

**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 JUNE 30, 2019.
- 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

26-4413382

(STATE OR OTHER JURISDICTION OF
INCORPORATION OR ORGANIZATION)

(I.R.S. EMPLOYER
IDENTIFICATION NO.)

350 INDIANA STREET, SUITE 800
GOLDEN, COLORADO

80401

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

(303) 839-5060

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value	AUMN	NYSE American

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

- | | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☒ | Smaller reporting company ☒ |
| Emerging growth company ☐ | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

At August 7, 2019, 106,734,279 shares of common stock, \$0.01 par value per share, were issued and outstanding.

GOLDEN MINERALS COMPANY
FORM 10-Q
QUARTER ENDED JUNE 30, 2019

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2019	December 31, 2018
	(in thousands, except share data)	
Assets		
Current assets		
Cash and cash equivalents (Note 6)	\$ 1,839	\$ 2,934
Short-term investments (Note 6)	172	330
Prepaid expenses and other assets (Note 7)	300	354
Assets held for sale (Note 3)	4,601	5,068
Total current assets	6,912	8,686
Property, plant and equipment, net (Note 8)	3,246	3,389
Other long term assets (9)	976	569
Total assets	\$ 11,134	\$ 12,644
Liabilities and Equity		
Current liabilities		
Accounts payable and other accrued liabilities (Note 10)	\$ 779	\$ 943
Other current liabilities (Note 11)	1,687	12
Liabilities related to assets held for sale (Note 3)	3,870	4,019
Total current liabilities	6,336	4,974
Other long term liabilities (Note 11)	418	33
Total liabilities	6,754	5,007
Commitments and contingencies (Note 17)		
Equity (Note 14)		
Common stock, \$.01 par value, 200,000,000 shares authorized; 98,080,433 and 95,620,796 shares issued and outstanding respectively	980	955
Additional paid in capital	519,333	517,806
Accumulated deficit	(515,933)	(511,124)
Shareholders' equity	4,380	7,637
Total liabilities and equity	\$ 11,134	\$ 12,644

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(in thousands except per share data)		(in thousands, except per share data)	
Costs and expenses:				
Exploration expense	(1,094)	(883)	(1,787)	(1,639)
El Quevar project expense	(686)	(281)	(1,001)	(553)
Administrative expense	(999)	(852)	(2,103)	(1,943)
Stock based compensation	(51)	(206)	(600)	(209)
Other operating income, net	62	221	103	1,451
Depreciation and amortization	(75)	(94)	(152)	(186)
Total costs and expenses	(2,843)	(2,095)	(5,540)	(3,079)
Income (loss) from operations	(2,843)	(2,095)	(5,540)	(3,079)
Other income and (expense):				
Interest and other income (expense), net (Note 15)	(40)	112	(137)	115
Loss on foreign currency	3	(24)	(33)	(49)
Total other income (loss)	(37)	88	(170)	66
Loss from continuing operations before income taxes	(2,880)	(2,007)	(5,710)	(3,013)
Income taxes	—	—	—	—
Loss from continuing operations	(2,880)	(2,007)	(5,710)	(3,013)
Discontinued operations (Note 3)				
Income from discontinued operations	421	318	901	589
Net loss	\$ (2,459)	\$ (1,689)	\$ (4,809)	\$ (2,424)
Net income (loss) per common share — basic				
Loss from continuing operations	\$ (0.03)	\$ (0.02)	\$ (0.06)	\$ (0.03)
Income from discontinued operations	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01
Net income (loss) per common share — diluted				
Loss from continuing operations (1)	\$ (0.03)	\$ (0.02)	\$ (0.06)	\$ (0.03)
Income from discontinued operations	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01
Weighted average Common Stock outstanding - basic	97,144,467	93,681,301	96,466,982	92,709,238
Weighted average Common Stock outstanding - diluted	102,370,195	97,197,310	101,310,308	95,895,759

(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 condensed consolidated financial statements.

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

	Six Months Ended June 30,	
	2019	2018
	(in thousands)	
Cash flows from operating activities:		
Net cash used in operating activities from continuing operations (Note 16)	\$ (2,988)	\$ (3,845)
Net cash provided by operating activities from discontinued operations (Note 3)	1,272	896
Net cash used in operating activities	(1,716)	(2,949)
Cash flows from investing activities:		
Proceeds from sale of assets	104	1,474
Acquisitions of property, plant and equipment	(26)	(30)
Acquisitions of property, plant and equipment related to discontinued operations (Note 3)	(1)	(28)
Net cash from investing activities	\$ 77	\$ 1,416
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of issuance costs	544	793
Net cash from financing activities	\$ 544	\$ 793
Net decrease in cash and cash equivalents	(1,095)	(740)
Cash and cash equivalents, beginning of period	2,934	3,050
Cash and cash equivalents, end of period	<u>\$ 1,839</u>	<u>\$ 2,310</u>

See Note 16 for supplemental cash flow information.

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

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

	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in	Deficit	Other	Equity
			Capital		Comprehensive	
			(in thousands except share data)			
Balance, December 31, 2017	91,929,709	\$ 919	\$ 516,284	\$ (509,082)	\$ (40)	\$ 8,081
Cumulative adjustment related to change in accounting principle (Note 5)	—	—	—	(89)	40	(49)
Adjusted balance at January 1, 2018	91,929,709	\$ 919	\$ 516,284	\$ (509,171)	\$ —	\$ 8,032
Stock compensation accrued and shares issued for vested stock awards	437,279	3	133	—	—	136
Registered direct purchase agreement, net (Note 14)	3,153,808	32	1,210	—	—	1,242
Deemed dividend on warrants (Note 5)	—	—	8	(8)	—	—
Net loss for Six months ended June 30, 2018	—	—	—	(2,424)	—	(2,424)
Balance, June 30, 2018	95,520,796	954	517,635	(511,603)	—	6,986
Balance, December 31, 2018	95,620,796	\$ 955	\$ 517,806	\$ (511,124)	\$ —	\$ 7,637
Stock compensation accrued and shares issued for vested stock awards (Note 14)	312,000	3	426	—	—	429
Modification of previously awarded KELTIP Units (Note 14)	—	—	583	—	—	583
Shares issued under the at-the-market offering agreement, net (Note 14)	33,995	1	11	—	—	12
Shares issued under the Lincoln Park commitment purchase agreement, net (Note 14)	2,113,642	21	507	—	—	528
Net loss for six months ended June 30, 2019	—	—	—	(4,809)	—	(4,809)
Balance, June 30, 2019	98,080,433	\$ 980	\$519,333	\$ (515,933)	\$ —	\$ 4,380

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

GOLDEN MINERALS COMPANY
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
(Unaudited)

1. Basis of Preparation of Financial Statements and Nature of Operations

Golden Minerals Company (the “Company”), a Delaware corporation, has prepared these unaudited interim condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States (“GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”). The interim condensed consolidated financial statements do not include all disclosures required by GAAP for annual financial statements, but in the opinion of management, include all adjustments necessary for a fair presentation. Interim results are not necessarily indicative of results for a full year; accordingly, these interim financial statements should be read in conjunction with the annual financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and filed with the SEC on February 28, 2019.

The Company is a mining company holding a 100% interest in the El Quevar advanced exploration silver property in the province of Salta, Argentina, the Velardeña and Chicago precious metals mining properties and associated oxide and sulfide processing plants in the State of Durango, Mexico (the “Velardeña Properties”), and a diversified portfolio of precious metals and other mineral exploration properties located primarily in or near historical precious metals producing regions of Mexico, Nevada and Argentina. The El Quevar advanced exploration property and the Velardeña Properties are the Company’s only material properties.

The Company remains focused on evaluation activities at its El Quevar exploration property in Argentina and on evaluating and searching for mining opportunities in North America with near term prospects of mining. The Company is also focused on continuing its exploration efforts on selected properties in its portfolio of approximately 12 exploration properties located in Mexico, Nevada, and Argentina.

During November 2015 the Company suspended mining and sulfide processing activities at its Velardeña Properties in order to conserve the asset until the Company is able to develop mining and processing plans that at then current prices for silver and gold indicate a sustainable positive operating margin (defined as revenues less costs of sales) or the Company is able to locate, acquire and develop alternative mineral sources that could be economically mined and transported to the Velardeña Properties for processing. The Company maintains a core group of employees at the Velardeña Properties, most of whom have been assigned to operate and provide administrative support for the oxide plant, which is leased to a subsidiary of Hecla Mining Company (“Hecla”). The employees at the Velardeña Properties also include an exploration group and an operations and administrative group to continue to advance the Company’s plans in Mexico, oversee corporate compliance activities, and to maintain and safeguard the longer-term value of the Velardeña Properties assets.

On June 26, 2019, the Company entered into a Purchase and Sale Agreement (the “Agreement”) along with its indirectly wholly-owned subsidiary, Minera de Cordilleras S. de R.L. de C.V., to sell certain assets to Compañía Minera Autlán S.A.B. de C.V. (“Autlán”) for US\$22.0 million (the “Autlán Transaction”). Under the terms of the Agreement, Autlán will purchase three of the Company’s Mexican subsidiaries, which together hold the Velardeña Properties, including the Velardeña and Chicago mines (which are currently on care and maintenance as discussed above), two processing plants, mining equipment and other adjacent exploration properties. The sale includes the lease agreement pursuant to which the Company leases the Velardeña oxide plant to Hecla. The proposed transaction also includes the sale of the Rodeo and Santa María project concessions.

The Agreement provides for a period of up to 75 days for Autlán to conduct due diligence related to the three subsidiary companies, the Rodeo concessions and the Santa María concessions. Closing of the transaction is subject to the satisfactory completion by Autlán of its due diligence review and other customary closing conditions. The transaction is also subject to approval by the Mexican antitrust authority (the Comisión Federal de Competencia Económica), which must be obtained without the imposition of any material conditions, restrictions or limitations on Autlán or the conduct of its business. This approval is expected to be obtained prior to closing. Following completion of its due diligence review, Autlán may elect to terminate the Agreement with no further obligation. The Agreement also contains customary representations, warranties, covenants and indemnification rights and obligations of the parties. The Company will be entitled to retain proceeds from the lease of the Velardeña oxide plant that are received prior to closing. The Company anticipates that closing of the transaction will occur near the end of the third quarter 2019.

Upon execution of the Agreement, Autlán paid the Company a deposit of US\$1.5 million (see Note 11). If the transaction is consummated, the deposit will be applied against the US\$22.0 million purchase price at closing. If the transaction does not close for any reason, the Company will have the option to repay the deposit amount within 90 days following termination or elect to convey the Rodeo concessions to Autlán in full settlement of the deposit. If the Rodeo concessions cannot be conveyed for any reason, the Company will be required to repay the deposit by making dedicated monthly payments equal to approximately 60 percent of the anticipated cash flow from the lease of the Velardeña oxide plant until the deposit amount is repaid with interest.

As the result of the agreement to sell the Velardeña Properties and other mineral concessions, the results of operations for the Velardeña Properties and related subsidiaries are presented as discontinued operations and assets held for sale for the periods presented in the Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Cash Flows (see Note 3).

The Company is considered an exploration stage company under SEC criteria since it has not yet demonstrated the existence of proven or probable mineral reserves, as defined by SEC Industry Guide 7, at any of its properties. Until such time, if ever, that the Company demonstrates the existence of proven or probable reserves pursuant to SEC Industry Guide 7, we expect to remain as an exploration stage company.

2. Liquidity

At June 30, 2019, the Company's aggregate cash and cash equivalents totaled \$1.8 million, compared to the \$2.9 million in similar assets held at December 31, 2018. The June 30, 2019 balance is due in part from the following expenditures and cash inflows for the six months ended June 30, 2019. Expenditures totaled \$6.2 million from the following:

- \$2.2 million in exploration expenditures, including work at the Yoquivo, Sand Canyon, Santa Maria and other properties;
- \$1.0 million in care and maintenance costs at the Velardeña Properties;
- \$1.0 million in exploration and evaluation activities, care and maintenance and property holding costs at the El Quevar project; and
- \$2.0 million in general and administrative expenses.

The foregoing expenditures were offset by cash inflows of \$5.1 million from the following:

- \$2.7 million of net operating margin received pursuant to the oxide plant lease (defined as oxide plant lease revenue less oxide plant lease costs);
- \$1.5 million received as a deposit related to the proposed sale of the Velardeña Properties and other mineral concessions to Autlán (as described in Note 1);
- \$0.6 million, net of commitment fees and other offering related costs, from the LPC Program (as described in Note 14 below); and
- \$0.3 million decrease in working capital primarily related to increased accounts payables for general and administrative expenses.

In addition to the \$1.8 million cash balance at June 30, 2019, the Company received approximately \$2.0 million, net of costs, from the sale of approximately 8.6 million shares of the Company's common stock to certain institutional investors in July 2019 (see Note 20). The Company also expects to receive an additional approximately \$1.3 million in net operating margin from the lease of the oxide plant prior to closing the Agreement with Autlán near the end of the third quarter 2019. In addition, near the end of the third quarter 2019, the Company expects to receive the remaining \$20.5

million purchase price from closing the proposed Autlán Transaction (see Note 1). The Company's currently budgeted expenditures during the next twelve months ending June 30, 2020 are as follows:

- Approximately \$3.0 million on exploration activities and property holding costs related to the Company's portfolio of exploration properties located in Mexico, Nevada and Argentina including project assessment and evaluation costs relating to Yoquivo, Sand Canyon and other properties;
- Approximately \$0.5 million at the Velardeña Properties for care and maintenance prior to the closing of the Autlán Transaction;
- Approximately \$1.0 million at the El Quevar project to fund ongoing exploration and evaluation activities, care and maintenance and property holding costs; and
- Approximately \$3.0 million on general and administrative costs.

If the Autlán Transaction closes, which we anticipate will occur near the end of the third quarter 2019, the Company's cash resources will greatly exceed its currently budgeted expenditures during the next twelve months ended June 30, 2020. Should the closing of the transaction not occur, the Company may be required to repay the US\$1.5 million deposit and may need to take appropriate actions, which could include sales to parties other than Autlán of certain of the Company's exploration assets, reductions to the Company's currently budgeted level of spending, and/or raising additional equity capital through sales under the ATM Program and the LPC Program (as defined in Note 14 below) or otherwise.

The actual amount of cash that the Company receives or the expenditures that the Company incurs during the twelve-month period ending June 30, 2020 may vary significantly from the amounts specified above and will depend on a number of factors, including the successful closing of the Autlán Transaction, variations in anticipated revenues from the oxide plant lease, anticipated care and maintenance costs at the Velardeña Properties and costs for continued exploration, project assessment, and development at the Company's other exploration properties, including El Quevar, which would require further actions on the Company's part in order to maintain sufficient cash balances over the next twelve months.

The condensed consolidated financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the normal course of business. However, the Company's continuing long-term operations are dependent upon its ability to secure sufficient funding and to generate future profitable operations. The underlying value and recoverability of the amounts shown as property, plant and equipment in the Company's consolidated financial statements are dependent on its ability to generate positive cash flows from operations and to continue to fund exploration and development activities that would lead to profitable mining activities or to generate proceeds from the disposition of property, plant and equipment.

There can be no assurance that the Company will be successful in closing the Autlán Transaction or securing additional funding in the future on terms acceptable to the Company or at all. Notwithstanding the foregoing, the Company believes the anticipated closing of the Autlán Transaction, continuing cash flow from the lease of the oxide plant (until closing of the Autlán Transaction occurs), use of the ATM Program and the LPC Program, and the potential for additional asset dispositions make it probable that the Company will have sufficient cash to meet its financial obligations and continue its business strategy beyond one year from the filing of the Company's consolidated financial statements for the period ended June 30, 2019.

3. Discontinued Operations

As more fully described in Note 1, the Company entered into the Agreement on June 26, 2019 to sell the Velardeña Properties and other mineral concessions to Autlán. The binding nature of the Agreement on the Company and other factors has resulted in the classification of the assets and liabilities related to the Agreement as held for sale on the Company's Condensed Consolidated Balance Sheets. The sale of the Velardeña Properties constitutes the sale of a separate major operating component and a strategic shift for the Company that will have a major effect on the Company's ongoing operations and financial results. The Company will not have significant continuing involvement with the Velardeña Properties following the closing of the proposed Autlán Transaction. As a result, the Company is reporting the financial results relating to the Velardeña Properties as discontinued operations for all periods presented.

Following are the reconciliations of assets and liabilities held for sale and income from discontinued operations as presented in the Condensed Consolidated Balance Sheets, Consolidated Statements of Operations and Condensed Consolidated Statements of Cash Flows.

**Reconciliation of the Carrying Amounts of Major Classes of Assets and Liabilities
of the Discontinued Operation that are Disclosed in the Notes to Financial Statements
to Total Assets and Liabilities of the Disposal Group Classified as Held for Sale
that are Presented Separately in the Condensed Consolidated Balance Sheets**

	Unaudited June 30, 2019	December 31, 2018
	(in thousands, except share data)	
Carrying amounts of major classes of assets included as part of discontinued operations		
Cash and cash equivalents (1)	\$ 290	\$ 359
Lease receivables	511	481
Inventories, net (2)	231	229
Property, plant and equipment, net (3)	3,327	3,720
Other classes of assets that are not major	242	279
Total assets of the disposal group classified as held for sale in the condensed consolidated balance sheets	<u>\$ 4,601</u>	<u>\$ 5,068</u>
Carrying amounts of major classes of liabilities included as part of discontinued operations		
Accounts payable and other accrued liabilities (4)	\$ 690	\$ 759
Asset retirement and reclamation liabilities (5)	2,711	2,660
Deferred revenue (6)	454	600
Other classes of liabilities that are not major	15	—
Total liabilities of the disposal group classified as held for sale in the condensed consolidated balance sheets	<u>\$ 3,870</u>	<u>\$ 4,019</u>

- (1) Under the terms of the Agreement, the balance of accounts payable and accrued liabilities that Autlán will acquire is limited to \$600,000 and the balance of cash will be no less than \$200,000. To the extent that the accounts payable and accrued liabilities balance exceeds \$600,000, the balance of cash will be increased above \$200,000, dollar for dollar, to compensate for the amount that the accounts payable and accrued liability balance exceeds \$600,000.
- (2) Inventories at June 30, 2019 and December 31, 2018 consist entirely of material and supplies inventories.
- (3) Property, plant and equipment, net at June 30, 2019 consists of net mineral properties of \$1.3 million and net plant and equipment of \$2.0 million. Property plant and equipment, net at December 31, 2018 consists of net mineral properties of \$1.3 million and net plant and equipment of \$2.4 million.
- (4) Accounts payable and other accrued liabilities at June 30, 2019 consist of \$0.1 million due to contractors and suppliers and \$0.6 million of accrued employee compensation and benefits. Accounts payable and other accrued liabilities at December 31, 2018 consist of \$0.2 million due to contractors and suppliers and \$0.6 million of accrued employee compensation and benefits.

- (5) The asset retirement and reclamation liabilities (“ARO”) at both June 30, 2019 and December 31, 2018 are based on a detailed closure plan for the Velardeña Properties prepared by a third-party mining engineering firm. The Company continues to accrue additional estimated ARO amounts based on an asset retirement plan as activities requiring future reclamation and remediation occur.
- (6) On August 2, 2017, the Company granted Hecla an option to extend the oxide plant lease for an additional period of up to two years ending no later than December 31, 2020 in exchange for a \$1.0 million upfront cash payment and other consideration. The Company recorded the \$1.0 million as deferred revenue and will recognize the \$1.0 million of income from granting the option over the expected life of the lease from August 2, 2017 through December 31, 2020 on a straight-line basis. The deferred revenue at June 30, 2019 and December 31, 2018 is the result of that transaction. Upon closing of the proposed Autlán Transaction the remaining deferred revenue will be recognized as income.

Reconciliation of the Major Classes of Line Items Constituting Pretax Profit of Discontinued Operations that are Disclosed in the Notes to Financial Statements to the After-Tax Profit of Discontinued Operations that are Presented in the Condensed Consolidated Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
	(in thousands except per share data)			
Major classes of line items constituting pretax profit of discontinued operations				
Oxide plant lease (1)	\$ 1,976	\$ 1,730	\$ 3,908	\$ 3,367
Oxide plant lease costs (1)	(612)	(525)	(1,210)	(1,028)
Exploration expense	(189)	(23)	(307)	(212)
Velardeña shutdown and care and maintenance costs (2)	(467)	(605)	(999)	(1,011)
Stock based compensation	(55)	(29)	(53)	(40)
Reclamation expense	(38)	(52)	(114)	(103)
Other income and expense items that are not major	1	(8)	68	(11)
Depreciation and amortization	(195)	(170)	(392)	(373)
Total profit on discontinued operations that is presented in the condensed consolidated statements of operations	\$ 421	\$ 318	\$ 901	\$ 589

- (1) The Company recognizes oxide plant lease fees and reimbursements for labor, utility and other costs as “Revenue: Oxide plant lease” following the guidance of ASC 606 regarding the income statement characterization of reimbursements received for certain expenses incurred by the Company in performing its obligations under the lease and reporting revenue gross as a principal versus net as an agent. ASC 606 supports recording as gross revenue fees received for the reimbursement of expenses in situations where the recipient is the primary obligor and has certain discretion in the incurrence of the reimbursable expense. The actual costs incurred for reimbursed direct labor and utility costs are reported as “Oxide plant lease costs”. The Company recognizes lease fees during the period the fees are earned per the terms of the lease.
- (2) Velardeña shutdown and care and maintenance costs are related to care and maintenance activities at the Velardeña Properties after the suspension of mining and sulfide processing activities beginning in November 2015. The Company suspended operations in order to conserve the asset until the Company is able to develop mining and processing plans that at then current prices for silver and gold indicate a sustainable positive operating margin (defined as revenues less costs of sales) or the Company is able to locate, acquire and develop alternative mineral sources that could be economically mined and transported to the Velardeña Properties for processing.

**Reconciliation of the Major Classes of Line Items Constituting Cash Flows of Discontinued Operations
that are Disclosed in the Notes to Financial Statements as Cash Provided by Operating Activities
of Discontinued Operations that are Presented in the Condensed Consolidated Statements of Cash Flows**

	Six Months Ended June 30,	
	2019	2018
	(in thousands)	
Cash flows from discontinued operations operating activities:		
Net income from discontinued operations	\$ 901	\$ 589
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	392	373
Accretion of asset retirement obligation	111	103
Asset write off	2	8
Stock compensation	53	40
Changes in operating assets and liabilities from continuing operations:		
Increase in lease receivable	(29)	(121)
Decrease in prepaid expenses and other assets	31	40
(Increase) decrease in inventories	(2)	3
Decrease in value added tax recoverable, net	(3)	(4)
Decrease in deferred revenue	(146)	(146)
Decrease in reclamation liability	(63)	—
Increase in accounts payable and accrued liabilities	25	11
Net cash provided by operating activities from discontinued operations	<u>\$ 1,272</u>	<u>\$ 896</u>

4. New Accounting Pronouncements

During the first quarter 2019 the Company adopted ASU 2016-02, “Leases” (“ASU 2016-02”) and ASU No. 2018-11 “Leases (Topic 842)” (“ASU 2018-11”), which require lessees to recognize a right-of-use asset and a lease liability for all leases with terms greater than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. For a lessor, the accounting applied is largely unchanged from previous guidance. The Company currently leases administrative offices in the U.S. and in several foreign locations under lease agreements that typically exceed one year. The Company has elected the modified retrospective method of adopting ASU 2016-02 (see Note 5).

