and has received \$0.6 million from the sale of non-strategic exploration properties in the third quarter. The Company currently plans to spend approximately \$3.9 million during the remaining two quarters of 2016, resulting in a projected cash balance at year-end 2016 of approximately \$3.0 million:

- \$0.7 million at the Velardeña Properties for care and maintenance;
- \$1.1 million on exploration activities and property holding costs related to exploration properties located primarily in Mexico, including project assessment and development costs related to the Santa Maria, Rodeo and other properties;
- \$0.3 million on El Quevar maintenance activities, property holding costs and continuing project evaluation costs;
- \$1.4 million on general and administrative costs; and
- \$0.4 million on an increase in working capital related primarily to a reduction in current liabilities involving the payment of equity taxes in a foreign jurisdiction.

Additional information regarding second quarter 2016 financial results may be found in the Company's 10-Q Quarterly Report which is available on the Golden Minerals website at www.goldenminerals.com.

About Golden Minerals

Golden Minerals is a Delaware corporation based in Golden, Colorado. The Company is primarily focused on acquiring and advancing mining properties near its Velardeña processing plants and the exploration of properties in Mexico and Argentina.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act and applicable Canadian securities legislation, including statements regarding including the Company's planned expenditures during the remainder of 2016 and anticipated cash balance at year-end 2016; net cash flow expected to be received in the remainder of 2016 from a third party lease of the Velardeña oxide mill; and planned exploration and anticipated drill results at certain properties in Mexico, including our Santa Maria and Rodeo properties. These statements are subject to risks and uncertainties, including: lower than anticipated net cash flow from the oxide plant



lease due to problems at the third party's mine or the oxide plant resulting in less than anticipated production or due to processing delays or cancellation of the lease due to inability to obtain required permits or for other reasons; unfavorable results from exploration at the Santa Maria, Rodeo or other exploration properties and whether we will be able to advance these or other exploration properties; potential delays in our exploration activities or other activities to advance properties towards mining resulting from environmental events or permitting delays or problems, accidents, problems with contractors, disputes under agreements related to exploration properties, unanticipated costs and other unexpected events; increases in costs and declines in general economic conditions; inability to raise external financing on acceptable terms or at all; and changes in political conditions, in tax, royalty, environmental and other laws in Mexico, and financial 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 Exchange Commission by Golden Minerals, including the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

Golden Minerals Company
Karen Winkler
Director of Investor Relations
(303) 839-5060
Investor.relations@goldenminerals.com

SOURCE: Golden Minerals Company



GOLDEN MINERALS COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Expressed in United States dollars)
(Unaudited)

	Unaudited	
	June 30, 2016	December 31, 2015
	(in thousands, except share data)	
Assets		
Current assets		
Cash and cash equivalents	\$ 3,932	\$ 4,077
Short-term investments	269	72
Trade receivables	658	546
Inventories	290	330
Value added tax receivable, net	4	400
Prepaid expenses and other assets	448	451
Total current assets	5,601	5,876
Property, plant and equipment, net	9,842	11,125
Total assets	<u>\$ 15,443</u>	<u>\$ 17,001</u>
Liabilities and Equity		
Current liabilities		
Accounts payable and other accrued liabilities	\$ 1,538	\$ 1,144
Convertible note payable - related party, net	—	3,702
Derivative liability - related party	—	488
Deferred revenue	—	500
Other current liabilities	229	556
Total current liabilities	1,767	6,390
Asset retirement and reclamation liabilities	2,342	2,546
Warrant liability	2,486	210
Other long term liabilities	76	84
Total liabilities	<u>6,671</u>	<u>9,230</u>
Commitments and contingencies		
Equity		
Common stock, \$.01 par value, 200,000,000 and 100,000,000 shares authorized; 88,920,041 and 53,335,333 shares issued and outstanding, respectively	889	534
Additional paid in capital	495,393	484,742
Accumulated deficit	(487,554)	(477,378)
Accumulated other comprehensive income (loss)	44	(127)
Shareholders' equity	8,772	7,771
Total liabilities and equity	<u>\$ 15,443</u>	<u>\$ 17,001</u>



GOLDEN MINERALS COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in United States dollars) (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
	(in thousands except per share data)		(in thousands, except per share data)	
Revenue:				
Oxide plant lease	\$ 1,576	\$ —	\$ 3,039	\$ —
Sale of metals	—	1,961	—	4,298
Total revenue	1,576	1,961	3,039	4,298
Costs and expenses:				
Oxide plant lease costs	(455)	—	(929)	—
Cost of metals sold (exclusive of depreciation shown below)	—	(2,775)	—	(5,787)
Exploration expense	(1,162)	(1,267)	(1,938)	(2,236)
El Quevar project expense	(210)	(405)	(373)	(811)
Velardeña project expense	—	—	—	(119)
Velardeña shutdown and care and maintenance costs	(546)	—	(1,133)	—
Administrative expense	(1,026)	(1,000)	(2,244)	(2,328)
Stock based compensation	(539)	(94)	(571)	(273)
Reclamation expense	(46)	(48)	(97)	(158)
Other operating income, net	205	294	244	470
Depreciation, depletion and amortization	(421)	(1,175)	(971)	(2,534)
Total costs and expenses	(4,200)	(6,470)	(8,012)	(13,776)
Loss from operations	(2,624)	(4,509)	(4,973)	(9,478)
Other income and (expense):				
Interest expense	(72)	—	(515)	—
Interest and other income	32	467	35	1,383
Warrant derivative (loss) gain	(1,096)	218	(2,276)	868
Derivative loss	(130)	—	(778)	—
Gain (loss) on debt extinguishment	13	—	(1,653)	—
Loss on foreign currency	(38)	(26)	(42)	(54)
Total other (expense) income	(1,291)	659	(5,229)	2,197
Loss from operations before income taxes	(3,915)	(3,850)	(10,202)	(7,281)
Income tax benefit	26	—	26	—
Net loss	\$ (3,889)	\$ (3,850)	\$ (10,176)	\$ (7,281)
Comprehensive loss, net of tax:				
Unrealized gain (loss) on securities	89	43	171	(37)
Comprehensive loss	\$ (3,800)	\$ (3,807)	\$ (10,005)	\$ (7,318)
Net loss per common share — basic				
Loss	\$ (0.05)	\$ (0.07)	\$ (0.14)	\$ (0.14)
Weighted average Common Stock outstanding - basic (1)	82,817,778	52,688,552	74,343,257	52,688,552

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