

GOLD RESOURCE CORP
Form 10-Q
August 01, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 001-34857

Gold Resource Corporation

(Exact Name of Registrant as Specified in its charter)

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

2886 Carriage Manor Point, Colorado Springs, Colorado 80906

(Address of Principal Executive Offices) (Zip Code)

(303) 320-7708

(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to post such files). Yes No

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

Larger accelerated filer

Accelerated filer

Non-accelerated filer

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

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

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 56,839,823 shares of common stock outstanding as of July 31, 2017.

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GOLD RESOURCE CORPORATION

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References in this report to agreements to which Gold Resource Corporation is a party and the definition of certain terms from those agreements are not necessarily complete and are qualified by reference to the agreements. Readers should refer to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and other reports filed with the Securities and Exchange Commission and the exhibits filed or incorporated by reference therein.

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

GOLD RESOURCE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

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

	June 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,410	\$ 14,166
Gold and silver rounds/bullion	3,644	3,307
Accounts receivable	1,276	630
Inventories, net	9,995	8,946
Income tax receivable	475	626
Prepaid expenses and other current assets	2,084	1,587
Total current assets	33,884	29,262
Property, plant and mine development, net	79,498	70,059
Deferred tax assets, net	16,407	17,580
Other non-current assets	947	1,542
Total assets	\$ 130,736	\$ 118,443
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 11,796	\$ 5,383
Mining royalty taxes payable	977	2,033
Accrued expenses and other current liabilities	2,243	1,526
Total current liabilities	15,016	8,942
Reclamation and remediation liabilities	2,812	2,425
Other non-current liabilities	10	-
Total liabilities	17,838	11,367
Shareholders' equity:		
Common stock - \$0.001 par value, 100,000,000 shares authorized: 56,839,823 and 56,566,874 shares outstanding at June 30, 2017 and December 31, 2016, respectively		
	57	57
Additional paid-in capital	113,717	112,034
Retained earnings	6,179	2,040
Treasury stock at cost, 336,398 shares	(5,884)	(5,884)

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Accumulated other comprehensive loss	(1,171)	(1,171)
Total shareholders' equity	112,898	107,076
Total liabilities and shareholders' equity	\$ 130,736	\$ 118,443

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

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GOLD RESOURCE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Sales, net	\$ 21,391	\$ 26,198	\$ 45,727	\$ 43,601
Mine cost of sales:				
Production costs	12,177	10,707	23,512	21,803
Depreciation and amortization	3,953	3,054	6,509	5,860
Reclamation and remediation	35	44	64	91
Total mine cost of sales	16,165	13,805	30,085	27,754
Mine gross profit	5,226	12,393	15,642	15,847
Costs and expenses:				
General and administrative expenses	1,675	1,670	3,487	3,848
Exploration expenses	1,136	642	1,958	1,146
Other expense (income), net	609	(538)	1,073	(1,244)
Total costs and expenses	3,420	1,774	6,518	3,750
Income before income taxes	1,806	10,619	9,124	12,097
Provision for income taxes	942	5,011	3,884	5,692
Net income	\$ 864	\$ 5,608	\$ 5,240	\$ 6,405
Net income per common share:				
Basic and Diluted	\$ 0.02	\$ 0.10	\$ 0.09	\$ 0.12
Weighted average shares outstanding:				
Basic	56,839,823	54,266,706	56,818,406	54,266,706
Diluted	57,375,938	54,670,594	57,744,817	54,372,705

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

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GOLD RESOURCE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

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

	Number of Common Shares	Par Value of Common Shares	Additional Paid-in Capital	Accumulated (Deficit)/ Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss
Balance, December 31, 2015	54,603,104	\$ 55	\$ 96,766	\$ (948)	\$ (5,884)	\$ (1,171)
Stock options exercised	169,999	-	391	-	-	-
Stock-based compensation	-	-	1,240	-	-	-
Dividends declared	-	-	(271)	(1,399)	-	-
Acquisitions	2,130,169	2	13,908	-	-	-
Net income	-	-	-	4,387	-	-
Balance, December 31, 2016	56,903,272	\$ 57	\$ 112,034	\$ 2,040	\$ (5,884)	\$ (1,171)
Adjustment to beginning retained earnings as a result of adoption of ASU 2016-16	-	-	-	(533)	-	-
Stock-based compensation	-	-	383	-	-	-
Common stock issued for vested restricted stock units	26,739	-	-	-	-	-
Common stock issued for the acquisition of mineral rights	246,210	-	1,300	-	-	-
Dividends declared	-	-	-	(568)	-	-
Net income	-	-	-	5,240	-	-
Balance, June 30, 2017 (unaudited)	57,176,221	\$ 57	\$ 113,717	\$ 6,179	\$ (5,884)	\$ (1,171)

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

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GOLD RESOURCE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(U.S. dollars in thousands)

(Unaudited)