During the first quarter 2018 the Company adopted ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”) which was issued by the Financial Accounting Standards Board (“FASB”) in May 2014. The Company also adopted ASU No. 2017-05, “Other Income (Subtopic 310-20)” (“ASU 2017-05”), which was issued by the FASB in February 2017 clarifying the scope of Subtopic 610-20, which was originally issued as part of ASU 2014-09. ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. In addition, the guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized and the related cash flows. The Company has elected the modified retrospective method of adopting ASU 2014-09 (see Note 5).

During the first quarter 2018 the Company adopted ASU No. 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”), which amended its accounting treatment for the recognition, measurement, presentation and disclosure of certain financial assets. ASU 2016-01 requires equity investments that have a readily determinable fair value to be measured at fair value through net income. Previously, entities would recognize changes in fair value of available-for-sale equity securities in other comprehensive income, and would recognize in net income impairment losses that were other-than-temporary. There will no longer be an available-for-sale classification (with changes in fair value reported in other comprehensive income) for equity securities with readily determinable fair values. The Company recognized retrospectively the cumulative effect of initially adopting ASU 2016-01 (see Note 5).

5. Change in Accounting Principle

Leases

Effective January 1, 2019 the Company adopted ASU 2016-02 and ASU No. 2018-11, which requires lessees to recognize a right-of-use asset and a lease liability for all leases with terms greater than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. For a lessor, the accounting applied is largely unchanged from previous guidance. The Company currently leases administrative offices in the U.S. and in several foreign locations under lease agreements that typically exceed one year. The Company has elected the modified retrospective method of adopting ASU 2016-02 per Topic 842. The adoption of ASU 2016-02 and ASU No. 2018-11 at January 1, 2019 resulted in only a negligible difference to amounts already recorded by the Company in its Consolidated Balance Sheets as of December 31, 2018, and as result the Company did not record an adjustment to the beginning balance of retained earnings at January 1, 2019, as required under the modified retrospective method.

The Company took possession of new office space and began a new long-term lease for its principal headquarters office with an effective commencement date of June 1, 2019. The new office lease will expire five years and eight full calendar months following the commencement date. There are no options to extend the lease beyond the stated term. The Company recorded a right of use asset of approximately \$465,000 (see Note 9) and a lease liability of approximately \$450,000 (see Note 11) in the second quarter of 2019 based on the net present value of the future lease payments discounted at 9.5%, which represents the Company's incremental borrowing rate for purposes of applying the guidance of Topic 842. As required, the Company will recognize a single lease cost on a straight-line basis.

The Company also has long-term office leases in Mexico and Argentina that will expire in 2019 and has recorded a combined lease liability of approximately \$18,000 and combined right of use asset of approximately \$18,000 relating to both of those leases.

Other Income Related to the Sale of Exploration Properties

During the first quarter 2018 the Company adopted ASU No. 2014-09, which was issued by the FASB in May 2014. ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. In addition, the guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized and the related cash flows. The Company has elected the modified retrospective method of initially adopting ASU 2014-09.

ASU 2014-09 requires, in certain instances, that transactions covered by ASC Topic 610, "Other Income" ("Topic 610") follow the recognition, measurement and disclosure guidelines established by ASU 2014-09. The Company generally follows the guidance of Topic 610 with respect to the recognition of income from the farm-out or sale of exploration properties. As of the beginning of 2018, the Company had one open contract impacted by the adoption of ASU 2014-09, involving an option agreement under which Santacruz Silver Mining Ltd. ("Santacruz") could acquire the Company's interest in certain nonstrategic mineral claims located in the Zacatecas Mining District, Zacatecas, Mexico (the "Zacatecas Properties") for a series of payments totaling \$1.5 million (Note 8). In applying ASU 2014-09, approximately \$49,000 of the income recognized from the Santacruz transaction in the fourth quarter of 2017 would have been recognized in the first quarter of 2018. Accordingly, the Company has recognized retrospectively the cumulative effect of initially adopting ASU 2014-09 by recording a negative adjustment to retained earnings of \$49,000 at the beginning of 2018, included in the Company's Condensed Consolidated Statement of Changes in Equity, and recording \$49,000 in "Other operating income, net" in the accompanying Condensed Consolidated Statements of Operations for the period ended June 30, 2018. See Note 8 for a further description of the contract with Santacruz and the identification of performance obligations and other significant judgments used in applying the guidance of Topic 606 to the contract.

Available for Sale Securities

During the first quarter 2018 the Company adopted ASU No. 2016-01, which amended its accounting treatment for the recognition, measurement, presentation and disclosure of certain financial assets. ASU 2016-01 requires equity investments that have readily determinable fair values to be measured at fair value through net income. Previously, entities would recognize changes in fair value of available-for-sale equity securities in other comprehensive income, and would

recognize in net income impairment losses that were other-than-temporary. There will no longer be an available-for-sale classification (with changes in fair value reported in other comprehensive income) for equity securities with readily determinable fair values (see Note 6). At December 31, 2017, the Company had equity securities classified as available-for-sale and reported at fair value of \$238,000, with cumulative unrealized losses of \$40,000 recorded in “*Accumulated other comprehensive loss*” on its Condensed Consolidated Balance Sheets. The Company has recognized the cumulative effect of initially adopting ASU 2016-01 by recording a negative adjustment to retained earnings and other comprehensive income of \$40,000 at the beginning of 2018, included in the Company’s Condensed Consolidated Statement of Changes in Equity. Subsequent to adopting ASU 2016-01 The Company recorded a mark-to-market loss of approximately \$158,000 for the period ended June 30, 2019 and a mark-to-market gain of approximately \$67,000 for the period ended June 30, 2018, with both amounts being recorded to “*Interest and other income, net*” in the accompanying Condensed Consolidated Statements of Operations.

6. Cash and Cash Equivalents and Short-term Investments

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Short-term investments include investments with maturities greater than three months, but not exceeding 12 months, or highly liquid investments with maturities greater than 12 months that the Company intends to liquidate during the next 12 months for working capital needs.

The following tables summarize the Company’s short-term investments at June 30, 2019 and December 31, 2018:

June 30, 2019	Cost	Estimated Fair Value	Carrying Value
(in thousands)			
Investments:			
Short-term:			
Trading securities	\$ 275	\$ 172	\$ 172
Total trading securities	275	172	172
Total short term	<u>\$ 275</u>	<u>\$ 172</u>	<u>\$ 172</u>
December 31, 2018			
Investments:			
Short-term:			
Trading securities	\$ 275	\$ 330	\$ 330
Total trading securities	275	330	330
Total short term	<u>\$ 275</u>	<u>\$ 330</u>	<u>\$ 330</u>

The short-term investments at June 30, 2019 and December 31, 2018 consist of 7,500,000 common shares, approximately 10% of the outstanding common shares, of Golden Tag Resources, Ltd. (“Golden Tag”), a junior mining company that was a joint venture partner in the Company’s previously owned San Diego exploration property in Mexico. The Company acquired the shares during 2015 and 2016 in transactions involving the sale of its remaining 50% interest in the San Diego property to Golden Tag.

Credit Risk

The Company invests substantially all of its excess cash with high credit-quality financial institutions or in U.S. government or debt securities. Credit risk is the risk that a third party might fail to fulfill its performance obligations under the terms of a financial instrument. For cash and equivalents and investments, credit risk represents the carrying amount on the balance sheet. The Company mitigates credit risk for cash and equivalents and investments by placing its funds and investments with high credit-quality financial institutions, limiting the amount of exposure to each of the financial institutions, monitoring the financial condition of the financial institutions and investing only in government and corporate securities rated “investment grade” or better. The Company invests with financial institutions that maintain a net worth of not less than \$1 billion and are members in good standing of the Securities Investor Protection Corporation.

7. Prepaid Expenses and Other Assets

Prepaid expenses and other current assets at June 30, 2019 and December 31, 2018 consist of the following:

	June 30, 2019	December 31, 2018
	(in thousands)	
Prepaid insurance	\$ 227	\$ 275
Recoupable deposits and other	73	79
	<u>\$ 300</u>	<u>\$ 354</u>

8. Property, Plant and Equipment, Net

The components of property, plant and equipment are as follows:

	June 30, 2019	December 31, 2018
	(in thousands)	
Exploration properties	\$ 2,518	\$ 2,518
Royalty properties	200	200
Buildings	2,603	3,127
Mining equipment and machinery	2,392	2,377
Other furniture and equipment	880	880
	<u>8,593</u>	<u>9,102</u>
Less: Accumulated depreciation and amortization	(5,347)	(5,713)
	<u>\$ 3,246</u>	<u>\$ 3,389</u>

Celaya Farm-out

In August 2016, the Company, through its wholly owned Mexican subsidiary, entered into an earn-in agreement with a 100% owned Mexican subsidiary of Electrum Group, LLC, a privately owned company (together “Electrum”), related to the Company’s Celaya exploration property in Mexico. The Company received an upfront payment of \$0.2 million and Electrum agreed to incur exploration expenditures totaling at least \$0.5 million in the first year of the agreement, reduced by certain costs Electrum previously incurred on the property since December 2015 in its ongoing surface exploration program. Electrum initially earned the right to acquire an undivided 60% interest in a joint venture company to be formed to hold the Celaya project by incurring exploration expenditures totaling at least \$2.5 million during the initial first three years of the agreement. Electrum would serve as manager of the joint venture. Prior to subsequent amendments to the agreement, the Company would have been allowed to maintain a 40% interest in the Celaya project, following the initial earn-in period, by contributing its pro-rata share of an additional \$2.5 million in exploration or development expenditures incurred over a second three-year period.

In February 2018, the Company and Electrum amended the Celaya earn-in agreement to permit Electrum to earn, at its option, an incremental 20% interest in the Celaya project in exchange for a payment of \$1.0 million. Following the amendment, Electrum could have increased its total interest in the project to 80% by contributing 100% of the \$2.5 million of additional expenditures required in the second three-year earn-in period. Following the second earn-in period, and prior to the Company entering into a second and final amendment of the agreement, the Company could have maintained its 20% participating interest or its interest could ultimately have been converted into a carried 10% net profits interest if the Company elected not to participate as a joint venture owner.

In September 2018, the Company and Electrum entered into a second and final amendment of the Celaya earn-in agreement pursuant to which Electrum acquired 100% of the Company’s remaining interest in the Celaya project in exchange for a payment of \$3.0 million. The transaction was set out in a definitive Assignment of Rights Agreement (the “Assignment Agreement”) containing customary terms and conditions. The earn-in agreement was terminated upon entry into the Assignment Agreement.

The Company had previously expensed all of its costs associated with the Celaya property and accordingly recognized a gain of \$1.0 million from the execution of the first amendment to the agreement in the period ended June 30, 2018,

included in “Other operating income, net” in the accompanying Condensed Consolidated Statements of Operations. The Company recognized a gain of \$3.0 million from the execution of the second amendment to the agreement in the three month period ended September 30, 2018.

Zacatecas Farm-out

In April 2016, the Company entered into an option agreement, which was later amended in February 2018, under which Santacruz acquired the Company’s interest in the Zacatecas Properties for a series of payments totaling approximately \$1.5 million through October 2018, including \$249,000, \$225,000 and \$212,000 paid to the Company during the first, second and third quarters of 2018, respectively. The final payment due the Company of \$13,000 was received in October 2018. Upon receipt of each cash payment, the agreement imposed a performance obligation on the Company to provide Santacruz an exclusive right to the Zacatecas Properties to conduct exploration activities during the period from receipt of the payment until the next payment due date, with a final obligation, following receipt of the final payment, to formally acknowledge completion of the sale enabling Santacruz to register title to the properties in its name. At December 31, 2018 there were no further performance obligations and the Company had taken all steps necessary for Santacruz to take title to the properties.

The Company previously expensed all of its costs associated with the Zacatecas Properties. Because Santacruz was able to terminate the option agreement at any time, and the associated uncertainty relating to timely payments, the Company only recognized income, equal to the cash payments made, evenly over the period covered by each payment. The Company recognized approximately \$336,000 of income under the agreement for the six months ended June 30, 2018, included in “Other operating income, net” in the accompanying Condensed Consolidated Statements of Operations. The Company also recorded a liability of approximately \$187,000 at June 30, 2018 representing its unearned performance obligation related to the agreement, included in “Other current liabilities” as reported in its Condensed Consolidated Balance Sheets.

9. Other Long-Term Assets

Other long-term assets at June 30, 2019 and December 31, 2018 consist of the following:

	June 30, 2019	December 31, 2018
	(in thousands)	
Deferred offering costs	\$ 511	\$ 569
Right of use assets	465	—
	<u>\$ 976</u>	<u>\$ 569</u>

The deferred offering costs are associated with the LPC Program and ATM Agreement (see Note 14). The right of use assets are related to certain office leases (see Note 4).

10. Accounts Payable and Other Accrued Liabilities

The Company’s accounts payable and other accrued liabilities consist of the following:

	June 30, 2019	December 31, 2018
	(in thousands)	
Accounts payable and accruals	\$ 342	\$ 151
Accrued employee compensation and benefits	437	792
	<u>\$ 779</u>	<u>\$ 943</u>

June 30, 2019

Accounts payable and accruals at June 30, 2019 are primarily amounts due to contractors and suppliers related to corporate administrative and exploration activities.

Accrued employee compensation and benefits at June 30, 2019 consist of \$0.2 million of accrued vacation payable and \$0.2 million related to withholding taxes and benefits payable.

December 31, 2018

Accounts payable and accruals at December 31, 2018 are primarily amounts due to contractors and suppliers related to corporate administrative and exploration activities.

Accrued employee compensation and benefits at December 31, 2018 consist of \$0.2 million of accrued vacation payable and \$0.6 million related to withholding taxes and benefits payable. Included in the \$0.6 million of accrued employee compensation and benefits is \$0.4 million related to the KELTIP Units (see Note 14).

11. Other Liabilities

Other Current Liabilities

Included in other current liabilities for the period ended June 30, 2019 is a \$1.5 million liability related to the deposit received for the sale of our Velardeña Properties and other mineral concessions to Autlán (see Note 1). Also included is approximately \$0.1 million related to a lease liability for office space at the Company's principal headquarters in Golden and in Mexico and Argentina (see Note 4) and approximately \$0.1 million related to an insurance premium payable.

Other Long-Term Liabilities

Other long-term liabilities of \$0.4 million for the period ended June 30, 2019 is primarily related to a lease liability for office space at the Company's principal headquarters in Golden (see Note 5).

12. Fair Value Measurements

Financial assets and liabilities and nonfinancial assets and liabilities are measured at fair value under a framework of a fair value hierarchy which prioritizes the inputs into valuation techniques used to measure fair value into three broad levels. This hierarchy gives the highest priority to quoted prices (unadjusted) in active markets and the lowest priority to unobservable inputs. Further, financial assets and liabilities should be classified by level in their entirety based upon the lowest level of input that was significant to the fair value measurement. The three levels of the fair value hierarchy per ASC 820 are as follows:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2: Quoted prices in inactive markets for identical assets or liabilities, quoted prices for similar assets or liabilities in active markets, or other observable inputs either directly related to the asset or liability or derived principally from corroborated observable market data.

Level 3: Unobservable inputs due to the fact that there is little or no market activity. This entails using assumptions in models which estimate what market participants would use in pricing the asset or liability.

The following table summarizes the Company's financial assets and liabilities at fair value on a recurring basis at June 30, 2019 and December 31, 2018, by respective level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	(in thousands)			
At June 30, 2019				
Assets:				
Cash and cash equivalents	\$ 1,839	\$ —	\$ —	\$ 1,839
Short-term investments	172	—	—	172
	<u>\$ 2,011</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,011</u>
At December 31, 2018				
Assets:				
Cash and cash equivalents	\$ 2,934	\$ —	\$ —	\$ 2,934
Short-term investments	330	—	—	330
	<u>\$ 3,264</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,264</u>

The Company's cash equivalents, comprised principally of U.S. treasury securities, are classified within Level 1 of the fair value hierarchy.

The Company's short-term investments consist of the common stock in Golden Tag and are classified within Level 1 of the fair value hierarchy (see Note 6).

Non-recurring Fair Value Measurements

There were no non-recurring fair value measurements at June 30, 2019 or December 31, 2018.

13. Income Taxes

The Company accounts for income taxes in accordance with the provisions of ASC 740, "Income Taxes" ("ASC 740"), on a tax jurisdictional basis. For the six months ended June 30, 2019 and June 30, 2018 the Company did not recognize any income tax benefit or expense. The Company operates in jurisdictions that have generated ordinary losses on a year-to-date basis. However, the Company is unable to recognize a benefit for those losses, except as described in this paragraph, thus an estimated effective tax rate has not been used to report the year-to-date results.

In accordance with ASC 740, the Company presents deferred tax assets net of its deferred tax liabilities on a tax jurisdictional basis on its Condensed Consolidated Balance Sheets. As of June 30, 2019 and as of December 31, 2018, the Company had no net deferred tax assets or net deferred tax liabilities reported on its balance sheet.

The Company, a Delaware corporation, and its subsidiaries file tax returns in the United States and in various foreign jurisdictions. The tax rules and regulations in these countries are highly complex and subject to interpretation. The Company's income tax returns are subject to examination by the relevant taxing authorities and in connection with such examinations, disputes can arise with the taxing authorities over the interpretation or application of certain tax rules within the country involved. In accordance with ASC 740, the Company identifies and evaluates uncertain tax positions, and recognizes the impact of uncertain tax positions for which there is less than a more-likely-than-not probability of the position being upheld upon review by the relevant taxing authority. Such positions are deemed to be "unrecognized tax benefits" which require additional disclosure and recognition of a liability within the financial statements. The Company had no unrecognized tax benefits at June 30, 2019 or December 31, 2018.

14. Equity

Registered direct purchase agreement and commitment purchase agreement and registration rights agreement

On May 9, 2018 the Company entered into a registered direct purchase agreement (the "Registered Purchase Agreement") with Lincoln Park Capital Fund, LLC ("LPC") pursuant to which LPC purchased 3,153,808 shares of the Company's common stock at a price of \$0.4122 per share, the closing price of the Company's common stock on the NYSE American on May 8, 2018, for an aggregate purchase price of \$1.3 million.

On May 9, 2018, the Company also entered into a commitment purchase agreement (the “Commitment Purchase Agreement” and together with the Registered Purchase Agreement, the “LPC Program”) and a registration rights agreement (the “Registration Rights Agreement”) with LPC, pursuant to which the Company, at its sole discretion, has the right to sell up to an additional \$10.0 million of the Company’s common stock to LPC, subject to certain limitations and conditions contained in the Commitment Purchase Agreement. The Company closed on the Commitment Purchase Agreement in July 2018.

On June 7, 2018, pursuant to the terms of the Registration Rights Agreements, the Company filed a registration statement on Form S-1 (File No. 333-225483) (the “Registration Statement”) registering the resale up to 15,222,941 shares of the Company’s common stock to be issued to LPC pursuant to the terms of the Commitment Purchase Agreement. The Registration Statement was declared effective on June 28, 2018. Proceeds from the LPC Program will be used for general corporate purposes, including advancing the exploration program at the Company’s El Quevar property in Argentina.

Subject to the terms of the Commitment Purchase Agreement, the Company will control the timing and amount of any future sale of the Company’s common stock to LPC. LPC has no right to require any sales by the Company under the Commitment Purchase Agreement but is obligated to make purchases at the Company’s sole direction, as governed by such agreement. There are no upper limits to the price LPC may be obligated to pay to purchase common stock from the Company and the purchase price of the shares will be based on the prevailing market prices of the Company’s shares at the time of each sale to LPC. LPC has agreed not to cause or engage in any manner whatsoever, any direct or indirect short selling or hedging of the Company’s shares of common stock. The Company has the right to terminate the Commitment Purchase Agreement at any time, at its discretion, without any cost or penalty.

In consideration for LPC’s commitment to purchase shares pursuant to the Commitment Purchase Agreement, the Company paid LPC a commitment fee of \$300,000 and incurred an additional approximate \$191,000 in stock exchange fees, legal and other associated costs in connection with the LPC Program. The total costs for the LPC Program will be recorded as a reduction to equity as common stock is sold to LPC. As of December 31, 2018, approximately \$56,000 of LPC Program costs had been amortized against the \$1.3 million in proceeds received on May 8, 2018, resulting in \$434,000 of deferred LPC Program costs, recorded in “Other long-term assets” on the Condensed Consolidated Balance Sheets.

During the six months ended June 30, 2019 the Company sold 2,113,642 shares of common stock to LPC under the LPC Program at an average sales price per share of approximately \$0.28, resulting in net proceeds of approximately \$590,000. In addition, approximately \$58,000 of LPC Program costs were amortized, resulting in a remaining balance of \$376,000 of deferred LPC Program costs, recorded in “Other long-term assets” on the Condensed Consolidated Balance Sheets as of June 30, 2019.

At the Market Offering Agreement

In December 2016, the Company entered into an at-the-market offering agreement (as amended from time to time, the “ATM Agreement”) with H. C. Wainwright & Co., LLC (“Wainwright”), under which the Company may, from time to time, issue and sell shares of the Company’s common stock through Wainwright as sales manager in an at-the-market offering under a prospectus supplement for aggregate sales proceeds of up to \$5.0 million (the “ATM Program”) or a maximum of 10 million shares. On November 23, 2018 the Company entered into a second amendment of the ATM Agreement extending the agreement until the earlier of December 20, 2020, or the date that the ATM Agreement is terminated in accordance with the terms therein. The common stock will be distributed at the market prices prevailing at the time of sale. As a result, prices of the common stock sold under the ATM Program may vary as between purchasers and during the period of distribution. The ATM Agreement provides that Wainwright will be entitled to compensation for its services at a commission rate of 2.0% of the gross sales price per share of common stock sold.

During the first six months of 2019, the Company sold an aggregate of 33,995 shares of common stock under the ATM Agreement at an average price of \$0.34 per share of common stock for total proceeds of approximately \$11,000. As of June 30, 2019, approximately \$135,000 of deferred ATM Program costs remained, recorded in “Other long term assets” on the Condensed Consolidated Balance Sheets.

The Company did not sell any stock under the ATM Program during the six months ended June 30, 2018.

Equity Incentive Plans

Under the Company's Amended and Restated 2009 Equity Incentive Plan (the "Equity Plan") awards of the Company's common stock may be made to officers, directors, employees, consultants and agents of the Company and its subsidiaries. The Company recognizes stock-based compensation costs using a graded vesting attribution method whereby costs are recognized over the requisite service period for each separately vesting portion of the award.

The following table summarizes the status of the Company's restricted stock grants issued under the Equity Plan at June 30, 2019 and the changes during the six months then ended:

Restricted Stock Grants	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding at December 31, 2018	340,001	\$ 0.45
Granted during the period	312,000	0.26
Restrictions lifted during the period	(207,331)	0.36
Forfeited during the period	—	—
Outstanding June 30, 2019	<u>444,670</u>	<u>\$ 0.36</u>

For the six months ended June 30, 2019 the Company recognized approximately \$70,000 of compensation expense related to the restricted stock grants. The Company expects to recognize additional compensation expense related to these awards of approximately \$113,000 over the next 35 months. Of the 207,331 grants for which the restriction was lifted 103,332 were related to grants made in prior years and 103,999 were related to grants made during the current year for which one third of the shares vested on the grant date.

The following table summarizes the status of the Company's stock option grants issued under the Equity Plan at June 30, 2019 and the changes during the six months then ended:

Equity Plan Options	Number of Shares	Weighted Average Exercise Price Per Share
Outstanding at December 31, 2018	30,310	\$ 8.06
Granted during the period	—	—
Forfeited or expired during period	—	\$ —
Exercised during period	—	—
Outstanding June 30, 2019	<u>30,310</u>	<u>\$ 8.06</u>
Exercisable at end of period	30,310	\$ 8.06
Granted and vested	30,310	\$ 8.06

Also, pursuant to the Equity Plan, the Company's Board of Directors adopted the Non-Employee Director's Deferred Compensation and Equity Award Plan (the "Deferred Compensation Plan"). Pursuant to the Deferred Compensation Plan the non-employee directors receive a portion of their compensation in the form of Restricted Stock Units ("RSUs") issued under the Equity Plan. The RSUs generally vest on the first anniversary of the grant and each vested RSU entitles the director to receive one unrestricted share of common stock upon the termination of the director's board service.

The following table summarizes the status of the RSU grants issued under the Deferred Compensation Plan at June 30, 2019 and the changes during the six months then ended:

Restricted Stock Units	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding at December 31, 2018	2,230,038	\$ 0.93
Granted during the period	600,000	0.24
Restrictions lifted during the period	—	—
Forfeited during the period	—	—
Outstanding June 30, 2019	<u>2,830,038</u>	<u>\$ 0.78</u>

For the six months ended June 30, 2019 the Company recognized approximately \$102,000 of compensation expense related to the RSU grants. The Company expects to recognize additional compensation expense related to the RSU grants of approximately \$141,000 over the next eleven months.

Key Employee Long-Term Incentive Plan

The Company's 2013 Key Employee Long-Term Incentive Plan (the "KELTIP") provides for the grant of units ("KELTIP Units") to certain officers and key employees of the Company, which units will, once vested, entitle such officers and employees to receive an amount, in cash or in Company common stock (such method of settlement at the sole discretion of the Board of Directors) issued pursuant to the Company's Equity Plan, measured generally by the price of the Company's common stock on the settlement date. KELTIP Units are not an actual equity interest in the Company and are solely unfunded and unsecured obligations of the Company that are not transferable and do not provide the holder with any stockholder rights. Payment of the settlement amount of vested KELTIP Units is deferred generally until the earlier of a change of control of the Company or the date the grantee ceases to serve as an officer or employee of the Company.

At December 31, 2018 the Company had awarded 1,620,000 KELTIP Units to two officers of the Company, reported as a liability of approximately \$356,000 and included in "Accounts payable and other accrued liabilities" in the Condensed Consolidated Balance Sheets on the basis that the Company had the intent to settle the obligation in cash. Through December 31, 2018, the KELTIP Units were marked to market at the end of each reporting period and for the six months ended June 30, 2018 the Company recognized approximately \$31,000 of compensation expense related to the KELTIP Units.

On February 26, 2019, the Company awarded an additional total of 705,000 KELTIP Units to two officers of the Company. Due to the Company's desire to preserve its limited current cash reserves for funding expenditures related to its portfolio of exploration projects, the Company determined it no longer had the current intent to settle any of its outstanding KELTIP Units in cash. The Company now intends to settle all of the KELTIP Units, including those previously issued, in common stock of the Company, an option that the Board of Directors holds in its sole discretion so long as sufficient shares remain available under the Equity Plan. As a result, the Company recorded approximately \$254,000 of compensation expense, included in "Stock based compensation" in the Condensed Consolidated Statement of Operations for the KELTIP Units awarded on February 26, 2019 with a similar amount recorded as "Additional Paid-in Capital" in the Condensed Consolidated Statements of Changes in Equity. The Company has treated the previously awarded KELTIP Units as effectively modified at February 26, 2019. The Company marked-to-market the prior KELTIP Units as of that date and recorded approximately \$227,000 of additional compensation expense, included in "Stock based compensation" in the Condensed Consolidated Statement of Operations and recorded approximately \$583,000 as "Additional Paid-in Capital" in the Condensed Consolidated Statements of Changes in Equity, an amount representing the sum of the compensation expense recorded on February 26, 2019 and the liability for the KELTIP Units recorded at December 31, 2018. All of the KELTIP Units are recorded in equity at June 30, 2019.

Common stock warrants

The following table summarizes the status of the Company's common stock warrants at June 30, 2019 and the changes during the six months then ended:

Common Stock Warrants	Number of Underlying Shares	Weighted Average Exercise Price Per Share
Outstanding at December 31, 2018	11,517,696	\$ 0.81
Granted during period	—	—
Dilution adjustment	33,648	0.84
Expired during period	—	—
Exercised during period	—	—
Outstanding June 30, 2019	<u>11,551,344</u>	\$ 0.80

The warrants relate to prior registered offerings and private placements of the Company's stock. In September 2014, the Company closed on a registered public offering and concurrent private placement with The Sentient Group ("Sentient") in which it sold units, consisting of one share of common stock and a five-year warrant to acquire one half of a share of common stock at an exercise price of \$1.21 per share. A total of 4,746,000 warrant shares were issued that became exercisable on March 11, 2015 and will expire on September 10, 2019, five years from the date of issuance.

In May 2016, the Company issued 8.0 million registered shares of common stock at a purchase price of \$0.50 per share in a registered direct offering (the "Offering") resulting in gross proceeds of \$4.0 million. In connection with the Offering, each investor received an unregistered warrant to purchase three-quarters of a share of common stock for each share of common stock purchased. The resulting 6,000,000 warrant shares have an exercise price of \$0.75 per share, became exercisable on November 7, 2016 and will expire on November 6, 2021, five years from the initial exercise date.

Pursuant to the anti-dilution clauses in the 2014 warrant agreements, the exercise price of the warrants had been adjusted downward as a result of the subsequent issuance of the Company's common stock in separate transactions, including the conversion of the Senior Secured Convertible Note which the Company entered into in October 2015 to borrow \$5.0 million from Sentient, the Company's largest stockholder, the May 2016 Offering and private placement, the ATM Program, the issuance of shares to Hecla in August 2017 and the Registered Purchase Agreement with LPC and LPC share sales (discussed above). The number of shares of common stock issuable upon exercise of the September 2014 warrants has increased from the original 4,746,000 shares to 5,551,344 shares (805,344 share increase) and the exercise price has been reduced from the original \$1.21 per share to \$0.84 per share.

All of the warrants are recorded in equity at June 30, 2019 and December 31, 2018.

15. Interest and Other Income (Expense), Net

For the six months ended June 30, 2019 the Company recognized approximately \$0.1 million other expense primarily related to the mark-to-market of Golden Tag shares held by the Company (see Note 6). For the six months ended June 30, 2018 the Company recognized approximately \$0.1 million of other income primarily related to the mark-to-market of Golden Tag shares held by the Company (see Note 6).

16. Supplemental Cash Flow Information

The following table reconciles net loss for the period to cash used in operations:

	Six Months Ended June 30,	
	2019	2018
	(in thousands)	
Cash flows from continuing operations operating activities:		
Net loss from continuing operations	\$ (5,710)	\$ (3,013)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	152	186
(Gain) loss on trading securities	158	(104)
Asset write off	17	—
Gain on sale of assets	(104)	(1,335)
Stock compensation	600	209
Changes in operating assets and liabilities from continuing operations:		
Increase in right of use assets	(465)	—
Decrease in prepaid expenses and other assets	112	135
Decrease in value added tax recoverable, net	—	131
Decrease in reclamation liability	—	(17)
Increase (decrease) in accounts payable and accrued liabilities	311	(20)
Increase in leasehold liability	441	—
Increase in deferred liabilities	1,500	—
Decrease in other liabilities	—	(17)
Net cash used in operating activities	<u>\$ (2,988)</u>	<u>\$ (3,845)</u>

17. Commitments and Contingencies

At June 30, 2019 and December 31, 2018, the Company had no gain or loss contingencies. The Company has certain purchase and lease commitments as set forth in the Company's Form 10-K for the year ended December 31, 2018.

18. Segment Information

The Company's sole activity is the mining, construction and exploration of mineral properties containing precious metals. Historically the Company's reportable segments were based upon the Company's revenue producing activities and cash consuming activities. The Company reported two segments, one for its Velardeña Properties in Mexico and the other comprised of non-revenue producing activities including exploration, construction and general and administrative activities. As discussed in Note 1, the Company entered into an agreement to sell the Velardeña Properties and other mineral concessions which are reported as assets held for sale and discontinued operations. Intercompany revenue and expense amounts have been eliminated within each segment in order to report on the basis that management uses internally for evaluating segment performance.

The financial information relating to the Company's discontinued operations and continuing operations is as follows:

Three Months Ended June 30, 2019	Revenue	Costs Applicable to Sales	Depreciation, Depletion and Amortization	Exploration, El Quevar, Velardeña and Administrative Expense	Pre-Tax (gain) loss	Total Assets	Capital Expenditures
Discontinued Operations	\$ 1,976	\$ 612	\$ 195	\$ 656	\$ (421)		\$ 1
Continuing Operations	\$ —	\$ —	\$ 75	\$ 2,779	\$ 2,880		\$ 1
Six Months Ended June 30, 2019							
Discontinued Operations	\$ 3,908	\$ 1,210	\$ 392	\$ 1,306	\$ (901)	\$ 4,601	\$ 1
Continuing Operations	\$ —	\$ —	\$ 152	\$ 4,891	\$ 5,710	\$ 6,533	\$ 26
Three Months Ended June 30, 2018							
Discontinued Operations	\$ 1,730	\$ 525	\$ 170	\$ 628	\$ (318)		\$ —
Continuing Operations	\$ —	\$ —	\$ 94	\$ 2,016	\$ 2,007		\$ 30
Six Months Ended June 30, 2018							
Discontinued Operations	\$ 3,367	\$ 1,028	\$ 373	\$ 1,223	\$ (589)	\$ 5,068	\$ 28
Continuing Operations	\$ —	\$ —	\$ 186	\$ 4,135	\$ 3,013	\$ 7,576	\$ 30

19. Related Party Transactions

The following sets forth information regarding transactions between the Company (and its subsidiaries) and its officers, directors and significant stockholders.

Administrative Services:

Beginning in August 2016, the Company began providing limited accounting and other administrative services to Minera Indé, an indirect subsidiary of Sentient. At June 30, 2019, Sentient, through the Sentient executive funds, holds approximately 42% of the Company's 98.1 million shares of issued and outstanding common stock. The services are provided locally in Mexico by the administrative staff in the Company's Mexico office. The Company charges Minera Indé \$15,000 per month for the services, which provides reimbursement to the Company for its costs incurred plus a small profit margin. Amounts received under the arrangement reduce costs incurred for exploration in continuing operations. The Company's Board of Directors and Audit Committee approved the agreement. For the six months ended June 30, 2019 and 2018 the Company charged Minera Indé approximately \$90,000 for services, offsetting costs that are recorded in "Exploration expense" in the Condensed Consolidated Statements of Operations.

20. Subsequent Event

On July 17, 2019, the Company entered into an agreement with certain institutional investors providing for the issuance and sale of 8,653,846 shares of the Company's common stock at a price of \$0.26 per share, and in a concurrent private placement transaction, the issuance of 8,653,846 Series A warrants to purchase up to 8,653,846 shares of the Company's common stock at an exercise price of \$0.35 per share, for aggregate gross proceeds of \$2.25 million (the "Offering"). Each of the investors in the Offering held warrants that were issued by the Company in May 2016 and were exercisable until November 2021 at an exercise price of \$0.75 per share. In connection with the Offering, the Company also agreed to exchange, on a one-for-one basis, the May 2016 warrants for Series B warrants to purchase 4,500,000 shares of common stock at an exercise price of \$0.35 per share. Each Series A warrant is exercisable six months from the date of issuance and has a term expiring five years after such initial exercise date. Each Series B warrant is exercisable six months from the date of issuance, has a term expiring in May 2022, but is otherwise subject to the same terms and conditions as the Series A warrants. Total costs for the Offering are estimated at approximately \$0.3 million, including the placement agent fee of six percent of aggregate gross proceeds.

As a result of anti-dilution provisions in the Company's outstanding 2014 warrants, the closing of the Offering resulted in adjustments that reduce the exercise price and increase the number of shares issuable under 2014 warrants. Pursuant to the anti-dilution provisions in the 2014 warrants, the number of shares of common stock issuable upon exercise of the 2014 warrants was increased from 5,551,344 shares to 5,687,421 shares (136,077 share increase), and the 2014 warrants' exercise price was decreased from \$0.84 per share to approximately \$0.80 per share.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Company

We were incorporated in Delaware in March 2009 under the Delaware General Corporation Law. During the six months ended June 30, 2019, our principal source of revenue was from the lease of our oxide plant located near Velardeña, Durango, Mexico. We incurred net operating losses for the six months ended June 30, 2019 and 2018.

We remain focused on evaluating and searching for mining opportunities in the Americas (including Mexico, Nevada, and Argentina) with near term prospects of mining. We are also focused on advancing our El Quevar exploration property in Argentina and on advancing selected projects in Mexico. In addition, we are continuing our exploration efforts on other selected properties in our portfolio of approximately 12 properties, located in Mexico, Nevada and Argentina and also reviewing strategic opportunities, focusing primarily on development or operating properties in North America, including Mexico.

This discussion should be read in conjunction with Management's Discussion and Analysis included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, filed with the SEC on February 28, 2019.

2019 Highlights

Sale of Velardeña Properties and other Assets to Autlán

On June 26, 2019, we entered into a Purchase and Sale Agreement (the "Agreement") along with our indirectly wholly-owned subsidiary, Minera de Cordilleras S. de R.L. de C.V, to sell certain assets to Compañía Minera Autlán S.A.B. de C.V. ("Autlán") for US\$22.0 million (the "Autlán Transaction"). Under the terms of the Agreement, Autlán will purchase our Canadian subsidiary, ECU Silver Mining, Inc. which holds three of our Mexican subsidiaries, which together hold the Velardeña Properties, including the Velardeña and Chicago mines (currently on care and maintenance), two processing plants, mining equipment and other adjacent exploration properties. The sale includes the lease agreement pursuant to which we leased the Velardeña oxide plant to Hecla. The proposed transaction also includes the sale of the Rodeo and Santa Maria project concessions.

The Agreement provides for a period of up to 75 days (to September 9) for Autlán to conduct due diligence related to the three subsidiary companies, the Rodeo concessions and the Santa Maria concessions. Closing of the transaction is subject to the satisfactory completion by Autlán of its due diligence review and other customary closing conditions. The transaction is also subject to approval by the Mexican antitrust authority (the Comisión Federal de Competencia Económica), such approval, which must be obtained without the imposition of any material conditions, restrictions or limitations on Autlán or the conduct of our business. This approval is expected to be obtained prior to closing. Following completion of its due diligence review, Autlán may elect to terminate the Agreement with no further obligation. The Agreement also contains customary representations, warranties, covenants and indemnification rights and obligations of the parties. We will be entitled to retain proceeds from the lease of the Velardeña oxide plant that are received prior to closing. We anticipate that closing of the transaction will occur near the end of the third quarter 2019.

Upon execution of the Agreement, Autlán paid us a deposit of US\$1.5 million. If the transaction is consummated, the deposit will be applied against the US\$22.0 million purchase price at closing. If the transaction does not close for any reason, we will have the option to repay the deposit amount within 90 days following termination or elect to convey the Rodeo concessions to Autlán in full settlement of the deposit. If the Rodeo concessions cannot be conveyed for any reason, we will be required to repay the deposit by making dedicated monthly payments equal to approximately 60 percent of the anticipated cash flow from the lease of the Velardeña oxide plant until the deposit amount is repaid with interest.

As the result of the agreement to sell the Velardeña Properties and other mineral concessions, the results of operations for the Velardeña Properties and related subsidiaries are presented as discontinued operations and assts held for sale for

the periods presented on the Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Cash Flows.

El Quevar

In September 2018, we completed a preliminary economic assessment (“PEA”) prepared pursuant to Canadian National Instrument 43-101 that used a February 2018 revised estimate of mineralized material for the Yaxtché deposit as a basis. The results of the PEA are summarized in our annual report for the year ended December 31, 2018, filed on Form 10-K.

The Yaxtché deposit is open to the west and there are numerous drill intercepts with silver grades of economic interest in the nearby area that represent targets for further expansion. In the first quarter 2019, we initiated a 3,000 meter, approximately \$0.6 million drilling program to further define the potential for additional mineralized material in the Yaxtché deposit and surrounding area. We recently completed that drill program and expect to publish drill results once final assay data is available. We are continuing surface exploration in the district to identify further drill targets in the 57,000 hectare property area. Our property holdings contain two district-scale high sulfidation epithermal systems with potential to host additional precious metals deposits. We plan to continue to advance El Quevar as much as possible within the limits of our current exploration budget and remain open to finding a partner to contribute to the funding of further exploration and development.

The El Quevar project is currently comprised of 31 mining concessions that we hold directly. In total, the El Quevar project encompasses approximately 57,000 hectares. The area of our exploration activities at El Quevar is within the concessions that are owned by Silex Argentina S.A., our wholly-owned subsidiary.

Velardeña Oxide Plant Lease Agreement

During the six months ended June 30, 2019, Hecla processed approximately 82,000 tonnes of material through the oxide plant, resulting in total revenues to us of approximately \$3.9 million, comprised of approximately \$2.7 million for direct plant charges and fixed fees and approximately \$1.2 million for other net reimbursable costs related to the services we provide under the lease. Hecla is responsible for the ongoing operation and maintenance of the oxide plant. The \$1.2 million of reimbursable costs are also reported as plant lease costs, resulting in net operating margin of approximately \$2.7 million for the six months ended June 30, 2019.

On October 1, 2018, a wholly-owned subsidiary of Hecla Mining Company (together “Hecla”) exercised its option, pursuant to an agreement entered into with us in August 2017, to extend the lease of our Velardeña oxide plant until December 31, 2020. Hecla has the right to terminate the lease for any reason with 120 days’ notice. Hecla will also have a one-time right of first refusal to continue to lease the plant following a termination notice through December 31, 2020 if we decide to use the oxide plant for our own purposes before December 31, 2020.

We expect Hecla to continue to process material near or above the intended approximately 400 tonnes per day rate during 2019, which generates a net operating margin to us, net of reimbursable costs, of approximately \$1.3 million per quarter. However, because Hecla has the right to terminate the lease with 120 days’ notice, there is no assurance that these amounts will continue through 2019 or beyond.

As discussed above, on June 26, 2019 we entered into the Agreement with Autlán to sell the Velardeña Properties and other assets, including the lease of our oxide plant to Hecla. We will be entitled to retain proceeds from the lease of the Velardeña oxide plant that are received prior to closing.

Yoquivo

The Yoquivo property was acquired in 2017 and with the recent additional acquisition of a claim internal to the exterior boundary the project consists of 1,975 hectares in 7 claims that cover an epithermal vein district hosted in Tertiary andesitic volcanic rocks that is exposed in an erosional window through Oligocene rhyolite on the eastern margin of the Sierra Madre Occidental of northern Mexico. The property is 200 km SW of Chihuahua city in the state of Chihuahua, Mexico. Recent surface rock sampling has demonstrated gold and silver values of potential economic interest in several of the veins in the district. We have an option to purchase the six concessions that comprise the Yoquivo property for payments totaling \$0.75 million over four years subject to a 2% to 3% NSR royalty on production, capped at \$2.8 million.

In October 2018 we announced high-grade silver-gold assays from the Yoquivo project. Multiple silver-gold bearing epithermal veins were mapped and sampled, with the two most important veins being the San Francisco and Pertenencia veins. A new vein, the La Nina vein, was discovered in the northwest of the property where it splits off from the main San Francisco vein. Two other veins, the Esperanza and El Dolar veins have been identified and sampled. Based on sampling and mapping we have identified the most attractive targets on the property and have permits in hand to initiate the drill program. Subject to the availability of capital, we intend to begin a drill program in the third quarter 2019 to test the most promising portions of the veins.

Sand Canyon

During the second quarter 2019 we entered into an earn-in agreement with Golden Gryphon Explorations for the Sand Canyon project located in northwestern Nevada, where surface work has identified a large system of epithermal veins with potential for gold and silver deposits. We hold an option to earn a 60% interest in the Sand Canyon project by spending \$2.5 million in exploration expenses over four years, with guaranteed minimum expenditures of \$0.5 million in year one. To continue to earn interest in the project, we must spend at least \$0.75 million in each of years two and three and \$0.5 million in year four, and drill at least 5,000 feet of core or 10,000 feet of reverse circulation or a combination of the two, by the end of the second year. We paid \$25,000 cash and \$50,000 in reimbursed exploration expenditures to acquire the option and will make staged payments of an additional \$135,000 (\$35,000 in 2020, \$50,000 in 2021 and \$50,000 in 2022) on the next three anniversaries of the agreement.

We have completed surface exploration activities on the project including mapping and geochemical sampling to identify drill targets. Based on this work the process to obtain drill permits has been initiated and, subject to the availability of capital we expect to be able to drill in the fourth quarter 2019.

Santa Maria

In September 2018, an updated PEA was completed for the Santa Maria project that incorporates information from a 22-hole, 4,800-meter drilling program begun in August 2017 and completed in April 2018. Including the latest drill program, we have drilled 9,900 meters in 59 holes since acquiring the property.

Since 2015, we have completed test mining and processing of 7,100 dry tonnes from the Santa Maria mine west of Hidalgo de Parral, Chihuahua, with average grades 338 g/t silver and 0.8 g/t gold. In March 2017, a PEA was completed on our behalf based on an updated estimate of mineralized material. The PEA presented a base case assessment of developing Santa Maria's mineral deposit.

We have the right to acquire 100% of the Santa Maria property under two separate option agreements representing the total concessions that comprise the property for additional payments of \$0.8 million, payable through April 2022.

As discussed above, on June 26, 2019 we entered into the Agreement with Autlán to sell the Velardeña Properties and other assets, including the Santa Maria mining concessions.

Rodeo

During January 2017, the engineering firm of Tetra Tech completed an estimate of mineralized material at the Rodeo deposit, prepared pursuant to Canadian National Instrument 43-101, containing 3.3 gpt gold and 11 gpt silver for a total of 46,000 ounces of gold and 0.2 million ounces of silver. We believe this material, as currently identified, could provide additional mined material for our Velardeña oxide mill following the completion of the Hecla lease, currently set to expire December 31, 2020.

During 2016, we completed a 2,080-meter core drilling program at the Rodeo property, approximately 80 kilometers west of the Velardeña Properties in Durango Mexico. The results from the program revealed a gold and silver bearing epithermal vein and breccia system with encouraging gold and silver values over an approximate 50 to 70 meter true width. The system is exposed at the top of a northwesterly striking ridge and dips steeply to the northeast over about one kilometer of strike length.

As discussed above, on June 26, 2019 we entered into the Agreement with Autlán to sell the Velardeña Properties and other assets, including the Rodeo mining concessions. Even if the proposed transaction with Autlán is terminated, we may decide to transfer the Rodeo property concessions to Autlán in full settlement of the US\$1.5 million deposit that we received from Autlán upon execution of the Agreement.

Registered direct purchase agreement and commitment purchase agreement

On May 9, 2018 we entered into a registered direct purchase agreement (the “Registered Purchase Agreement”) with Lincoln Park Capital Fund, LLC (“LPC”) pursuant to which LPC purchased 3,153,808 shares of our common stock at a price of \$0.4122 per share, the closing price of our common stock on the NYSE American on May 8, 2018, for an aggregate purchase price of \$1.3 million. On the same day, we also entered into a commitment purchase agreement (the “Commitment Purchase Agreement” and together with the Registered Purchase Agreement, the “LPC Program”) pursuant to which we have the right for a period of three years, at our sole discretion, to sell up to an additional \$10.0 million of our common stock to LPC, subject to certain limitations and conditions contained in the Commitment Purchase Agreement.

Subject to the terms of the Commitment Purchase Agreement, we will control the timing and amount of any future sale of common stock to LPC. LPC has no right to require any sales by us under the Commitment Purchase Agreement but is obligated to make purchases at our sole direction, as governed by such agreement. There are no upper limits to the price LPC may be obligated to pay to purchase common stock from us and the purchase price of the shares will be based on the prevailing market prices of our shares at the time of each sale to LPC. LPC has agreed not to cause or engage in any manner whatsoever, any direct or indirect short selling or hedging of our shares of common stock. We have the right to terminate the Commitment Purchase Agreement at any time, at our discretion, without any cost or penalty.

During the six months ended June 30, 2019 we sold 2,113,642 shares of common stock to LPC under the LPC Program at an average sales price per share of approximately \$0.28, resulting in net proceeds of approximately \$590,000.

Offering and private placement transaction

On July 17, 2019, we entered into an agreement with certain institutional investors providing for the issuance and sale of 8,653,846 shares of our common stock at a price of \$0.26 per share, and in a concurrent private placement transaction, the issuance of 8,653,846 Series A warrants to purchase up to 8,653,846 shares of our common stock at an exercise price of \$0.35 per share, for aggregate gross proceeds of \$2.25 million (the “Offering”). Each of the investors in the Offering held warrants that were issued by us in May 2016 and were exercisable until November 2021 at an exercise price of \$0.75 per share. In connection with the Offering, we also agreed to exchange, on a one-for-one basis, the May 2016 warrants for Series B warrants to purchase 4,500,000 shares of common stock at an exercise price of \$0.35 per share. Each Series A warrant is exercisable six months from the date of issuance and has a term expiring five years after such initial exercise date. Each Series B warrant is exercisable six months from the date of issuance, has a term expiring in May 2022, but is otherwise subject to the same terms and conditions as the Series A warrants. Total costs for the Offering are estimated at approximately \$0.3 million, including the placement agent fee of six percent of the aggregate gross proceeds.

As a result of anti-dilution provisions in our outstanding 2014 warrants, the closing of the Offering resulted in adjustments that reduced the exercise price and increased the number of shares issuable under 2014 warrants. Pursuant to the anti-dilution provisions in the 2014 warrants, the number of shares of common stock issuable upon exercise of the 2014 warrants was increased from 5,551,344 shares to 5,687,421 shares (136,077 share increase), and the 2014 warrants’ exercise price was decreased from \$0.84 per share to approximately \$0.80 per share.

Financial Results of Operations

For the results of continuing operations discussed below, we compare the results from operations for the three and six months ended June 30, 2019 to the results from operations for the three and six months ended June 30, 2018.

Three Months Ended June 30, 2019

Exploration expense. Our exploration expense, including work at the Yoquivo, Santa Maria and other properties, property holding costs and allocated administrative expenses, totaled \$1.1 million and \$0.9 million for the three months ended June 30, 2019 and June 30, 2018, respectively. Exploration expense for both years was incurred primarily in Mexico. The increase for the period ended June 30, 2019 is due to increased expenditures at the Nevada Sand Canyon project, which was acquired in 2019.

El Quevar project expense. For the three months ended June 30, 2019 we incurred \$0.7 million related to holding and evaluation costs for the Yaxtché deposit at our El Quevar project in Argentina. For the three months ended June 30, 2018 we incurred \$0.3 million in expenditures. The 2019 costs are greater do to drilling costs related to the new drilling program which began in March 2019.

Administrative expense. Administrative expenses totaled \$1.0 million and \$0.9 million for the three months ended June 30, 2019 and June 30, 2018, respectively. Administrative expenses, including costs associated with being a public company, are incurred primarily by our corporate activities in support of the Velardeña Properties, El Quevar project and our exploration portfolio. The \$1.0 million of administrative expenses we incurred during the three months of 2019 is comprised of \$0.3 million of employee compensation and directors' fees, \$0.3 million of professional fees and \$0.4 million of insurance, rents, travel expenses, utilities and other office costs. The \$0.9 million of administrative expenses we incurred during the three months of 2018 is comprised of \$0.3 million of employee compensation and directors' fees, \$0.3 million of professional fees and \$0.3 million of insurance, rents, travel expenses, utilities and other office costs.

Stock based compensation. During the three months ended June 30, 2019 and 2018 we incurred \$0.1 million and \$0.2 million, respectively, of expense related to stock-based compensation. Stock based compensation varies from period to period depending on the number and timing of shares granted, the type of grant, the market value of the shares on the date of grant and other variables.

Other operating income, net. We recorded \$0.1 million of other operating income for the three months ended June 30, 2019, related primarily to the sale of surplus equipment in Argentina. We recorded \$0.2 million of other operating income for the three months ended June 30, 2018 relating primarily to income related to the sale of our Zacatecas Properties in Mexico.

Depreciation, depletion and amortization. During the three months ended June 30, 2019 and 2018 we incurred depreciation, depletion and amortization expense of approximately \$0.1 million.

Interest and other expense (income), net. We recorded only a nominal amount of interest and other expense, net for the three months ended June 30, 2019. We recorded \$0.1 million of interest and other income, net for the three months ended June 30, 2018, primarily related to the mark-to-market of certain common stock we own in a junior mining company.

Gain (Loss) on foreign currency. We recorded a nominal foreign currency loss for both the three months ended June 30, 2019 and June 30, 2018. Foreign currency gains and losses are primarily related to the effect of currency fluctuations on monetary assets net of liabilities held by our foreign subsidiaries that are denominated in currencies other than US dollars.

Income taxes. We recorded no income tax expense or benefit for the three months ended June 30, 2019 and June 30, 2018.

Income from discontinued operations. We recorded income from discontinued operations of \$0.4 million for the three months ended June 30, 2019. We recorded income from discontinued operations of \$0.3 million for the three months ended June 30, 2018. The increase in 2019 was due to additional income from the Velardeña oxide plant lease due to higher throughput.

Six Months Ended June 30, 2019

Exploration expense. Our exploration expense, including work at the Yoquivo, Santa Maria and other properties, property holding costs and allocated administrative expenses, totaled \$1.8 million and \$1.6 million for the six months ended June 30, 2019 and June 30, 2018, respectively. Exploration expense for both years was incurred primarily in Mexico. The increase for the period ended June 30, 2019 is due to increased expenditures at the Nevada Sand Canyon project, which was acquired in 2019.

El Quevar project expense. For the six months ended June 30, 2019 we incurred \$1.0 million related to holding and evaluation costs for the Yaxtché deposit at our El Quevar project in Argentina. For the six months ended June 30, 2018 we incurred \$0.6 million in expenditures. The 2019 costs are greater due to drilling costs related to the new drilling program begun in March 2019.

Administrative expense. Administrative expenses totaled \$2.1 million and \$1.9 million for the six months ended June 30, 2019 and June 30, 2018, respectively. Administrative expenses, including costs associated with being a public company, are incurred primarily by our corporate activities in support of the Velardeña Properties, El Quevar project and our exploration portfolio. The \$2.1 million of administrative expenses we incurred during the six months of 2019 is comprised of \$0.6 million of employee compensation and directors' fees, \$0.8 million of professional fees and \$0.7 million of insurance, rents, travel expenses, utilities and other office costs. The \$1.9 million of administrative expenses we incurred during the six months of 2018 is comprised of \$0.6 million of employee compensation and directors' fees, \$0.6 million of professional fees and \$0.7 million of insurance, rents, travel expenses, utilities and other office costs.

Stock based compensation. During the six months ended June 30, 2019 and 2018 we incurred \$0.6 million and \$0.2 million, respectively, of expense related to stock-based compensation. Stock based compensation varies from period to period depending on the number and timing of shares granted, the type of grant, the market value of the shares on the date of grant and other variables. The additional costs for the 2019 period relate to KELTIP grants made to two officers.

Other operating income, net. We recorded \$0.1 million of other operating income for the six months ended June 30, 2019, related primarily to the sale of surplus equipment in Argentina. We recorded \$1.5 million of other operating income for the six months ended June 30, 2018, consisting of \$1.0 million related to an option payment received on our Celaya property, \$0.4 million from option income related to our Zacatecas Properties and \$0.1 related to utilization of VAT credits in Mexico.

Depreciation, depletion and amortization. During the six months ended June 30, 2019 and 2018 we incurred depreciation, depletion and amortization expense of approximately \$0.2 million.

Interest and other expense (income), net. We recorded \$0.1 million of interest and other expense, net for the six months ended June 30, 2019. We recorded \$0.1 million of interest and other income, net for the six months ended June 30, 2018, primarily related to the mark-to-market of certain common stock we own in a junior mining company.

Gain (Loss) on foreign currency. We recorded a nominal foreign currency loss for both the six months ended June 30, 2019 and June 30, 2018. Foreign currency gains and losses are primarily related to the effect of currency fluctuations on monetary assets net of liabilities held by our foreign subsidiaries that are denominated in currencies other than US dollars.

Income taxes. We recorded no income tax expense or benefit for the six months ended June 30, 2019 and June 30, 2018.

Income from discontinued operations. We recorded income from discontinued operations of \$0.9 million for the six months ended June 30, 2019. We recorded income from discontinued operations of \$0.6 million for the six months ended June 30, 2018. The increase in 2019 was due to additional income from the Velardeña oxide plant lease due to higher throughput.

Liquidity, Capital Resources and Going Concern

At June 30, 2019, our aggregate cash and cash equivalents totaled \$1.8 million, compared to the \$2.9 million in similar assets held at December 31, 2018. The June 30, 2019 balance is due in part from the following expenditures and cash inflows for the six months ended June 30, 2019. Expenditures totaled \$6.2 million from the following:

- \$2.2 million in exploration expenditures, including work at the Yoquivo, Sand Canyon, Santa Maria and other properties;
- \$1.0 million in care and maintenance costs at the Velardeña Properties;
- \$1.0 million in exploration and evaluation activities, care and maintenance and property holding costs at the El Quevar project; and
- \$2.0 million in general and administrative expenses.

The foregoing expenditures were offset by cash inflows of \$5.1 million from the following:

- \$2.7 million of net operating margin received pursuant to the oxide plant lease (defined as oxide plant lease revenue less oxide plant lease costs);
- \$1.5 million received as a deposit related to the proposed sale of the Velardeña Properties and other mineral concessions to Autlán (as discussed above);
- \$0.6 million, net of commitment fees and other offering related costs, from the LPC program (as discussed above); and
- \$0.3 million decrease in working capital primarily related to increased accounts payables for general and administrative expenses.

In addition to the \$1.9 million cash balance at June 30, 2019, we received approximately \$2.0 million, net of costs, from the sale of approximately 8.6 million shares of our common stock to certain institutional investors in July 2019 (as discussed above). We also expect to receive an additional approximately \$1.3 million in net operating margin from the lease of the oxide plant prior to closing the Agreement with Autlán near the end of the third quarter 2019. In addition, near the end of the third quarter 2019, we expect to receive the remaining \$20.5 million purchase price from closing the Agreement with Autlán. Our currently budgeted expenditures during the next twelve months ending June 30, 2020 are as follows:

- Approximately \$3.0 million on exploration activities and property holding costs related to our portfolio of exploration properties located in Mexico, Nevada and Argentina including project assessment and evaluation costs relating to Yoquivo, Sand Canyon and other properties;
- Approximately \$0.5 million at the Velardeña Properties for care and maintenance prior to the proposed closing of the Autlán Transaction;
- Approximately \$1.0 million at the El Quevar project to fund ongoing exploration and evaluation activities, care and maintenance and property holding costs; and
- Approximately \$3.0 million on general and administrative costs.

If the Autlán Transaction closes, which we anticipate will occur near the end of the third quarter 2019, our cash resources will greatly exceed our currently budgeted expenditures during the next twelve months ended June 30, 2020. Should the closing of the transaction not occur, we may be required to repay the US\$1.5 million deposit and may need to take appropriate actions, which could include sales to parties other than Autlán of certain of our exploration assets, reductions to our currently budgeted level of spending, and/or raising additional equity capital through sales under the ATM Program, the LPC Program or otherwise.

The actual amount of cash that we receive or the expenditures we incur during the twelve-month period ending June 30, 2020 may vary significantly from the amounts specified above and will depend on a number of factors, including the successful closing of the Autlán Transaction, variations in anticipated revenues from the oxide plant lease, anticipated care and maintenance costs at the Velardeña Properties and costs for continued exploration, project assessment, and development at our other exploration properties, including El Quevar, which would require further actions on our part in order to maintain sufficient cash balances over the next twelve months.

The consolidated financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the normal course of business. However, our continuing long-term operations are dependent upon its ability to secure sufficient funding and to generate future profitable operations. The underlying value and recoverability of the amounts shown as property, plant and equipment in our consolidated financial statements are dependent on our ability to generate positive cash flows from operations and to continue to fund exploration and development activities that would lead to profitable mining activities or to generate proceeds from the disposition of property, plant and equipment.

There can be no assurance that we will be successful in closing the Autlán Transaction or securing additional funding in the future on terms acceptable to us or at all. Notwithstanding the foregoing, we believe the anticipated closing of the Autlán Transaction, continuing cash flow from the lease of the oxide plant (until closing of the Autlán Transaction occurs),

use of the ATM Program and the LPC Program, and the potential for additional asset dispositions make it probable that we will have sufficient cash to meet our financial obligations and continue our business strategy beyond one year from the filing of our consolidated financial statements for the period ended June 30, 2019.

Recent Accounting Pronouncements

During the first quarter 2019 the Company adopted ASU 2016-02, “Leases (Topic 842)” (“ASU 2016-02”) and ASU No. 2018-11 “Leases (Topic 842)” (“ASU 2018-11”), which will require lessees to recognize a right-of-use asset and a lease liability for all leases with terms greater than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. For a lessor, the accounting applied is largely unchanged from previous guidance. We currently lease administrative offices in the U.S. and in several foreign locations under lease agreements that typically exceed one year.

During the first quarter 2018 we adopted ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)” (“ASU 2014-09”) which was issued by the Financial Accounting Standards Board (“FASB”) in May 2014. We also adopted ASU No. 2017-05, “Other Income (Subtopic 310-20)” (“ASU 2017-05”), which was issued by the FASB in February 2017 clarifying the scope of Subtopic 610-20, which was originally issued as part of ASU 2014-09. ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. In addition, the guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized and the related cash flows. We elected the modified retrospective method of initially adopting ASU 2014-09.

During the first quarter 2018 we adopted ASU No. 2016-01, “Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”), which amended our accounting treatment for the recognition, measurement, presentation and disclosure of certain financial assets. ASU 2016-01 requires equity investments that have a readily determinable fair value to be measured at fair value through net income. Previously, entities would recognize changes in fair value of available-for-sale equity securities in other comprehensive income, and would recognize in net income impairment losses that were other-than-temporary. There will no longer be an available-for-sale classification (with changes in fair value reported in other comprehensive income) for equity securities with readily determinable fair values. We recognized retrospectively the cumulative effect of initially adopting ASU 2016-01.

Forward-Looking Statements

Some information contained in or incorporated by reference into this Quarterly Report on Form 10-Q may contain forward-looking statements. These statements include comments relating to our plans, expectations and assumptions concerning the Velardeña oxide plant lease, including the expected term, anticipated revenues, and potential future tailings expansion; the El Quevar project, including assumptions and projections contained in the El Quevar PEA, the timing of results from the current drilling program and our plans regarding further advancement of the project; the Santa Maria property, including the assumptions and projections contained in the updated Santa Maria, and other expectations regarding the project; the Yoquivo project, including future drilling plans and exploration activities; anticipated income from the use of our ATM Program and LPC Program; our financial outlook for the remainder of 2019 and the first three months of 2020, including anticipated income and expenditures; expected need for external financing and statements concerning our financial condition, business strategies and business and legal risks.

The use of any of the words “anticipate,” “continues,” “likely,” “estimate,” “expect,” “may,” “will,” “project,” “should,” “could,” “believe” and similar expressions are intended to identify uncertainties. We believe the expectations reflected in those forward-looking statements are reasonable. However, we cannot assure that these expectations will prove to be correct. Actual results could differ materially from those anticipated in these forward-looking statements as a result of the factors set forth below and other factors set forth in, or incorporated by reference into this report:

- Failure to close the proposed Autlán Transaction;
- Lower revenue than anticipated from the oxide lease, which could result from delays or problems at the third party’s mine or at the oxide plant, permitting problems at the third party’s mine or the oxide plant, delays in constructing additional tailings capacity at the oxide plant, earlier than expected termination of the lease or other causes;

- Higher than anticipated care and maintenance costs at the Velardeña Properties in Mexico or at El Quevar in Argentina;
- Continued decreases or insufficient increases in silver and gold prices;
- Whether we are able to raise the necessary capital required to continue our business on terms acceptable to us or at all, and the likely negative effect of continued low silver and gold prices or unfavorable exploration results;
- Unfavorable results from exploration at the Santa Maria, Rodeo Yoquivo, Navegantes, Sand Canyon or other exploration properties and whether we will be able to advance these or other exploration properties;
- Risks related to the El Quevar project in Argentina, including unfavorable results from our evaluation activities, the feasibility and economic viability and unexpected costs of maintaining the project, and whether we will be able to find a joint venture partner or secure adequate financing to further advance the project;
- Variations in the nature, quality and quantity of any mineral deposits that are or may be located at the Velardeña Properties or the Company's exploration properties, changes in interpretations of geological information, and unfavorable results of metallurgical and other tests;
- Whether we will be able to mine and sell minerals successfully or profitably at any of our current properties at current or future silver and gold prices and achieve our objective of becoming a mid-tier mining company;
- Potential delays in our exploration activities or other activities to advance properties towards mining resulting from environmental consents or permitting delays or problems, accidents, problems with contractors, disputes under agreements related to exploration properties, unanticipated costs and other unexpected events;
- Our ability to retain key management and mining personnel necessary to successfully operate and grow our business;
- Economic and political events affecting the market prices for gold, silver, zinc, lead and other minerals that may be found on our exploration properties;
- Political and economic instability in Mexico, Argentina, and other countries in which we conduct our business and future actions of any of these governments with respect to nationalization of natural resources or other changes in mining or taxation policies;
- Volatility in the market price of our common stock; and
- The factors discussed under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018 and item 1A of this Report on Form 10-Q.

Many of these factors are beyond our ability to control or predict. You should not unduly rely on these forward-looking statements. These statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we are not obligated to publicly release any revisions to these forward-looking statements to reflect future events or developments.

Cautionary Statement Regarding Mineralized Material

"Mineralized material" as used in this Quarterly Report on Form 10-Q, although permissible under the SEC Industry Guide 7, does not indicate "reserves" by SEC standards. We cannot be certain that any deposits at the El Quevar, the Velardeña Properties, the Santa Maria properties or the Rodeo property or any deposits at our other exploration properties, will ever be confirmed or converted into SEC Industry Guide 7 compliant "reserves". Investors are cautioned not to assume that all or any part of the disclosed mineralized material estimates will ever be confirmed or converted into reserves or that mineralized material can be economically or legally extracted. In addition, in this quarterly report on Form 10-Q we also modify our estimates made in compliance with National Instrument 43-101 to conform to SEC Industry Guide 7 for reporting in the United States. Mineralized material is substantially equivalent to measured and indicated mineral resources (exclusive of reserves) as disclosed for reporting purposes in Canada, except that the SEC only permits issuers to report "mineralized material" in tonnage and average grade without reference to contained ounces.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We invest substantially all of our excess cash in U.S. government and debt securities rated “investment grade” or better. The rates received on such investments may fluctuate with changes in economic conditions. Based on the average cash and investment balances outstanding during the first three months of 2019, a 1% decrease in interest rates would have resulted in only a nominal reduction in interest income for the period.

Foreign Currency Exchange Risk

Although most of our expenditures are in U.S. dollars, certain purchases of labor, supplies and capital assets are denominated in other currencies, primarily in Mexico. As a result, currency exchange fluctuations may impact the costs of our exploration and mining activities. To reduce this risk, we maintain minimum cash balances in foreign currencies and complete most of our purchases in U.S. dollars.

Commodity Price Risk

We are primarily engaged in the exploration and mining of properties containing gold, silver, zinc, lead and other minerals. As a result, decreases in the price of any of these metals have the potential to negatively impact our ability to establish reserves and mine on our properties. We currently hold no commodity derivative positions.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of June 30, 2019, (the “Evaluation Date”). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

Due to the adoption of ASU 2016-02 and ASU 2018-11, we have modified our internal control over financial reporting to include procedures to ensure the appropriate accounting treatment for our operating leases. Other than with respect to the accounting for our operating leases, there have been no changes in our internal control over financial reporting that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Other than the risk factors set forth below, the risk factors for the three months ended June 30, 2019 are substantially the same as those set forth in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018. These amended risk factors supplement, but do not replace those we have previously reported.

We may not close the proposed Autlán Transaction.

On June 26, 2019, we entered into a Purchase and Sale Agreement (the “Agreement”) along with our indirectly wholly-owned subsidiary, Minera de Cordilleras S. de R.L. de C.V, to sell certain assets to Compañía Minera Autlán S.A.B. de C.V. (“Autlán”) for US\$22.0 million. Under the terms of the Agreement, Autlán will purchase three of our Mexican subsidiaries, which together hold the Velardeña Properties and other related assets and properties, including the lease agreement pursuant to which we have leased the Velardeña oxide plant to Minera Hecla, S.A. de C.V. The proposed transaction also includes the sale of the Rodeo and Santa Maria project concessions. The Agreement provides for a period of up to 75 days for Autlán to conduct due diligence related to the three subsidiary companies and the Rodeo and Santa Maria concessions. Closing of the transaction is subject to the satisfactory completion by Autlán of its due diligence review and other customary closing conditions, including approval by the Mexican antitrust authority. Following completion of its due diligence review (which will occur during the third quarter 2019), Autlán may elect to terminate the Agreement with no further obligation.

Upon execution of the Agreement, Autlán paid us a deposit of US\$1.5 million. If the transaction does not close for any reason, we have the option to repay the deposit amount within 90 days following termination of the Agreement or elect to convey the Rodeo concessions to Autlán in full settlement of the deposit. If the Rodeo concessions cannot be conveyed for any reason, we will be required to repay the deposit by making dedicated monthly payments equal to approximately 60 percent of the anticipated cash flow from the lease of the Velardeña oxide plant until the deposit amount is repaid with interest.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

- 10.1 [Purchase and Sale Agreement dated as of June 26, 2019 by and between Golden Minerals Company, Minera de Cordilleras S. de R.L. de C.V. and Compañía Minera Autlán S.A.B. de C.V.*](#)
- 31.1 [Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act.](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act.](#)
- 32 [Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350 \(Section 906 of the Sarbanes-Oxley Act\).**](#)
- 101.INS XBRL Instance Document*
- 101.SCH XBRL Taxonomy Extension Schema Document*
- 101.CAL XBRL Taxonomy Calculation Linkbase Document*
- 101.DEF XBRL Taxonomy Definition Document*
- 101.LAB XBRL Taxonomy Label Linkbase Document*
- 101.PRE XBRL Taxonomy Presentation Linkbase Document*

* Filed herewith

** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GOLDEN MINERALS COMPANY

Date: August 7, 2019

By: /s/ Warren M. Rehn

Warren M. Rehn

President and Chief Executive Officer

Date: August 7, 2019

By: /s/ Robert P. Vogels

Robert P. Vogels

Senior Vice President and Chief Financial Officer

PURCHASE AND SALE AGREEMENT

by and between

COMPAÑÍA MINERA AUTLÁN S.A.B. DE C.V.

GOLDEN MINERALS COMPANY

AND

MINERA DE CORDILLERAS S. DE R. L. DE C.V.

Dated as of June 26, 2019

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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this “Agreement”), dated as of June 26, 2019 (the “Execution Date”), is entered into by and between Compañía Minera Autlán S.A.B. de C.V., a *Sociedad Anónima Bursátil de Capital Variable* organized under the Laws of the Republic of Mexico (“Buyer”), Golden Minerals Company, a Delaware corporation (“Golden Minerals”) and Minera de Cordilleras S. de R. L. de C.V., a *Sociedad de Responsabilidad Limitada de Capital Variable* organized under the Laws of the Republic of Mexico (“Cordilleras” and, together with Golden Minerals, the “Sellers”), and Buyer and Sellers are sometimes referred to herein together as the “Parties” and each individually as a “Party.”

RECITALS

A. Golden Minerals owns all of the issued and outstanding share capital (the “Transferred Shares”) of ECU Silver Mining Inc., a corporation organized under the Laws of Québec (“ECU”). ECU, directly or indirectly, owns all of the issued and outstanding share capital of Minera William, S.A. de C.V., a *Sociedad Anónima de Capital Variable* organized under the Laws of the Republic of Mexico (“Minera William”), Minera Labri, S.A. de C.V., a *Sociedad Anónima de Capital Variable* organized under the Laws of the Republic of Mexico (“Minera Labri”) and Servicios Velardeña S.A. de C.V., a *Sociedad Anónima de Capital Variable* organized under the Laws of the Republic of Mexico (“Servicios Velardeña” and, together with Minera William, Minera Labri and ECU, the “Companies”).

B. Golden Minerals indirectly owns all of the issued and outstanding share capital of Cordilleras. Cordilleras is the legal and beneficial owner of the Rodeo R1 and Rodeo 2 exploration and exploitation concessions located in the State of Durango, Republic of Mexico as further described on Exhibit A (the “Rodeo Concessions”). Cordilleras is the legal and beneficial owner of the Santa Maria, Punto Com, Maria, Martia III, and Maria II Fracc. I exploration and exploitation concessions located in the State of Chihuahua, Republic of Mexico as further described on Exhibit B (the “Santa Maria Concessions” and together with the Rodeo Concessions, the “Transferred Concessions”).

C. Upon the terms and subject to the conditions set forth in this Agreement, (i) Golden Minerals desires to sell to Buyer, and Buyer desires to purchase from Golden Minerals, all of Golden Minerals’ right, title and interest in and to Transferred Shares, and (ii) Cordilleras desires to sell to Buyer, and Buyer desires to purchase from Cordilleras, all of Cordilleras’ right, title and interest in and to the Transferred Concessions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I DEFINITIONS

The following terms, when used herein with initial capital letters, have the meanings set forth in this ARTICLE I:

“Acquisition Proposal” means any proposal, request or inquiry from any Person (other than Buyer or any of its Affiliates) concerning a direct or indirect merger, consolidation, share exchange or other business combination transaction involving any Company, or the sale, exchange, exclusive license or other disposition of (a) all or any material portion of the assets of any Company, other than sales of inventory in the Ordinary Course of Business, or (b) the Transferred Concessions. Notwithstanding the foregoing,

“Acquisition Proposal” shall not include any proposal, request or inquiry from any Person concerning the sale, merger, consolidation, amalgamation or other similar transaction involving Golden Minerals.

“Action” means any action, claim, suit, litigation, arbitration or proceeding (whether at law or in equity), in each case by or before any Governmental Authority.

“Affiliate” means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise.

“Agreement” has the meaning set forth in the Preamble to this Agreement.

“Antitrust Approval” has the meaning set forth in Section 6.3.

“Books and Records” means all files, documents, instruments, papers and other books and records.

“Business” means the business of the Companies as conducted as of the Execution Date.

“Business Day” means any day, other than a Saturday, a Sunday or a day on which commercial banks are authorized or required by Law to be closed in Denver, Colorado.

“Buyer” has the meaning set forth in the Preamble to this Agreement.

“Buyer Indemnified Parties” has the meaning set forth in Section 8.2.

“Cap” has the meaning set forth in Section 8.5(c).

“Cash” means all cash and cash equivalents, marketable securities and liquid short-term investments.

“Closing” has the meaning set forth in Section 2.2.

“Closing Date” has the meaning set forth in Section 2.2.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commercial Production” means a period of 10 consecutive days during which Mineral Products have been produced from the Velardeña Property and processed in the processing plant at an average rate not less than 50% of the current design rated capacity of such plant.

“Companies” has the meaning set forth in the Recitals to this Agreement.

“Company’s Knowledge” or “Companies’ Knowledge” means the actual knowledge of the individuals set forth on Section 1(a) of the Disclosure Schedules.

“Company Real Property” means the Minera William Concessions, the Owned Real Property and the Leased Real Property.

“Confidentiality Agreement” means the Confidentiality Agreement dated as of January 3, 2019 by and between Buyer and Golden Minerals.

“Contract” means any written and legally binding executory contract, agreement, lease, license or other legally binding arrangement or undertaking, other than a Permit.

“Cordilleras” has the meaning set forth in the Preamble to this Agreement.

“Cordilleras’ Knowledge” means the actual knowledge of the individuals set forth on Section 1(a) of the Disclosure Schedules.

“Current Liabilities” means all current liabilities of a Company as of the Closing Date that would be shown as a current liability on a balance sheet prepared in accordance with U.S. GAAP, consistently applied with the principles, practices, methodologies and policies used in the preparation of the audited financial statements of Golden Minerals.

“De Minimis Amount” has the meaning set forth in Section 8.5(a).

“Deductible” has the meaning set forth in Section 8.5(b).

“Deposit” has the meaning set forth in Section 2.3.

“Direct Claim” has the meaning set forth in Section 8.7.

“Disclosure Schedules” means the disclosure schedules delivered by Sellers to Buyer concurrently with the execution and delivery of this Agreement.

“Due Date” has the meaning set forth in Section 9.3.

“Due Diligence Period” has the meaning set forth in Section 6.6.

“ECU” has the meaning set forth in the Recitals to this Agreement.

“Encumbrance” means any lien, pledge, mortgage, security interest, charge, claim or other encumbrance.

“Environmental Claim” means any Action by any Person alleging Liability arising out of, based on or resulting from (a) the presence of, Release of or exposure to any Hazardous Substances or (b) any noncompliance with any Environmental Law.

“Environmental Law” means any applicable Law relating to pollution, the protection or remediation of the environment or natural resources, or to the use, storage, treatment, generation, transportation, Release or disposal of, or exposure to, Hazardous Substances.

“Excess Cash” means any Cash of the Companies, on a consolidated basis, as of the Closing, in excess of US\$200,000.

“Excluded Assets” has the meaning set forth in Section 6.4(b).

“Execution Date” has the meaning set forth in the Preamble to this Agreement.

“Financial Statements” has the meaning set forth in Section 3.9.

“Firms” has the meaning set forth in Section 10.14.

“Fraud” means an intentional misrepresentation of a representation or warranty under this Agreement made to another Party with knowledge of the truth, with the intent that such Party rely on such intentional misrepresentation; *provided* that such intentional misrepresentation shall be deemed to exist only if one of the individuals identified in Section 1(a) of the Disclosure Schedules has actual knowledge (as opposed to imputed or constructive knowledge) that a representation or warranty under this Agreement was actually untrue when made.

“Full Year Financial Statements” has the meaning set forth in Section 3.9.

“GAAP” means United States generally accepted accounting principles in effect from time to time.

“Golden Minerals” has the meaning set forth in the Preamble to this Agreement.

“Golden Minerals’ Knowledge” means the actual knowledge of the individuals set forth on Section 1(a) of the Disclosure Schedules.

“Governmental Authority” means any federal, state or local government, governmental entity, quasi-governmental entity or any political or other subdivision, agency, department, board, bureau, commission or instrumentality of any of the foregoing, or any court or tribunal of competent jurisdiction.

“Governmental Order” means any order, injunction, judgment, decree, award, writ or ruling issued or entered by or with any Governmental Authority.

“Hazardous Substance” means any substance, material, chemical or waste that is classified in any Environmental Law as “hazardous,” “toxic,” “dangerous,” a “pollutant,” a “contaminant” or words of similar import.

“Indebtedness” means, with respect to any Company, without duplication, the aggregate amount of all (a) outstanding principal, interest, fees, prepayment penalties, premiums and other expenses owed with respect to (i) indebtedness of such Company for borrowed money and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments the payment for which such Company is responsible or liable (other than performance, surety or appeal bonds arising in the Ordinary Course of Business in respect of which such Company’s Liability remains contingent), (b) reimbursement obligations of such Company with respect to any letter of credit, banker’s acceptance or similar credit transaction (but, in each case, only to the extent that such letter, acceptance or similar transaction has been drawn upon) and (c) obligations of the type referred to in the foregoing clauses of any other Person the payment for which such Company is responsible or liable as obligor, guarantor, surety or otherwise, including guarantees of such obligations, but excluding any guarantees of performance under Contracts in the Ordinary Course of Business.

“Indemnified Party” has the meaning set forth in Section 8.6(a).

“Indemnifying Party” has the meaning set forth in Section 8.6(a).

“Insurance Policies” has the meaning set forth in Section 3.14.

“Intellectual Property” means all intellectual property and intellectual property rights throughout the world, including all (a) patents and patent applications, together with all renewals, reissues, continuations, continuations-in-part, divisionals, provisionals, extensions and reexaminations thereof, (b) copyrights and copyrightable works, whether or not registered, together with all registrations and

applications for registration thereof and all reversions, extensions and renewals thereof, (c) trademarks, service marks, trade dress, trade names, business names, brand names, slogans, logos and other indicia of origin, whether or not registered, together with all registrations and applications for registration thereof, all reissues, extensions and renewals thereof and all goodwill associated therewith, and (d) confidential and proprietary information, inventions (whether or not patentable), trade secrets and know-how, whether or not reduced to practice.

“Interim Financial Statements” has the meaning set forth in Section 3.9.

“Interim Period” has the meaning set forth in Section 6.1.

“IRS” means the Internal Revenue Service.

“Law” means any federal, state or local law, statute, code, regulation, rule, ordinance, constitution, judgment, order, injunction, directive or decree issued, enacted or promulgated by any Governmental Authority.

“Leased Real Property” means all real property leased, subleased or licensed to a Company.

“Liability” means, with respect to any Person, any liability, obligation or debt of such Person of any kind or nature.

“Losses” means all actual out-of-pocket losses, Liabilities, damages, costs and expenses, including reasonable attorneys’ fees and disbursements.

“Material Adverse Effect” means any event, occurrence, fact, condition or change that, individually or in the aggregate, has resulted, or would reasonably be expected to result, in a material adverse effect on (a) the financial condition and operations of Companies or (b) the ability of Sellers to consummate the transactions contemplated by the Transaction Documents; *provided, however*, that “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions, (ii) conditions generally affecting the industry in which Companies operate, (iii) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index, (iv) any act of war by or against, or an escalation of hostilities involving, or an act of terrorism against, the United States, Canada or Mexico, (v) any natural or man-made disaster or act of God, (vi) any changes in Laws or other binding directives issued by any Governmental Authority, (vii) any changes in GAAP, (viii) any action required or permitted by the Transaction Documents or any action taken (or omitted to be taken) with the written consent of or at the written request of Buyer, (ix) any effects resulting from the announcement, pendency or completion of the transactions contemplated by the Transaction Documents, and (x) any failure by the Companies to meet any internal projections or forecasts.

“Material Contracts” has the meaning set forth in Section 3.7(a).

“Materials and Supplies Inventory” means all materials and supplies of a Company as of the Closing Date that would be shown as a current asset on a balance sheet prepared in accordance with GAAP, consistently applied with the principles, practices, methodologies and policies used in the preparation of the audited financial statements of Golden Minerals.

“Minera Labri” has the meaning set forth in the Recitals to this Agreement.

“Minera William” has the meaning set forth in the Recitals to this Agreement.

“Minera William Concessions” has the meaning set forth in Section 3.13(a).

“Mineral Products” means ores or metals (metals shall include bullion or concentrates) from the Velardeña Property, derived from operating any portion of the Velardeña Property as a mine.

“Monthly Payments” has the meaning set forth in Section 9.3.

“Ordinary Course of Business” means the ordinary course of business of the Companies.

“Organizational Documents” means, as appropriate, the articles or certificate of incorporation and bylaws of a corporation, the articles or certificate of formation or organization and, if applicable, operating agreement of a limited liability company, the articles or certificate of partnership and, if applicable, the partnership agreement of a partnership, and similar organizational documents of any other type of entity.

“Outside Date” has the meaning set forth in Section 9.1(c).

“Owned Real Property” means all real property owned in fee simple by a Company, but not including the Minera William Concessions.

“Parties” has the meaning set forth in the Preamble to this Agreement.

“Party” has the meaning set forth in the Preamble to this Agreement.

“Permitted Encumbrance” means (a) Encumbrances for Taxes, assessments or other governmental charges or levies that are not yet due or payable or that are being contested in good faith by appropriate proceedings, (b) Encumbrances of carriers, warehousemen, mechanics, materialmen, workmen, repairmen and other Encumbrances imposed by Law and arising or incurred in the Ordinary Course of Business, (c) statutory liens of landlords, (d) Encumbrances incurred or deposits made in the Ordinary Course of Business in connection with workers’ compensation, unemployment insurance or other types of social security, (e) restrictions on transfer arising under applicable securities Laws, (f) purchase money liens and Encumbrances securing rental payments under capital lease arrangements, (g) Encumbrances constituting nonexclusive licenses or sublicenses in respect of Intellectual Property, (h) with respect to real property, (i) Encumbrances that are a matter of public record, (ii) zoning ordinances, variances, conditional use Permits and similar regulations, Permits and conditions, (iii) easements, rights-of-way, covenants, conditions, restrictions and other imperfections or irregularities of title, (iv) Encumbrances not created by a Company or any Affiliate of a Company that affect the underlying fee interest of any Leased Real Property, including master leases or ground leases, and (v) such state of facts as an accurate up-to-date survey or physical inspection of the real property would disclose, (i) Encumbrances that do not materially impair the ownership or use of the assets to which they relate, and (j) the matters set forth on Section 1(b) of the Disclosure Schedules.

“Permits” means all permits, licenses, authorizations, registrations and approvals issued by any Governmental Authority.

“Person” means any individual, corporation, partnership, limited liability company, trust, joint venture, Governmental Authority or other entity or organization.

“Privileged Communications” has the meaning set forth in Section 10.14.

“Purchase Price” has the meaning set forth in Section 2.3.

“Purchase Price Allocation” has the meaning set forth in Section 6.9(d).

“Release” means any release, spill, emission, discharge, leaking, injection, disposal, dispersal, leaching or migration into the environment (including soil, ambient air, surface water, groundwater and surface or subsurface strata).

“Repayment Amount” has the meaning set forth in Section 9.3.

“Representatives” means, with respect to any Person, such Person’s officers, directors, employees, agents and other authorized representatives, including attorneys, accountants and financial advisors.

“Restricted Area” has the meaning set forth in Section 6.12(a).

“Restricted Period” has the meaning set forth in Section 6.12(a).

“Rodeo Concessions” has the meaning set forth in the Recitals to this Agreement.

“Rules” has the meaning set forth in Section 10.9(a).

“Santa Maria Concessions” has the meaning set forth in the Recitals to this Agreement.

“Securities Act” has the meaning set forth in Section 5.9.

“Sellers” has the meaning set forth in the Preamble to this Agreement.

“Seller Indemnified Parties” has the meaning set forth in Section 8.4.

“Servicios Velardeña” has the meaning set forth in the Recitals to this Agreement.

“Solvent” means, with respect to any Person, that (a) the fair saleable value of the assets of such Person exceeds the total amount of the Liabilities of such Person, (b) the fair saleable value of the assets of such Person exceeds the amount that will be required to pay such Person’s probable Liabilities as they become absolute and matured, (c) such Person is able to pay its Liabilities as they become absolute and matured, and (d) such Person has adequate capital to carry on its business.

“Subsidiary” means, with respect to any Person, any corporation, entity or other organization, whether incorporated or unincorporated, of which (a) such first Person directly or indirectly owns or controls at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the board of directors or others performing similar functions or (b) such first Person is a general partner or managing member.

“Tangible Personal Property” means all furniture, fixtures, equipment, tools, machinery and supplies and other tangible personal property (other than inventory). Tangible Personal Property shall not include any Intellectual Property or the Excluded Assets.

“Tax” means any income, gross receipts, profits, property, sales, use, license, excise, franchise, stamp, employment, payroll, withholding, alternative or add-on minimum, ad valorem, value added, transfer or excise tax, custom, duty, governmental fee or other tax of any kind whatsoever imposed by any Taxing Authority, together with any interest, penalty or addition thereto.

“Tax Benefit” has the meaning set forth in Section 8.9.

“Tax Return” means any return, report, declaration, claim for refund or information return or statement or other document filed or required to be filed with any Taxing Authority with respect to Taxes.

“Taxing Authority” means a Governmental Authority responsible for the collection, imposition or administration of any Tax.

“Third-Party Claim” has the meaning set forth in Section 8.6(a).

“Transaction Documents” means this Agreement, the Transferred Concessions Assignment of Rights and all other documents, certificates, and instruments delivered in connection therewith.

“Transferred Concessions” has the meaning set forth in the Recitals to this Agreement.

“Transferred Concessions Assignment of Rights” means that certain Assignment of Rights to be executed and delivered by Cordilleras and Buyer concurrently with the Closing with respect to the purchase and sale of the Transferred Concessions in substantially the form attached hereto as Exhibit D.

“Transferred Shares” has the meaning set forth in the Recitals to this Agreement.

“Transfer Tax” means all sales, use, value added, transfer, conveyancing, registration, stamp, recording, documentary and similar Taxes imposed on or payable in connection with the transactions contemplated by this Agreement or the other Transaction Documents.

“Velardeña Lease” means the Master Agreement and Lease Agreement, dated as of July 1, 2015, by and between Minera William and Minera Hecla, S.A. de C.V., as amended.

“Velardeña Property” means the underground silver and gold mines (Velardeña and Chicago) located in Durango State, Mexico and associated mining concessions and properties.

ARTICLE II CLOSING; CONSIDERATION

Section 2.1 Purchase and Sale.

Upon the terms and subject to the conditions set forth in this Agreement and for the consideration described in Section 2.3, at the Closing, (a) Golden Minerals shall transfer, convey, assign and deliver to Buyer, and Buyer shall purchase and acquire from Golden Minerals, all of Golden Minerals’ right, title and interest in and to the Transferred Shares, free and clear of all Encumbrances other than Permitted Encumbrances and Encumbrances created by or at the behest of Buyer, and (b) Cordilleras shall transfer, convey, assign and deliver to Buyer, and Buyer shall purchase and acquire from Cordilleras, all of Cordilleras’ right, title and interest in and to the Transferred Concessions, free and clear of all Encumbrances other than Permitted Encumbrances and Encumbrances created by or at the behest of Buyer.

Section 2.2 Closing.

Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated hereby (the “Closing”) shall take place on the date that is five Business Days following the satisfaction or waiver of each of the conditions set forth in ARTICLE VII (other than those conditions that by their nature can only be satisfied at the Closing, but subject to their satisfaction or waiver at such time), or on such other date as may be agreed upon in writing by the Parties through the delivery and exchange between the Parties of all documents required to close the transactions contemplated by this Agreement. The date on which the

Closing occurs is referred to in this Agreement as the “Closing Date”. The Closing shall be deemed effective as of 11:59 p.m. Mountain Time on the Closing Date.

Section 2.3 Purchase Price; Deposit.

The purchase price for the Transferred Shares and the Transferred Concessions shall equal US\$22,000,000 (the “Purchase Price”). The Purchase Price shall be paid as set forth in Section 2.4. As an earnest money deposit, Buyer shall wire to Golden Minerals in immediately available funds (to the account designated by Golden Minerals in writing) an amount equal to US\$1,500,000 (the “Deposit”) on the Execution Date. If the Closing occurs, the Deposit shall be a credit to the Purchase Price at Closing. If this Agreement is terminated at or prior to Closing, the Parties agree that the Deposit shall be returned to Buyer in accordance with ARTICLE IX. The Parties agree and understand that the payment of the Deposit shall not be considered a direct or indirect acquisition of any assets, shares, concessions or control by Buyer.

Section 2.4 Closing Date Payments.

At the Closing, Buyer shall pay to Golden Minerals (or one or more of its designees), by wire transfer of immediately available funds to such account or accounts as may be designated in writing by Golden Minerals, an amount equal to the Purchase Price, less the Deposit. Cordilleras hereby acknowledges and agrees that any amount paid to Golden Minerals (or one or more of its designees) shall satisfy Buyer’s obligation to pay the portion of the Purchase Price allocable to the acquisition of the Transferred Concessions from Cordilleras.

Section 2.5 Additional Closing Deliveries.

(a) At the Closing, Golden Minerals shall deliver or cause to be delivered to Buyer:

(i) certificates evidencing the Transferred Shares, duly endorsed in blank or with stock powers duly executed in proper form for transfer and with any required stock transfer stamps affixed thereto;

(ii) a certificate of an authorized officer of Golden Minerals, dated as of the Closing Date, which certifies that the conditions set forth in Section 7.2(a) and Section 7.2(c) have been satisfied; and

(iii) a resignation letter, in a form reasonably acceptable to Buyer, from each officer and director (or person acting in an equivalent capacity) of the Companies.

(b) At the Closing, Cordilleras shall deliver or cause to be delivered to Buyer:

(i) the Transferred Concessions Assignment of Rights, dated as of the Closing Date and duly executed by Cordilleras; and

(ii) a certificate of an authorized officer of Cordilleras, dated as of the Closing Date, which certifies that the conditions set forth in Section 7.2(b) and Section 7.2(c) have been satisfied.

(c) At the Closing, Buyer shall deliver or cause to be delivered to Sellers:

(i) a certificate of an authorized officer of Buyer, dated as of the Closing Date, which certifies that the conditions set forth in Section 7.3(a) and Section 7.3(b) have been satisfied;

ARTICLE III REPRESENTATIONS AND WARRANTIES OF GOLDEN MINERALS

Except as set forth on the Disclosure Schedules and as a material inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, Golden Minerals hereby represents and warrants to Buyer the following:

Section 3.1 Organization and Existence.

ECU is a corporation duly organized, validly existing and in good standing under the Laws of Québec. Each of Minera William, Minera Labri and Servicios Velardeña is a *Sociedad Anónima de Capital Variable* duly organized, validly existing and in good standing under the Laws of the Republic of Mexico. Each Company has all necessary organizational power and authority to own, lease and operate its properties and to carry on its business as currently conducted, except where the failure to have such power and authority would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each Company is duly licensed or qualified in each jurisdiction in which the ownership of its assets or the operation of its business makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.2 Authorization.

Golden Minerals has all necessary power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which Golden Minerals is a party, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Golden Minerals of this Agreement and the other Transaction Documents to which Golden Minerals is a party, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate or similar action on the part of Golden Minerals. Golden Minerals has duly executed and delivered this Agreement, and assuming due authorization, execution and delivery by Buyer, this Agreement constitutes a valid and binding obligation of Golden Minerals, enforceable against Golden Minerals in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or similar Laws affecting creditors' rights generally and to general principles of equity.

Section 3.3 Noncontravention.

The execution, delivery and performance by Golden Minerals of this Agreement and the other Transaction Documents to which Golden Minerals is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (a) conflict with, violate or result in a breach of any provision of any Organizational Document of Golden Minerals or any Company or (b) violate any Law applicable to any Company or its properties or assets, except, in the case of clause (b), as have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.4 No Subsidiaries.

Other than Minera William, Minera Labri and Servicios Velardeña, ECU does not own, directly or indirectly, any equity interest in any Person. Except as set forth on Section 3.4 of the Disclosure Schedules, none of Minera William, Minera Labri and Servicios Velardeña own an equity interest in any Person.

Section 3.5 Consents.

Except as set forth on Section 3.5 of the Disclosure Schedules, the execution, delivery and performance by Golden Minerals of this Agreement and the other Transaction Documents to which Golden Minerals is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not require any consent, authorization, order or approval of, notification to, or declaration, filing or registration with, any Person (including any Governmental Authority), except for such consents, authorizations, orders, approvals, notifications, declarations, filings or registrations the failure of which to be made or obtained would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.6 Capitalization; Ownership of Transferred Shares.

The authorized capital stock of ECU consists of an unlimited number of common shares, of which 368,000,404 shares are issued and outstanding. The authorized capital stock of Minera William consists of 2,003,967,699 shares, of which 50,000 fixed capital shares and 1,932,247,804 variable capital shares are issued and outstanding. The authorized capital stock of Minera Labri consists of 164,932,000 shares, of which 100 fixed capital shares and 132,758 variable capital shares are issued and outstanding. The authorized capital stock of Servicios Velardeña consists of 100 Series B variable capital shares, all of which are issued and outstanding. Except for the Transferred Shares, there are no shares of capital stock or other voting or equity interests of ECU issued and outstanding. The Transferred Shares are duly authorized, validly issued and fully paid and nonassessable. The Transferred Shares are owned by Golden Minerals, free and clear of all Encumbrances, other than Permitted Encumbrances. There are no preemptive, contingent or other outstanding rights, options, warrants, calls, commitments or agreements obligating any Company to issue, deliver, sell, repurchase or redeem, or cause to be issued, delivered, sold, repurchased or redeemed, any capital stock or other voting or equity interests of any Company or obligating any Company to grant or enter into any right, option, warrant, call, commitment or agreement regarding any other equity security of any Company.

Section 3.7 Material Contracts.

(a) Section 3.7(a) of the Disclosure Schedules sets forth as of the Execution Date a true and complete list of the following Contracts to which any Company is a party as of the Execution Date, excluding in each case any Contracts relating to Excluded Assets (collectively, the “Material Contracts”):

- (i) the Velardeña Lease, together with all amendments thereto;
- (ii) any Contract, other than purchase orders submitted in the Ordinary Course of Business, that involves annual payments or receipts by any Company of US\$25,000 or more, in each case, that cannot be terminated by the applicable Company without penalty or further payment on 120 days’ notice or less;
- (iii) any Contract for the sale of any material assets or properties of a Company or for the grant of any option, right of first refusal or similar preferential right to purchase any material assets of a Company;
- (iv) any Contract evidencing Indebtedness;
- (v) any Contract imposing an Encumbrance (other than a Permitted Encumbrance) on any material assets or properties of any Company;

(vi) any joint venture, partnership or similar Contract;

(vii) any lease (whether of real or personal property) requiring annual rent payments of US\$25,000 or more, in each case, that cannot be terminated by the applicable Company without penalty or further payment on 120 days' notice or less; and

(viii) shareholder agreements, voting agreements or other agreements relating to the transfer or voting of the Transferred Shares or any share capital of Minera William, Minera Labri or Servicios Velardeña.

(b) Each Material Contract is in full force and effect and is valid, binding and enforceable against the applicable Company, in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or similar Laws affecting creditors' rights generally and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). No Company is in breach of or default under any Material Contract, except for any such defaults or breaches which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Golden Minerals has made available to Buyer a true and complete copy of each written Material Contract.

Section 3.8 Absence of Certain Changes, Events and Conditions.

Since December 31, 2018, the Companies have operated in the Ordinary Course of Business and have suffered no Material Adverse Effect. Except as set forth on Section 3.8 of the Disclosure Schedules, since December 31, 2018, no Company has:

(a) acquired (including, without limitation, by merger, consolidation, or acquisition of stock or assets or any other business combination) any corporation, partnership, other business organization or any division of any such organization or any significant amount of assets;

(b) sold, transferred, assigned, leased, subleased, licensed or otherwise disposed of any of its Tangible Personal Property, Intellectual Property or Company Real Property, outside the Ordinary Course of Business;

(c) issued, delivered, sold or authorized, or proposed the issuance, delivery or sale of, any equity interests of the Companies or securities convertible into, or subscriptions, rights, warrants or options to acquire, or other agreements or commitments of any character obligating the Companies to issue any such equity interests or other convertible securities;

(d) incurred any Indebtedness or issued any debt securities or assumed, guaranteed or endorsed, or otherwise become responsible for, the obligations of any Person, or made any loans or advances, or granted any security interest in any of their assets;

(e) taken any action, other than reasonable and usual actions in the Ordinary Course of Business, with respect to accounting policies or procedures;

(f) made or authorized any change in the Organizational Documents;

(g) paid, discharged or satisfied any material claim, Liability or obligation (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction, in the Ordinary Course of Business;

(h) amended, modified or consented to the termination of any Material Contract, or amended, waived, modified or consented to the termination of any material rights of any party to such Material Contract, other than in the Ordinary Course of Business;

(i) commenced, became the subject of, or settled any material Action; or

(j) announced any agreement to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 3.9 Financial Statements.

Golden Minerals has delivered to Buyer true, accurate and complete copies of its (a) audited consolidated financial statements for the fiscal year ended December 31, 2018 (the “Full Year Financial Statements”) and (b) unaudited consolidated financial statements for the three months ended March 31, 2019 (the “Interim Financial Statements” and together with the Full Year Financial Statements, the “Financial Statements”). The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments and the absence of notes. The Financial Statements fairly present in all material respects the financial condition of Golden Minerals as of the respective dates they were prepared and the results of the operations of Golden Minerals for the periods indicated.

Section 3.10 No Undisclosed Liabilities.

To Golden Minerals’ Knowledge, no Company has any Liability that would be required to be reflected as a liability on a balance sheet prepared in accordance with GAAP, except for (a) Liabilities set forth in the Financial Statements (including the notes thereto), and (b) accounts payable and accrued liabilities incurred by the Companies since the date of the Interim Financial Statements in the Ordinary Course of Business and which would not be expected to have a Material Adverse Effect.

Section 3.11 Working Capital; Indebtedness.

(a) At Closing, the aggregate Current Liabilities of the Companies, less the amount of Excess Cash, on a consolidated basis, will not exceed US\$600,000.

(b) At Closing, the aggregate Cash of the Companies, on a consolidated basis, will not be less than US\$200,000.

(c) At Closing, the aggregate Materials and Supplies Inventory, on a consolidated basis, will not be less than US\$200,000.

(d) The Companies, on a consolidated basis, have no Indebtedness.

Section 3.12 Title to Assets.

The Companies have good and marketable title to, or a valid leasehold interest in, as the case may be, all material Tangible Personal Property used by the Companies in the conduct of the Business, free and clear of all Encumbrances other than Permitted Encumbrances, except for Tangible Personal Property sold or otherwise disposed of in the Ordinary Course of Business.

Section 3.13 Real Property.

(a) Minera William is the legal and beneficial owner of the 36 mining concessions located in the State of Durango, Republic of Mexico as further described on Exhibit C (the “Minera William Concessions”).

(b) Section 3.13(b) of the Disclosure Schedules lists and describes all of the Owned Real Property of each Company. The Companies have good and marketable title to such Owned Real Property, free and clear of all Encumbrances other than Permitted Encumbrances.

(c) Section 3.13(c) of the Disclosure Schedules lists and describes all of the Leased Real Property of each Company. The Companies possess valid leasehold interests in the Leased Real Property. All rents and amounts payable currently due under the Leased Real Property have been paid in full, and there are no leasehold mortgages encumbering any of the Leased Real Property. There are no easements, rights-of-way, gaps or gores between adjacent properties subject to the Leased Real Property, or other title matters that could interfere with the conduct of the Business. There are no lawsuits pending or threatened whose outcome would adversely affect any Company’s rights under the Leased Real Property.

(d) The Company Real Property has access, in all material respects, sufficient for the conduct of each Company’s business and operations as now conducted or as presently proposed to be conducted, to all utilities, including water, sewer, gas, electricity, telephone, drainage and other utilities, used in operation of the business of each Company.

Section 3.14 Insurance.

Section 3.14 of the Disclosure Schedules sets forth a list, as of the Execution Date, of all insurance policies maintained by the Companies or with respect to which any Company is named insured or otherwise the beneficiary of coverage (collectively, the “Insurance Policies”). Such Insurance Policies are in full force and effect on the Execution Date and all premiums due on such Insurance Policies have been paid, except as would not have a Material Adverse Effect.

Section 3.15 Legal Proceedings.

As of the Execution Date, there is no Action pending or, to Golden Minerals’ Knowledge, threatened against any Company, except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. As of the Execution Date, there is no Governmental Order outstanding against any Company that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.16 Compliance With Laws; Permits.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, no Company is in violation of any Law applicable to the conduct of the Business or such Company’s assets (other than the Excluded Assets).

(b) Each Company holds all material Permits set forth on Section 3.16(b) of the Disclosure Schedules, which are necessary for the conduct of the Business. Each Company is in compliance in all material respects with the terms of such Permits.

Section 3.17 Environmental Matters.

Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect:

- (a) To Golden Minerals' Knowledge, each Company is in compliance with all Environmental Laws.
- (b) There are no Environmental Claims pending or, to Golden Minerals' Knowledge, threatened against any Company.
- (c) To each Company's Knowledge, there has not been any Release of Hazardous Substances at any Company Real Property during the applicable Company's period of ownership that would reasonably be expected to give rise to any Liability of the Companies under any Environmental Law.
- (d) Notwithstanding any other provision of this Agreement, the representations and warranties contained in this Section 3.17 are the sole representations and warranties made by Golden Minerals with respect to environmental matters, and no other provision of this Agreement shall be interpreted as containing any representation or warranty with respect thereto.

Section 3.18 Employment Matters.

- (a) Section 3.18(a) of the Disclosure Schedules sets forth a true and complete list of all collective bargaining agreements or other similar Contracts with any labor organization to which a Company is a party or otherwise bound. The applicable Company is in compliance in all material respects with the terms of each such collective bargaining agreement or other similar Contract.
- (b) Each Company is in compliance in all material respects with all applicable Laws pertaining to employment and employment practices, including all such Laws relating to the terms and conditions of employment, labor relations, collective bargaining, disability, health and safety, wages, hours and benefits, plant closings, layoffs, nondiscrimination in employment, data protection and workers' compensation.
- (c) Notwithstanding any other provision of this Agreement, the representations and warranties contained in this Section 3.18 are the sole representations and warranties made by Golden Minerals with respect to labor and employment matters, and no other provision of this Agreement shall be interpreted as containing any representation or warranty with respect thereto.
- (d) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment (including severance, golden parachute, bonus or otherwise) becoming due to any director, employee or service provider of any Company, (ii) materially increase any benefits otherwise payable by any Company, or (iii) result in the acceleration of the time of payment or vesting of any such benefit.

Section 3.19 Fixed Assets.

Section 3.19 of the Disclosure Schedules sets forth a summary of the fixed assets of the Companies as of the Execution Date with a value equal to or greater than US\$3,000. Sellers have made available to Buyer a detailed list of the Companies' material fixed assets in the electronic data room reviewed by Buyer.

Section 3.20 Taxes.

(a) Each Company has timely filed (taking into account any extension of time in which to file) all material Tax Returns required to have been filed by it. Each Company has timely paid all material Taxes shown as due on such Tax Returns, other than Taxes being contested in good faith through appropriate proceedings and for which adequate reserves have been established.

(b) With respect to each Company, no audit, examination or other similar proceeding by any Taxing Authority is pending or, to Golden Minerals' Knowledge, threatened with respect to any material Tax Return or a material amount of Taxes of such Company.

Section 3.21 Brokers.

No broker, finder, or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Documents based upon arrangements made by or on behalf of a Company or Golden Minerals.

Section 3.22 No Other Representations and Warranties.

Except for the representations and warranties contained in this ARTICLE III, neither Golden Minerals nor any of its Representatives have made or makes any other representation or warranty, whether express or implied, written or oral, on behalf of Golden Minerals. Golden Minerals hereby disclaims any such other representations or warranties, whether made by Golden Minerals or any of its Affiliates or any of their respective Representatives.

**ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF CORDILLERAS**

Except as set forth on the Disclosure Schedules and as a material inducement to Buyer to enter into this Agreement and to consummate the transactions contemplated hereby, Cordilleras hereby represents and warrants to Buyer the following:

Section 4.1 Organization and Existence.

Cordilleras is a *Sociedad de Responsabilidad Limitada de Capital Variable* duly organized, validly existing and in good standing under the Laws of the Republic of Mexico. Cordilleras has all necessary organizational power and authority to own and operate the Transferred Concessions and to carry on its business as currently conducted, except where the failure to have such power and authority would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Cordilleras is duly licensed or qualified in each jurisdiction in which the ownership of the Transferred Concessions or the operation of its business makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.2 Authorization.

Cordilleras has all necessary power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which Cordilleras is a party, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Cordilleras of this Agreement and the other Transaction Documents to which Cordilleras is a party, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate or

similar action on the part of Cordilleras. Cordilleras has duly executed and delivered this Agreement, and assuming due authorization, execution and delivery by Buyer, this Agreement constitutes a valid and binding obligation of Cordilleras, enforceable against Cordilleras in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or similar Laws affecting creditors' rights generally and to general principles of equity.

Section 4.3 Noncontravention.

The execution, delivery and performance by Cordilleras of this Agreement and the other Transaction Documents to which Cordilleras is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (a) conflict with, violate or result in a breach of any provision of any Organizational Document of Cordilleras or (b) violate any Law applicable to Cordilleras or the Transferred Concessions, except, in the case of clause (b), as have not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.4 Consents.

Except as set forth on Section 4.4 of the Disclosure Schedules, the execution, delivery and performance by Cordilleras of this Agreement and the other Transaction Documents to which Cordilleras is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not require any consent, authorization, order or approval of, notification to, or declaration, filing or registration with, any Person (including any Governmental Authority), except for such consents, authorizations, orders, approvals, notifications, declarations, filings or registrations the failure of which to be made or obtained would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 4.5 Title to Transferred Concessions.

Except as set forth on Section 4.5 of the Disclosure Schedules, Cordilleras has good and marketable title to the Rodeo Concessions and the Santa Maria Concessions free and clear of all Encumbrances, other than Permitted Encumbrances.

Section 4.6 Compliance With Law; Permits.

(a) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, Cordilleras is not in violation of any Law applicable to the conduct of the operation of the Transferred Concessions.

(b) Except as set forth on Section 4.6(b) of the Disclosure Schedules, Cordilleras holds all material Permits necessary for the conduct of the operation of the Transferred Concessions and is in compliance in all material respects with the terms of such Permits.

Section 4.7 Environmental Matters.

Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect:

(a) To Cordilleras' Knowledge, Cordilleras is in compliance with all Environmental Laws.

(b) There are no Environmental Claims pending, or to Cordilleras' Knowledge, threatened against Cordilleras.

Section 4.8 Brokers.

No broker, finder, or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Documents based upon arrangements made by or on behalf of Cordilleras.

Section 4.9 No Other Representations and Warranties.

Except for the representations and warranties contained in this ARTICLE IV, neither Cordilleras nor any of its Representatives have made or makes any other representation or warranty, whether express or implied, written or oral, on behalf of Cordilleras. Cordilleras hereby disclaims any such other representations or warranties, whether made by Cordilleras or any of its Affiliates or any of their respective Representatives.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER

As a material inducement to Sellers to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer hereby represents and warrants to Sellers as follows:

Section 5.1 Organization and Existence.

Buyer is a *Sociedad Anónima Bursátil de Capital Variable* duly organized, validly existing and in good standing under the Laws of Republic of Mexico. Buyer has all necessary organizational power and authority to own, lease and operate its properties and to carry on its business as currently conducted. Buyer is duly licensed or qualified and in good standing as a foreign corporation in each jurisdiction in which the ownership of its assets or the operation of its business makes such licensing or qualification necessary.

Section 5.2 Authorization.

Buyer has all necessary power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which Buyer is a party and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which Buyer is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or similar action on the part of Buyer. Buyer has duly executed and delivered this Agreement, and this Agreement constitutes, and each other Transaction Document to which Buyer is a party will constitute when executed and delivered by Buyer, a valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or similar Laws affecting creditors' rights generally and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

Section 5.3 Noncontravention.

The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which Buyer is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (a) conflict with, violate or result in a breach of any provision of any Organizational Document of Buyer, (b) violate any Law or Governmental Order applicable to Buyer, (c) result in the creation or imposition of any Encumbrance (other than Permitted Encumbrances) on any of Buyer's assets or properties, or (d) with or without notice or lapse of time or both, (i) result in a violation or breach of or (ii) constitute a default under any Contract to which Buyer is a party or by which Buyer is

bound, except, in the case of clauses (b), (c) and (d), as have not had and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Buyer's ability to consummate the transactions contemplated by this Agreement and the other Transaction Documents to which Buyer is a party.

Section 5.4 Consents.

The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which Buyer is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not require any consent, authorization, order or approval of, notification to, or declaration, filing or registration with, any Person (including any Governmental Authority).

Section 5.5 Brokers.

No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any of the other Transaction Documents based upon arrangements made by or on behalf of Buyer.

Section 5.6 Legal Proceedings.

There are no Actions pending or threatened against Buyer or any of its Affiliates that, (a) challenge the validity or enforceability of this Agreement, (b) seek to prevent, enjoin or otherwise delay the transactions contemplated hereby, or (c) if determined adversely to Buyer, would reasonably be expected to have a material adverse effect on Buyer's ability to consummate the transactions contemplated by this Agreement or the other Transaction Documents to which Buyer is a party.

Section 5.7 Sufficiency of Funds.

Buyer has, and as of immediately prior to the Closing will have, sufficient unrestricted cash or other sources of immediately available funds to make the payments required pursuant to Section 2.4 and to pay any other amounts required to be paid in connection with the consummation of the transactions contemplated by this Agreement and the other Transaction Documents, together with all related fees and expenses of Buyer. Buyer has the resources and capabilities (financial or otherwise) to perform its obligations under this Agreement and the other Transaction Documents to which Buyer is a party. Buyer acknowledges that its obligations set forth in this Agreement and the other Transaction Documents to which Buyer is a party are not contingent upon any Person's ability to obtain or have at the Closing sufficient unrestricted cash or other sources of immediately available funds necessary for Buyer to make the payments required pursuant to this Agreement or the other Transaction Documents to which Buyer is a party or to perform its obligations with respect to the transactions contemplated hereby or thereby.

Section 5.8 Solvency.

As of the Closing and immediately after giving effect to the transactions contemplated by this Agreement and the other Transaction Documents to which Buyer is a party, Buyer will be Solvent. Buyer is not entering into the transactions contemplated hereby or thereby with the intent to hinder, delay or defraud either present or future creditors.

Section 5.9 Investment Purpose.

Buyer is acquiring the Transferred Shares solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof or with any present

intention of distributing or selling the Transferred Shares. Buyer is an “accredited investor” as such term is defined in Rule 501 promulgated under Regulation D of the Securities Act of 1933, as amended (the “Securities Act”) and as defined in National Instrument 45-106 - *Prospectus Exemptions* of the Canadian Securities Administrators (and in Quebec, Regulation 45-106 respecting *Prospectus Exemptions*). Buyer has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Transferred Shares. Buyer is able to bear the economic risk of holding the Transferred Shares for an indefinite period, including a complete loss of its investment. Buyer acknowledges that the Transferred Shares have not been registered under the Securities Act or any state securities Laws and that the Transferred Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available under the Securities Act, and in compliance with any state securities Laws to the extent applicable. In addition to the foregoing, Buyer hereby acknowledges and agrees that (i) the transfer, conveyance, assignment and delivery of the Transferred Shares hereunder to Buyer is exempt from the prospectus requirements of applicable Canadian securities laws, and (ii) unless permitted under Canadian securities legislation, Buyer must not transfer the Transferred Shares before the date that is four months and a day after the later of (x) the Closing Date and (y) the date ECU becomes a reporting issuer in any province or territory of Canada.

Section 5.10 Independent Investigation.

(a) Buyer has conducted, or prior to the Closing Date will conduct, its own independent investigation, review and analysis of the Business and the assets and liabilities of the Companies and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, Books and Records and other documents and data of the Companies for such purpose. Buyer acknowledges and agrees that (i) in making its decision to enter into this Agreement, Buyer has relied solely upon its own investigation, review and analysis and not on any factual representations or opinions of Golden Minerals or its Representatives, except the representations and warranties of Golden Minerals expressly set forth in ARTICLE III; and (ii) no Company or Representative of a Company has made or makes any representation or warranty, whether express or implied, written or oral, on behalf of Golden Minerals, including as to the Business or the assets or liabilities of Golden Minerals or otherwise in connection with the transactions contemplated hereby, except for the representations and warranties of Golden Minerals expressly set forth in ARTICLE III. Without limiting the generality of the foregoing, Buyer acknowledges that, except as expressly provided in ARTICLE III, Golden Minerals has not made any representation or warranty with respect to (y) any projections, estimates or budgets delivered or made available to Buyer or its Representatives regarding future revenues, future results of operations, future cash flows or future financial conditions (or any component thereof) of the Companies, or the reasonableness of the assumptions underlying such projections, estimates or budgets; or (z) any other information or documents delivered or made available to Buyer or its Representatives with respect to the Business (including by means of any data room, management presentations, functional “break-out” discussions, responses to questions submitted on behalf of Buyer, confidential memoranda or other offering materials). Buyer acknowledges that, subject to the representations and warranties of Golden Minerals contained in ARTICLE III and the covenants and agreements contained in this Agreement and the other Transaction Documents, should the Closing occur, Buyer shall acquire the assets of Companies (other than the Excluded Assets) without any representation or warranty as to merchantability or fitness for any particular purpose, in an “as is” condition and on a “where is” basis.

(b) Buyer has conducted, or prior to the Closing will conduct, its own independent investigation, review and analysis of the Transferred Concessions and acknowledges it has been provided adequate access to personnel, assets, properties, premises, Books and Records and other documents and data of Cordilleras for such purpose. Buyer acknowledges and agrees that in making its decision to enter into this Agreement, Buyer has relied solely upon its own investigation, review and analysis and not on any

factual representations or opinions of Cordilleras or its Representatives, except the representations and warranties of Cordilleras expressly set forth in ARTICLE IV. Without limiting the generality of the foregoing, Buyer acknowledges that, except as expressly provided in ARTICLE IV, Cordilleras has not made any representation or warranty with respect to (y) any of its projections, estimates or budgets delivered or made available to Buyer or its Representatives regarding future revenues, future results of operations, future cash flows or future financial conditions (or any component thereof), or the reasonableness of the assumptions underlying such projections, estimates or budgets; or (z) any other information or documents delivered or made available to Buyer or its Representatives with respect to the Transferred Concessions (including by means of any data room, management presentations, functional “break-out” discussions, responses to questions submitted on behalf of Buyer, confidential memoranda or other offering materials). Buyer acknowledges that, subject to the representations and warranties of Cordilleras contained in ARTICLE IV and the covenants and agreements contained in this Agreement and the other Transaction Documents, should the Closing occur, Buyer shall acquire the Transferred Concessions without any representation or warranty as to merchantability or fitness for any particular purpose, in an “as is” condition and on a “where is” basis.

Section 5.11 No Other Representations.

Except for the representations and warranties contained in this ARTICLE V, neither Buyer nor any of its Representatives has made or makes any other representation or warranty, whether express or implied, written or oral, on behalf of Buyer. Notwithstanding anything to the contrary, nothing in this Section 5.11 shall preclude any claim in the event that any Seller is able to demonstrate that Buyer has made a material misstatement of fact to such Seller that constitutes actual fraud against such Seller.

ARTICLE VI COVENANTS

Section 6.1 Conduct of Business.

From the Execution Date and continuing until the earlier of the termination of this Agreement or the Closing (the “Interim Period”), Golden Minerals shall use commercially reasonable efforts to cause each Company to:

- (a) conduct the Business in the Ordinary Course of Business;
- (b) use its commercially reasonable efforts to maintain and preserve the present operations, organization and goodwill of the Business;
- (c) maintain and preserve all Permits required for the conduct of the Business or for the ownership and use of its properties and assets;
- (d) collect its accounts receivable in the Ordinary Course of Business and pay its accounts payable, debts, Taxes and other Liabilities when due;
- (e) preserve in full force and effect its Material Contracts, including the Velardeña Lease;
- (f) maintain its Books and Records in accordance with past practice; and
- (g) comply in all material respects with all Laws applicable to the conduct of the Business or the ownership and use of its assets and properties.

Furthermore, during the Interim Period, the Companies shall not, and Golden Minerals shall cause each Company not to:

- (h) issue, deliver, sell or authorize the issuance, delivery or sale of, any equity interests of the Companies;
- (i) acquire (by merger, consolidation, or acquisition of stock or assets or any other business combination or reorganization) any corporation, partnership, other business organization or any division of any such organization;
- (j) create any Encumbrance, except for any Permitted Encumbrances and Encumbrances created by or at the behest of Buyer;
- (k) incur any Indebtedness;
- (l) make or authorize any change in the Organizational Documents;
- (m) effect any split, combination, reclassification or recapitalization of any equity interest in the Companies;
- (n) increase (or announce any increase of) any salaries, or wages or other compensations, or change, amend or supplement any agreement set forth on Section 3.18(a) of the Disclosure Schedules (other than in the Ordinary Course of Business);
- (o) hire or terminate any officer of any Company;
- (p) incur any capital expenditure, or commitment for capital expenditure, in excess of US\$50,000 in the aggregate; or
- (q) reduce the stated capital of ECU by an aggregate amount in excess of US\$5,000,000.

Section 6.2 Conduct of Transferred Concessions.

During the Interim Period, Cordilleras shall:

- (a) maintain and preserve all Permits required for the ownership, operation and use of the Transferred Concessions;
- (b) pay its debts, Taxes and other Liabilities when due;
- (c) maintain its Books and Records in accordance with past practice; and
- (d) comply in all material respects with the Laws applicable to the ownership, operation and use of the Transferred Concessions.

Section 6.3 Conduct of All Parties.

Buyer shall use commercially reasonable efforts to, as promptly as practicable following the Execution Date, make any filing that is necessary to provide notice to or, if required, request approval from, the *Comisión Federal de Competencia Económica* (or any other applicable Governmental Authority) regarding the transactions contemplated by this Agreement as required pursuant to Mexico's *Ley Federal*

de Competencia Económica. The Parties shall use commercially reasonable efforts to obtain approval (if any) that is required under Mexico's *Ley Federal de Competencia Económica* (the "Antitrust Approval"). The Parties shall supply as promptly as practicable any additional information or documentary material that may be requested by the applicable Governmental Authority. Each Party will promptly notify the other Party of any written communication to that Party from any Governmental Authority regarding this Agreement or the Antitrust Approval and will furnish to the other Party copies of all correspondence, filings and written communications between them and their Affiliates and their respective representatives, on the one hand, and such Governmental Authority, on the other hand, with respect to this Agreement, except to the extent such correspondence, filings or written communications include confidential or competitively sensitive information of such Party.

Section 6.4 Pre-Closing Efforts.

(a) During the Interim Period, each Party shall use its commercially reasonable efforts, in such Party's sole discretion, to take such actions as are necessary to expeditiously satisfy the closing conditions set forth in ARTICLE VII.

(b) Prior to the Closing, Golden Minerals will (and will cause the Companies to) take all actions reasonably necessary or appropriate such that none of the Companies will own any of the assets set forth on Section 6.4(b) of the Disclosure Schedules as of the Closing (the "Excluded Assets"). If, at any time after the Closing Date, Buyer or any Company discovers that it or any of its Affiliates is the owner of, receives or otherwise comes to possess any Excluded Asset, Buyer will (or will cause the relevant Company to) promptly convey such Excluded Asset to Golden Minerals or its designated Affiliate for no additional consideration. Prior to any such conveyance, the applicable assets will be held in trust for the benefit, insofar as reasonably possible, of the Person entitled thereto (and at such Person's sole expense) until the consummation of the conveyance thereof.

(c) Golden Minerals may distribute Cash from the Companies prior to the Closing, *provided* that the Cash of the Companies, on a consolidated basis, at the Closing, shall be not less than the amount set forth in Section 3.11(b).

(d) Prior to the Closing, Golden Minerals shall eliminate all intercompany accounts receivable or accounts payable between and among the Companies or between and among any Company, on the one hand, and Golden Minerals or its Affiliates, on the other hand.

(e) Prior to the Closing, Golden Minerals shall terminate the intercompany agreements set forth on Section 6.4(e) of the Disclosure Schedules.

Section 6.5 Governmental Approvals and Other Third-Party Consents.

(a) Each Party shall, as promptly as possible, use its reasonable best efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement. Each Party shall cooperate fully with the other Parties and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. The Parties shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders or approvals.

(b) Sellers and Buyer shall use commercially reasonable efforts to give all notices to, and obtain all consents from, all third parties; *provided, however*, that no Seller shall be obligated to pay

any consideration therefor to any third party from whom consent or approval is requested unless such Seller is contractually obligated under the terms of the particular agreement to make such payment.

Section 6.6 Access to Information.

Until 5:00 p.m. Mountain Time on September 9, 2019 (or an earlier date as authorized by Buyer) (the “Due Diligence Period”), Sellers shall, and Golden Minerals shall cause the Companies to, (a) afford Buyer and its Representatives reasonable access, during normal business hours upon reasonable advance notice, to the properties, assets, premises, Books and Records, Contracts and other documents and data of the Companies or Cordilleras (to the extent related to the Transferred Concessions), (b) make available to Buyer and its Representatives such financial, operating and other data and information of the Companies or Cordilleras (to the extent related to the Transferred Concessions) as Buyer or any of its Representatives may reasonably request, and (c) instruct the respective Representatives of the Companies and Sellers to cooperate with Buyer in its investigation of the Companies and the Transferred Concessions. Any such investigation shall be conducted under the supervision of the personnel of Golden Minerals or Cordilleras, as applicable, and in such a manner as not to unreasonably interfere with the normal operations of the Companies or Cordilleras. Sellers shall, and Golden Minerals shall cause the Companies to, permit Buyer and its Representatives to conduct technical and environmental due diligence of the Transferred Concessions and the Company Real Property, including the collecting and analysis of samples of surface water, groundwater or surface or subsurface land or minerals on, at, in, under or from the Transferred Concessions, and the Company Real Property during the Due Diligence Period. Notwithstanding anything to the contrary in this Agreement, no Company or Seller shall be required to disclose any information to Buyer if such disclosure would, in such Seller’s reasonable judgment, (i) cause significant competitive harm to Seller or such Company if the transactions contemplated by this Agreement are not consummated, (ii) jeopardize any attorney-client or other privilege, or (iii) contravene any applicable Law or fiduciary duty or Contract to which any Company is a party (including any applicable confidentiality obligations). During the Interim Period, without the prior written consent of Sellers (which may be withheld in such Seller’s sole discretion), Buyer shall not contact any suppliers, employees, customers or distributors of any Seller or any Company.

Section 6.7 No Solicitation of Other Bids.

During the Interim Period, Sellers shall not, and shall not permit any Company or any of the respective Affiliates or Representatives of Sellers or the Companies to, directly or indirectly, (i) initiate, solicit, knowingly encourage or knowingly facilitate the making of an Acquisition Proposal, (ii) participate in discussions or negotiations with, or provide any information to, any third Person concerning an Acquisition Proposal, or (iii) approve, authorize, endorse, declare advisable, adopt, enter into or recommend any Acquisition Proposal or any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other agreement (whether or not binding) providing for or constituting an Acquisition Proposal.

Section 6.8 Employment Matters.

Golden Minerals may desire to retain certain employees of the Companies upon Closing. Upon mutual agreement of Golden Minerals and Buyer, certain employees may be terminated by the applicable Company prior to Closing and rehired by an Affiliate of Golden Minerals. In such event, Buyer may desire to hire Golden Minerals or its Affiliate to provide certain transition services for a period of time following the Closing Date. The Parties shall negotiate in good faith to accomplish the intent of this Section 6.8.

Section 6.9 Tax Matters.

(a) All Transfer Taxes shall be borne by Buyer.

(b) Sellers and Buyer shall provide each other with such cooperation and information as either of them may reasonably request in filing any Tax Return. Any out-of-pocket expenses incurred in furnishing such cooperation or information shall be borne by the Party requesting it.

(c) With respect to any Company, Buyer shall not, without the consent of Golden Minerals, such consent not to be unreasonably withheld, make an election under Section 338(g) of the Code (or any similar election permitted under applicable Law).

(d) Prior to Closing, Sellers and Buyer shall mutually agree upon an allocation of the Purchase Price among the Transferred Shares, the Rodeo Concessions and the Santa Maria Concessions (the "Purchase Price Allocation"). Buyer and Sellers will not, and will cause their respective Affiliates not to, take a position on any Tax Return or before any Taxing Authority that is inconsistent with the Purchase Price Allocation, except as required by applicable Law.

Section 6.10 Public Announcements.

No Party to this Agreement nor any Affiliate or Representative of any such Party, shall issue or cause the publication of any press release or public announcement in respect of this Agreement or the transactions contemplated hereby without the prior written consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed), except as may be required by applicable Law or stock exchange rules, in which case the Party required to publish such press release or public announcement shall use reasonable efforts to provide the other Party a reasonable opportunity to comment on such press release or public announcement in advance of such publication.

Section 6.11 Books and Records.

For a period of seven years after the Closing Date, Buyer and its Affiliates (including the Companies) shall (a) cause the Companies to retain all of their Books and Records that relate to conduct of their business prior to the Closing and (b) afford Seller and its Representatives, during normal business hours, upon reasonable notice, access to such Books and Records (including the right to photocopy the same, at its own expense).

Section 6.12 Noncompetition; Nonsolicitation.

(a) Golden Minerals covenants and agrees that during the period of two years following the Closing Date (the "Restricted Period"), it shall not, anywhere within the boundary as set forth on Exhibit E attached hereto (the "Restricted Area"), engage, directly or indirectly, as an agent, principal, manager, director, officer, employee, partner, member, or stockholder of any Person, in the acquisition or ownership of any mining concessions or the operation of any mining operations.

(b) Except as may be agreed by the Parties pursuant to Section 6.8, during the Restricted Period, neither Golden Minerals nor any Company shall hire, request, solicit or induce, or attempt to hire, request, solicit or induce, any employee of any Company, to leave the employment of such Company for any reason whatsoever or hire any former employee of any Company.

(c) Golden Minerals recognizes that its breach of any of the provisions of this Section 6.12 would result in serious harm to Buyer for which monetary damages might not be an adequate remedy

and that the amount of such damages would be difficult to determine. Therefore, if Golden Minerals breaches any provision of this Section 6.12 then Buyer shall be entitled to seek injunctive relief and specific performance in addition to any other available legal or equitable remedies.

(d) It is the express intention of the Parties to comply with all Laws that may be applicable to this Section 6.12. It is the express intention of Buyer to restrict Golden Minerals' activities only to the extent necessary to protect the legitimate business interests of Buyer. Golden Minerals acknowledges and agrees that the time, geographic, and other restrictions in this Section 6.12 are only as broad as reasonably necessary to protect the legitimate interests of Buyer. Nevertheless, should any restriction contained in this Section 6.12 be found to exceed in time, scope or space the restriction permitted by Law, it is expressly agreed that the covenants contained in this Section 6.12 shall be reformed or modified by the final judgment of a court of competent jurisdiction to reflect a lawful and enforceable duration, scope and space.

Section 6.13 Further Assurances.

Following the Closing, each of the Parties shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances, and take such further actions as may be reasonably required to carry out the provisions hereof and to give effect to the transactions contemplated by this Agreement and the other Transaction Documents (including, for the avoidance of doubt, any applicable registration at the Public Registry of Mining).

ARTICLE VII CONDITIONS TO CLOSING

Section 7.1 Conditions to Obligations of All Parties.

The obligations of each Party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or, to the extent permitted, waiver of each of the following conditions:

(a) No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law that remains in effect and has the effect of making the transactions contemplated by this Agreement illegal.

(b) No Governmental Authority shall have issued or entered any Governmental Order (whether temporary, preliminary or permanent) that remains in effect and has the effect of making the transactions contemplated by this Agreement illegal or otherwise restrains or prohibits the consummation of such transactions or will cause such transactions to be rescinded following completion.

(c) No proceedings shall be in effect or have been instituted by a Governmental Authority enjoining, prohibiting or otherwise preventing, or seeking to enjoin, prohibit or otherwise prevent the consummation of the transactions contemplated by this Agreement.

(d) To the extent required, Antitrust Approval shall have been obtained without imposition of any material conditions, restrictions or limitations on Buyer or the conduct of the Business following the Closing Date.

Section 7.2 Conditions to Obligations of Buyer.

The obligations of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Golden Minerals in ARTICLE III shall be true and correct in all material respects as of the Execution Date and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties expressly speak as of a specified date, in which case such representations and warranties shall be true and correct in all material respects on and as of such specified date).

(b) The representations and warranties of Cordilleras in ARTICLE IV shall be true and correct in all material respects as of the Execution Date and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties expressly speak as of a specified date, in which case such representations and warranties shall be true and correct in all material respects on and as of such specified date).

(c) Sellers shall have performed and complied in all material respects with all covenants and obligations in this Agreement required to be performed and complied with by Sellers as of or prior to the Closing.

(d) Golden Minerals shall have delivered to Buyer each of the deliverables required by Section 2.5(a).

(e) Cordilleras shall have delivered to Buyer each of the deliverables required by Section 2.5(b).

(f) Buyer shall be satisfied, in its reasonable discretion, with the results of its due diligence investigation conducted pursuant to Section 6.6 or otherwise.

Section 7.3 Conditions to Obligations of Sellers.

The obligations of Sellers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver, at or prior to the Closing, of each of the following conditions:

(a) The representations and warranties of Buyer in ARTICLE V shall be true and correct in all material respects as of the Execution Date and as of the Closing Date as though made on and as of the Closing Date (except to the extent such representations and warranties expressly speak as of a specified date, in which case such representations and warranties shall be true and correct in all material respects on and as of such specified date).

(b) Buyer shall have performed and complied in all material respects with all covenants and obligations in this Agreement required to be performed and complied with by Buyer as of or prior to the Closing.

(c) Buyer shall have delivered to Sellers each of the deliverables required by Section 2.5(c).

ARTICLE VIII INDEMNIFICATION

Section 8.1 Survival.

The representations and warranties of the Parties contained in this Agreement shall survive the Closing until the earlier of (i) 36 months after the Closing Date and (ii) 12 months after the achievement of Commercial Production. All covenants and agreements that by their terms are to be performed after Closing

shall survive the Closing indefinitely or for the period explicitly specified therein. All covenants and agreements that by their terms are to be performed at or prior to Closing shall survive the Closing until the earlier of (i) 36 months after the Closing Date and (ii) 12 months after the achievement of Commercial Production. Notwithstanding the foregoing, any claim for indemnification in respect of any breach of any representation, warranty, covenant or agreement for which indemnification may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding provisions of this Section 8.1 if such claim for indemnification is asserted by notice given as required pursuant to Section 8.6 and Section 8.7 prior to the expiration of the applicable survival period. The Parties agree that the survival period and the other limitations for the time period to bring a claim set forth in this Section 8.1 shall serve to shorten any statutes of limitation that would otherwise be applicable.

Section 8.2 Indemnification by Golden Minerals.

Subject to the limitations and other provisions set forth in this ARTICLE VIII, from and after the Closing, Golden Minerals shall indemnify and hold harmless Buyer and its Affiliates and the respective Representatives, successors and assigns of each of the foregoing (collectively, the “Buyer Indemnified Parties”) from and against any and all Losses incurred or suffered by Buyer any of the Buyer Indemnified Parties arising out of or resulting from:

- (a) any representation or warranty of Golden Minerals set forth in ARTICLE III being untrue as of the Closing Date;
- (b) any representation or warranty of Cordilleras set forth in ARTICLE IV or Articles I and III of the “Representations” section of the Transferred Concessions Assignment of Rights being untrue as of the Closing Date;
- (c) any breach of any covenant or agreement of Golden Minerals made pursuant to this Agreement; or
- (d) any breach of any covenant or agreement of Cordilleras made pursuant to this Agreement and the “Clauses” section of the Transferred Concessions Assignment of Rights.

Section 8.3 Intentionally Omitted.

Section 8.4 Indemnification by Buyer.

Subject to the limitations and other provisions set forth in this ARTICLE VIII, from and after the Closing, Buyer shall indemnify and hold harmless Sellers and their respective Affiliates and the respective Representatives, successors and assigns of each of the foregoing (collectively, the “Seller Indemnified Parties”) from and against any and all Losses incurred or suffered by any of the Seller Indemnified Parties arising out of or resulting from:

- (a) any representation or warranty of Buyer set forth in ARTICLE V or Articles II and III of the “Representations” section of the Transferred Concessions Assignment of Rights being untrue as of the Closing Date; or
- (b) any breach of any covenant or agreement of Buyer made pursuant to this Agreement and the “Clauses” section of the Transferred Concessions Assignment of Rights.

Section 8.5 Limitations on Indemnification of Buyer Indemnified Parties.

(a) Buyer shall not be entitled to indemnification pursuant to Section 8.2(a) or Section 8.2(b) for any individual claim (or series of related claims arising from the same facts or circumstances) unless the Losses associated therewith exceed US\$20,000 (the “De Minimis Amount”). Any such Losses that do not exceed the De Minimis Amount shall not be applied or considered for purposes of calculating the aggregate amount of Buyer’s Losses under Section 8.5(b).

(b) Buyer shall not be entitled to indemnification pursuant to Section 8.2(a) or Section 8.2(b) unless and until the aggregate amount of Losses with respect to all claims pursuant to Section 8.2(a) and Section 8.2(b), collectively, exceeds US\$200,000 (the “Deductible”), in which case Buyer shall only be entitled to recover such Losses in excess of the Deductible.

(c) The maximum amount of cumulative Losses for which Buyer shall be entitled to indemnification pursuant to Section 8.2(a) and Section 8.2(b), collectively, shall be equal to US\$5,000,000 (the “Cap”).

(d) Buyer shall in no event be entitled to indemnification pursuant to this Agreement for Losses that in the aggregate exceed an amount equal to the Purchase Price.

Section 8.6 Indemnification Procedures for Third-Party Claims.

(a) If a Person entitled to indemnification under this ARTICLE VIII (an “Indemnified Party”) receives notice of the assertion of any claim or the commencement of any Action by any third party against such Indemnified Party (a “Third-Party Claim”), such Indemnified Party shall give prompt written notice thereof to the Person from whom indemnification is sought (the “Indemnifying Party”), which notice shall in no event be delivered later than 15 days after the Indemnified Party first becomes aware of such Third-Party Claim; *provided, however*, that the failure of the Indemnified Party to give such notice within such 15-day period shall not relieve the Indemnifying Party of its indemnification obligations hereunder except to the extent that such failure prejudices the rights of the Indemnifying Party. Such notice shall describe the Third-Party Claim in reasonable detail and the basis for indemnification (taking into account the information then available to the Indemnified Party), shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Losses that have been or are reasonably expected to be sustained by the Indemnified Party in connection with such Third-Party Claim.

(b) The Indemnifying Party shall be entitled, by written notice to the Indemnified Party, to assume the defense and control of a Third-Party Claim at the Indemnifying Party’s own expense. If the Indemnifying Party assumes the defense and control of a Third-Party Claim as provided in this Section 8.6(b), the Indemnifying Party shall be entitled to select its own counsel, and the Indemnified Party shall have the right to participate in the defense of such Third-Party Claim with its own counsel and at its own expense. If the Indemnifying Party does not assume the defense and control of a Third-Party Claim as provided in this Section 8.6(b), the Indemnified Party shall be entitled to assume and control such defense, and the Indemnifying Party shall have the right to participate in the defense of such Third-Party Claim with its own counsel and at its own expense.

(c) Notwithstanding anything in this Section 8.6 to the contrary, the Indemnifying Party shall not, without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), consent to the settlement of any Third-Party Claim; *provided, however*, that consent of the Indemnified Party shall not be required for any such settlement if (i) the sole relief provided in such settlement is monetary damages that will be paid in full by the

Indemnifying Party and (ii) such settlement does not impose any injunctive or other equitable relief against the Indemnified Party. Notwithstanding anything in this Section 8.6 to the contrary, the Indemnified Party shall not, without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed), consent to the settlement of any Third-Party Claim.

Section 8.7 Indemnification Procedures for Direct Claims.

If an Indemnified Party determines that it may have a claim for indemnification under this ARTICLE VIII that does not involve a Third-Party Claim (a “Direct Claim”), the Indemnified Party shall give the Indemnifying Party prompt written notice thereof, but in any event not later than 15 days after the Indemnified Party first learns of the facts and circumstances on which such Direct Claim is based; *provided, however*, that the failure of the Indemnified Party to give such notice within such 15-day period shall not relieve the Indemnifying Party of its indemnification obligations hereunder except to the extent that such failure prejudices the rights of the Indemnifying Party. Such notice shall describe such Direct Claim in reasonable detail and the basis for indemnification (taking into account the information then available to the Indemnified Party), shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Losses that have been or are reasonably expected to be sustained by the Indemnified Party in connection with such Direct Claim. The Indemnifying Party shall have 60 days after its receipt of such notice to respond in writing to such Direct Claim. During such 60-day period, the Indemnified Party shall allow the Indemnifying Party and its Representatives to investigate the matters or circumstances alleged to give rise to such Direct Claim and whether and to what extent any amount is payable in respect of such Direct Claim, and the Indemnified Party shall assist the Indemnifying Party’s investigation by providing such information and assistance (including reasonable access, upon reasonable notice and during normal business hours, to the Indemnified Party’s premises and personnel and the right to examine and copy any accounts, documents or records related to such Direct Claim) as the Indemnifying Party or any of its Representatives may reasonably request. If the Indemnifying Party does not so respond within such 60-day period, the Indemnifying Party shall be deemed to have rejected such Direct Claim. If the Indemnifying Party rejects all or any part of such Direct Claim, the Indemnified Party shall be free to pursue such remedies as may be available to it under this Agreement with respect to the rejected portion of such Direct Claim.

Section 8.8 Insurance and Third-Party Proceeds.

The amount of any Losses that are subject to indemnification under this ARTICLE VIII shall be determined net of any applicable third-party insurance, indemnity, contribution or similar proceeds (net of the costs of recovery thereof, including reasonable attorneys’ fees) actually received by the Indemnified Party with respect to such Losses. Each Indemnified Party shall use commercially reasonable efforts to recover under all applicable insurance policies and indemnity, contribution or similar provisions covering such Losses to the same extent as it would if such Losses were not subject to indemnification hereunder. If an Indemnified Party receives such proceeds subsequent to an Indemnifying Party’s making of an indemnification payment to the Indemnified Party, the Indemnified Party shall promptly remit such proceeds (net of the costs of recovery thereof, including reasonable attorneys’ fees) to the Indemnifying Party to the extent of the indemnification payment made.

Section 8.9 Tax Benefits.

The amount of any Losses that are subject to indemnification under this ARTICLE VIII shall be determined net of any Tax Benefit realized by an Indemnified Party (or its Affiliates). If any Tax Benefits are realized after payment in respect of such Losses was made without offset therefor, the Indemnified Party shall remit the amount of such Tax benefits to the Indemnifying Party within 10 days of such Tax benefit being realized. The Indemnified Party will use (and will cause its Affiliates to use) commercially reasonable

efforts to realize any applicable Tax Benefit. For this purpose, the Indemnified Party shall be deemed to realize a tax benefit (“Tax Benefit”) with respect to a taxable year if, and to the extent that, the Indemnified Party’s cumulative liability for Taxes through the end of such taxable year, calculated by excluding any Tax items attributable to the Losses from all taxable years, exceeds the Indemnified Party’s actual cumulative liability for Taxes through the end of such taxable year, calculated by taking into account any Tax items attributable to the Losses and the receipt of indemnification payment under this ARTICLE VIII for all taxable years (to the extent permitted by relevant Tax Law and treating such Tax items as the last items taken into account for any taxable year).

Section 8.10 Subrogation.

Upon making any payment to an Indemnified Party for any indemnification claim pursuant to this ARTICLE VIII, the Indemnifying Party shall be subrogated, to the extent of such payment, to all rights and remedies which the Indemnified Party may have to any insurance benefits or other claims against any third parties with respect to the subject matter underlying such indemnification claim, and the Indemnified Party shall assign any such rights to the Indemnifying Party. Each Indemnified Party shall duly execute upon request by the Indemnifying Party all instruments reasonably necessary to evidence and perfect the above described subrogation rights.

Section 8.11 Mitigation.

Each Indemnified Party shall use reasonable best efforts to mitigate any Losses upon and after becoming aware of any event or condition that would reasonably be expected to give rise to such Losses that are indemnifiable hereunder. In the event an Indemnified Party fails to use reasonable best efforts to mitigate such Losses, then the Indemnifying Party shall not be required to indemnify or hold harmless the Indemnified Party for the portion of Losses that would reasonably be expected to have been avoided if the Indemnified Party had used such efforts.

Section 8.12 No Double Recovery.

Notwithstanding anything contained in this Agreement to the contrary, no Indemnified Party shall be entitled to indemnification under any provision of this Agreement or any other Transaction Document for any Losses to the extent such Indemnified Party has been indemnified or otherwise compensated for such Losses pursuant to any other provision of this Agreement or any other Transaction Document. Without limiting the generality of the foregoing, an Indemnified Party shall not be entitled to recover more than once for any Losses arising out of or resulting from the same facts or circumstances, regardless of whether such facts or circumstances constitute a breach of more than one representation, warranty, covenant or agreement.

Section 8.13 Prior Knowledge of Breach.

Buyer shall not be entitled to indemnification pursuant to this ARTICLE VIII for any Losses arising out of or resulting from any breach of any of the representations or warranties or covenants of Sellers contained in this Agreement if Buyer had actual knowledge of such breach prior to the Closing.

Section 8.14 Limitation of Liability.

Notwithstanding anything to the contrary in this Agreement, in no event shall any Indemnifying Party be liable to any Indemnified Party, whether based on contract, tort, strict liability, other Law or otherwise, for any consequential, special, indirect, incidental, exemplary or punitive damages (including for loss of revenue or profits or for diminution of value, lost opportunities or damage to reputation), or for

damages measured as a multiple of earnings, revenue or any other performance metric, except, in each case, to the extent such damages were awarded to a third party in a final, non-appealable order of a court of competent jurisdiction in connection with a Third-Party Claim.

Section 8.15 Exclusive Remedy.

Except as otherwise expressly set forth in this Agreement or in the event of Fraud, from and after the Closing, the rights to indemnification set forth in this ARTICLE VIII shall be the sole and exclusive remedy of an Indemnified Party for any claim arising out of this Agreement, the other Transaction Documents or the transactions contemplated hereby or thereby. The Parties intend that the rights to indemnification set forth in this ARTICLE VIII shall be in lieu of, and not in addition to, any right of recovery that may arise by operation of law in Mexico. Notwithstanding the foregoing, nothing in this Section 8.15 shall prohibit a Party from seeking and obtaining any injunctive relief (including specific performance) if available pursuant to Section 10.11. The limitations on recovery set forth in this ARTICLE VIII shall not apply in connection with any Losses arising on account of the Fraud of a Party.

Section 8.16 Treatment of Indemnification Payments.

All indemnification payments made pursuant to this ARTICLE VIII shall be treated as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by applicable Law.

ARTICLE IX TERMINATION

Section 9.1 Grounds for Termination.

Notwithstanding any other provision of this Agreement, this Agreement may be terminated at any time prior to the Closing Date:

- (a) by the mutual written agreement of Sellers and Buyer;
- (b) by Buyer, upon written notice to Sellers, at any time prior to the expiration of the Due Diligence Period, if Buyer is not satisfied, in its reasonable discretion, with the results of its due diligence investigation conducted pursuant to Section 6.6 or otherwise;
- (c) by Sellers or Buyer, upon written notice to the other, if the Closing has not occurred on or prior to the date that is 30 days following the end of the Due Diligence Period (the "Outside Date"), or such other date as Seller and Buyer may agree upon in writing; *provided, however*, that the right to terminate this Agreement under this Section 9.1(c) shall not be available to any Party whose failure to perform any covenant or obligation under this Agreement has been the cause of or has resulted in the failure of the Closing to occur by the Outside Date;
- (d) by Sellers or Buyer, upon written notice to the other, if a Governmental Authority has issued a Governmental Order permanently enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement, and such Governmental Order has become final and non-appealable; *provided, however*, that the right to terminate this Agreement under this Section 9.1(d) shall not be available to any Party whose breach of any provision of this Agreement causes or results in the issuance of such Governmental Order;
- (e) by Sellers, upon written notice to Buyer, if Buyer is in breach of any representation, warranty or covenant in this Agreement, and such breach, individually or in combination with any other

such breach, (i) would cause the conditions set forth in Section 7.3(a) or Section 7.3(b) not to be satisfied and (ii) is not reasonably capable of being cured or, if reasonably capable of being cured, is not cured prior to the Outside Date; *provided, however*, that Sellers may not terminate this Agreement pursuant to this Section 9.1(e) if either Seller is in breach of this Agreement so as to cause any of the conditions set forth in Section 7.3(a) or Section 7.3(b) not to be satisfied;

(f) by Buyer, upon written notice to Sellers, if either Seller is in breach of any representation, warranty or covenant in this Agreement, and such breach, individually or in combination with any other such breach, (i) would cause the conditions set forth in Section 7.2(a) or Section 7.2(b) not to be satisfied and (ii) is not reasonably capable of being cured or, if reasonably capable of being cured, is not cured prior to the Outside Date; *provided, however*, that Buyer may not terminate this Agreement pursuant to this Section 9.1(f) if Buyer is in breach of this Agreement so as to cause any of the conditions set forth in Section 7.2(a) or Section 7.2(b) not to be satisfied; or

(g) by Golden Minerals, if the Deposit has not been received by Golden Minerals prior to 5:00 p.m. Mountain Time on the Execution Date.

Section 9.2 Effect of Termination.

In the event of any termination of this Agreement pursuant to Section 9.1, this Agreement shall become null and void and of no further force or effect, and there shall be no Liability on the part of any Party, except that (a) Section 6.10, this Section 9.2, Section 9.3, ARTICLE X and, to the extent necessary for the interpretation of the foregoing provisions, ARTICLE I shall survive any such termination of this Agreement and (b) nothing herein shall relieve either Party from Liability for any fraud committed by a Party upon the other in connection with the transactions contemplated by this Agreement.

Section 9.3 Repayment of Deposit.

In the event of any termination of this Agreement pursuant to Section 9.1, Golden Minerals shall pay to Buyer in immediately available funds (to the account designated by Buyer in writing) the Deposit, together with interest accruing thereon at the rate of 3.0% per annum from the date of termination of this Agreement through the earlier of the date of payment or the Due Date (the "Repayment Amount"). The payment of the Repayment Amount shall be made no later than the date that is 90 days following the date of termination of this Agreement (the "Due Date"). If Golden Minerals has not paid the Repayment Amount prior to the Due Date, then, to the extent permitted by Law, the Rodeo Concessions shall be transferred to Buyer and the Parties shall request the registration of the Transferred Concessions Assignment of Rights (modified as necessary to apply only to the Rodeo Concessions) at the Public Registry of Mining. The assignment of the Rodeo Concessions shall constitute the sole recourse and remedy of Buyer for the failure by Golden Minerals to pay the Repayment Amount and Buyer shall not have any claim for recourse against Sellers with respect to any portion of the Repayment Amount. Notwithstanding the foregoing, if Buyer determines, in its reasonable discretion, that the Rodeo Concessions are not transferable, then the Rodeo Concessions shall not be transferred to Buyer and, in lieu thereof, (a) Golden Minerals shall be obligated to repay the Repayment Amount, together with interest accruing from the day after the Due Date at the rate of 11.0% per annum (or, if lower, the maximum interest rate permitted by applicable Law) in monthly installments equal to the greater of (i) US\$257,000 or (ii) 50% of the sum of the "Monthly Lease Payments" and the "Monthly Per Tonne Payments" (each, as defined in the Velardeña Lease) that are payable under the Velardeña Lease (the "Monthly Payments"), and (b) Minera William and Buyer shall promptly execute and deliver an assignment agreement directing Minera Hecla, S.A. de C.V. to deliver directly to Buyer the Monthly Payments until the aggregate amount of such payments are equal to the Repayment Amount together with interest accruing from the day after the Due Date at the rate of 11.0% per annum (or, if lower, the maximum interest rate permitted by applicable Law).

ARTICLE X
MISCELLANEOUS

Section 10.1 Notices.

All notices, requests and other communications to a Party hereunder shall be in writing and shall be personally delivered, delivered by email or sent by a nationally recognized overnight courier. All such notices, requests and other communications shall be deemed to have been duly delivered when received by the addressee. All notices, requests and other communications to a Party hereunder shall be directed as follows (or directed to such other address as a Party may specify in accordance with this Section 10.1):

If to either Seller or any Company:

Golden Minerals Company
350 Indiana Street, Suite 650
Golden, Colorado, 80401
Attention: Warren Rehn
Email: warren.rehn@goldenminerals.com

with copies (which shall not constitute notice) to:

Davis Graham & Stubbs LLP
1500 17th Street, Suite 500
Denver, CO 80202
Attention: Brian Boonstra
Email: Brian.Boonstra@dgslaw.com

and

VHG Servicios Legales S.C.
Av. Paseo de las Palmas, #755 Desp. 902
Lomas de Chapultepec, CDMX, C.P. 11000
Attention: Alberto M. Vázquez Sánchez
Email: avazquez@vhglegal.com

If to Buyer:

Compañía Minera Autlán S.A.B. de C.V.
Arq. Pedro Ramirez Vazquez 200-100
Col. Valle Oriente, Zip Code 66260
San Pedro Garza Garcia, N.L.
Monterrey, Mexico
Attention: Juan Salvador Sosa Gutiérrez
Email: salvador.sosa@autlan.com.mx

Section 10.2 Interpretation.

(a) For purposes of this Agreement, (i) any singular term shall be deemed to include the plural, and any plural term shall be deemed to include the singular, (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the words “without limitation”, unless otherwise

specified, (iii) the words “hereof”, “herein”, “hereunder” and words of like import refer to this Agreement as a whole and not to any particular provision of this Agreement, (iv) references to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules, respectively, of this Agreement, unless otherwise specified, (v) the table of contents and headings herein are included for convenience of reference only and shall not affect the meaning or interpretation of this Agreement, and (vi) references to “days” mean calendar days, unless otherwise specified as Business Days.

(b) The Parties have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

Section 10.3 Expenses.

Except as otherwise expressly set forth herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such costs and expenses.

Section 10.4 Severability.

If any term or provision of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, illegal or unenforceable, the remainder of the terms and provisions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such a determination, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 10.5 Successor and Assigns.

This Agreement shall be binding upon and shall inure to the benefit of the Parties and their respective successors and permitted assigns. Neither this Agreement nor any of the rights or obligations hereunder may be assigned or transferred by either Party without the prior written consent of the other Party. Any attempted assignment in violation of this Section 10.5 shall be void.

Section 10.6 No Third-Party Beneficiaries.

Except as provided in ARTICLE VIII (which is intended to benefit, and to be enforceable by, the Persons specified therein), this Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.7 Amendments and Waivers.

This Agreement may not be amended or modified except by a written instrument signed by each of the Parties. Any provision of this Agreement may be waived by a written instrument signed by the Party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 10.8 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

Section 10.9 Jurisdiction; Arbitration.

(a) All actions and proceedings arising out of or relating to this Agreement or the transactions contemplated hereby shall be resolved by final and binding arbitration in an arbitration under the International Chamber of Commerce Rules of Arbitration and its applicable procedures (the “Rules”) and shall be conducted in New York, New York. The Rules shall supplement the arbitration provisions contained in this Agreement. Each Party agrees that the award shall be made in writing no more than 30 days following the end of the proceeding. Decisions resulting from arbitration shall be final and binding on the Parties and non-appealable. Arbitral decisions may be enforced by the prevailing Party in any court of competent jurisdiction. Each Party agrees to treat as confidential the results of any arbitration (including any findings of fact and/or law made by the arbitrator) and not to disclose such results to any Person other than a party to this Agreement, except where such disclosure is otherwise required by Law. The Parties intend that this Agreement to arbitrate be valid, enforceable and irrevocable. In the event of any arbitration with regard to this Agreement, each Party shall share the costs of the arbitrator(s), including such arbitrator(s)’ fees and expenses. Each Party shall pay its own legal fees and expenses, subject to any cost award made by the arbitrator(s). Notwithstanding the foregoing, clause Fourteenth of the Transferred Concessions Assignment of Rights shall govern any actions or proceedings arising out of or relating to the registration of the Transferred Concessions Assignment of Rights with the applicable Governmental Authority in Mexico (but not any other actions or proceedings arising out of or relating to the Transferred Concessions Assignment of Rights, which shall be resolved by final and binding arbitration in accordance with this Section 10.9(a)).

(b) Each Party irrevocably consents to service of process in the manner provided for the giving of notices pursuant to Section 10.1. Nothing in this Section 10.9 shall affect the right of any Party to serve process in any other manner permitted by Law.

(c) The English language shall be the governing language for all purposes with respect to this Agreement, and any arbitration and dispute resolution shall be conducted in English.

Section 10.10 Waiver of Jury Trial.

EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

Section 10.11 Specific Performance.

The Parties agree that irreparable damage, for which monetary damages (even if available) would not be an adequate remedy, would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. Accordingly, each Party shall be entitled to an injunction, specific performance and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, in addition to any other remedy to which it is entitled at law or in equity. Each Party agrees that it will not oppose the granting of an injunction, specific

performance or other equitable relief on the basis that the other Party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. Any Party seeking an injunction to prevent breaches of this Agreement or to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security as a prerequisite to obtaining such equitable relief.

Section 10.12 Entire Agreement.

This Agreement, together with the other Transaction Documents, the Disclosure Schedules and the Confidentiality Agreement, constitutes the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings, both oral and written, between the Parties with respect to the subject matter hereof and thereof. Neither Party shall be liable or bound to the other Party in any manner by any representations, warranties, agreements or covenants relating to such subject matter except as specifically set forth herein and therein.

Section 10.13 Electronic Transmission; Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same agreement. Counterparts may be delivered via email (including PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. A signed copy of this Agreement delivered by email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement. No Party will raise the use email or other electronic transmission method to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of such email or other electronic transmission method as a defense to the formation of a Contract, and each Party forever waives any such defense, except to the extent such defense related to lack of authenticity.

Section 10.14 Privileged Communications.

It is acknowledged by the Parties that Davis Graham & Stubbs LLP and VHG Servicios Legales S.C. (the “Firms”) have been retained by Golden Minerals, Sellers and/or the Companies to act as its counsel in connection with the transactions contemplated hereby. Buyer hereby agrees that, in the event that a dispute arises after the Closing between Buyer and a Company on the one hand, and any Seller Party on the other hand, the Firms, or their successors, may represent the Sellers in such dispute even though the interests of the Sellers may be directly adverse to the Companies, and even though the Firms may have represented the Companies in a matter substantially related to such dispute, or may be handling ongoing matters for the Companies. Buyer further agrees that, as to all communications among the Firms or their successors, the Sellers and/or the Companies and their respective Affiliates, officers, directors, managers, members, employees or Representatives that relate in any way to the transactions contemplated by this Agreement (including the negotiation, preparation, execution, delivery and closing under, or any dispute or proceeding arising under or in connection with, this Agreement) that, immediately prior to the Closing, would be protected by the attorney–client communication and/or work product doctrine (“Privileged Communications”) shall continue after the Closing to be protected by the attorney–client privilege and the work product doctrine and shall belong to the Sellers. The Privileged Communications shall maintain their status as protected by the attorney–client communication and/or work product doctrine (and belonging to the Sellers even though Buyer and the Companies and their respective successors and assigns have access to such documents and communications) after Closing. After Closing, neither Buyer nor the Companies or any Person acting or purporting to act on behalf of or through Buyer or the Companies shall access, or request from the Firms or the Sellers, the Privileged Communications. Following the Closing, the Sellers

shall be permitted to use the Privileged Communications with respect to any claim in connection with the defense of any claim by Buyer under ARTICLE VIII. Other than as explicitly set forth in this Section 10.14, the Parties acknowledge that any attorney–client privilege or work product or other privilege attaching as a result of legal counsel representing the Companies prior to the Closing shall survive the Closing and continue to be a privilege of the Companies, and not Sellers, after the Closing.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Compañía Minera Autlán S.A.B. de C.V.

By: /s/ Jose Antonio Rivero

Name: Jose Antonio Rivero

Title: VP Business Development

Golden Minerals Company

By: /s/ Warren M. Rehn

Name: Warren M. Rehn

Title: Chief Executive Officer

Minera de Cordilleras S. de R.L. de C.V.

By: /s/ Warren M. Rehn

Name: Warren M. Rehn

Title: Administrative Manager

CERTIFICATIONS

I, Warren M. Rehn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Golden Minerals Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2019

/s/ Warren M. Rehn
Warren M. Rehn
Chief Executive Officer

I, Robert P. Vogels, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Golden Minerals Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2019

/s/ Robert P. Vogels

Robert P. Vogels
Senior Vice President and Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Golden Minerals Company (the "Company") on Form 10-Q for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Warren M. Rehn

Warren M. Rehn
Chief Executive Officer
August 7, 2019

/s/ Robert P. Vogels

Robert P. Vogels
Senior Vice President and Chief Financial Officer
August 7, 2019