	Six months ended June 30,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 5,240	\$ 6,405
Adjustments to reconcile net income to net cash from operating activities:		
Deferred income taxes	1,097	1,623
Depreciation and amortization	6,727	6,029
Stock-based compensation	383	486
Other operating adjustments	148	(713)
Changes in operating assets and liabilities:		
Accounts receivable	(646)	(1,724)
Inventories	(1,049)	(1,404)
Prepaid expenses and other current assets	1,086	122
Accounts payable and other accrued liabilities	2,324	(1,571)
Mining royalty and income taxes payable/receivable	(1,316)	2,256
Other noncurrent assets	25	41
Net cash provided by operating activities	14,019	11,550
Cash flows from investing activities:		
Capital expenditures	(10,818)	(10,276)
Proceeds from the sale of equity investments	-	324
Other investing activities	(187)	3
Net cash used in investing activities	(11,005)	(9,949)
Cash flows from financing activities:		
Dividends paid	(568)	(543)
Repayment of capital leases	(1)	(606)
Net cash used in financing activities	(569)	(1,149)
Effect of exchange rate changes on cash and cash equivalents	(201)	(10)
Net increase in cash and cash equivalents	2,244	442
Cash and cash equivalents at beginning of period	14,166	12,822
Cash and cash equivalents at end of period	\$ 16,410	\$ 13,264
Supplemental Cash Flow Information		
Income and mining taxes paid	\$ 2,369	\$ 256
Non-cash investing activities:		

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Increase (decrease) in accrued capital expenditures	\$ 4,328	\$ (2,769)
Equipment purchased under capital lease	21	300
Common stock issued for the acquisition of mineral rights	\$ 1,300	\$ -

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

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GOLD RESOURCE CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

(Unaudited)

1. Basis of Preparation of Financial Statements

The interim Condensed Consolidated Financial Statements (“interim statements”) of Gold Resource Corporation and its subsidiaries (collectively, the “Company”) are unaudited and have been prepared in accordance with the rules of the Securities and Exchange Commission for interim statements. Certain information and footnote disclosures required by United States Generally Accepted Accounting Principles (“U.S. GAAP”) have been condensed or omitted although the Company believes that the disclosures included are adequate to make the information presented not misleading. In the opinion of management, all adjustments (including normal recurring adjustments) and disclosures necessary for a fair presentation of these interim statements have been included. The results reported in these interim statements are not necessarily indicative of the results that may be reported for the entire year. These interim statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2016 included in the Company’s annual report on Form 10-K. The year-end balance sheet data was derived from the audited financial statements. Unless otherwise noted, there have been no material changes to the footnotes from those accompanying the audited consolidated financial statements contained in the Company’s annual report on Form 10-K.

2. Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Accounting Standards Update 2016-09—Compensation—Stock compensation (Topic 718): Improvements to employee share-based payment accounting. On March 30, 2016, the Financial Accounting Standards Board (“FASB”) issued guidance intended to improve the accounting for employee share-based payments. The standard affects all organizations that issue share-based payment awards to their employees and was part of the FASB’s Simplification Initiative. The objective of the Simplification Initiative is to identify, evaluate, and improve areas of U.S. GAAP for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of financial statements. The areas for simplification in this standard involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity

or liabilities, and classification on the statement of cash flows. For public business entities, the amendments in this standard are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Because of the Company's current valuation allowance position, the adoption of this guidance, effective January 1, 2017, did not result in an adjustment to retained earnings as of December 31, 2016. Nor did it result in current tax expense or benefit related to vested stock-based awards for the six months ended June 30, 2017. As a result, the Company did not exclude any excess tax benefits from the calculation of diluted earnings per share during the six months ended June 30, 2017, and there was no method change to the cash flow presentation as required by the guidance. Please see Note 5 for more information.

Accounting Standards Update 2016-16 – Income Taxes, Intra-Entity Transfers of Assets Other Than Inventory (Topic 740). In October 2016, the FASB issued guidance intended to improve the accounting for the income tax consequences of intra-entity transfers of assets other than inventory by requiring an entity to recognize the income tax consequences when a transfer occurs, instead of when an asset is sold to an outside party. The amendments in this guidance should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company is required to adopt this new standard on January 1, 2018, for its fiscal year 2018 and for interim periods within that fiscal year. Early adoption is permitted as of the beginning of an annual reporting period for which interim or annual financial statements have not been issued. The Company elected to early adopt this guidance as of January 1, 2017 which resulted in the Company adjusting its deferred tax charge, previously reported in other long-term assets, to nil with the related offset to beginning retained earnings. The net effect was a decrease of \$0.5 million to other long-term assets and a corresponding decrease to beginning retained earnings.

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Recently Issued Accounting Pronouncements

Accounting Standards Update (“ASU”) No. 2014-09—Revenue from Contracts with Customers (Topic 606). On May 28, 2014, the FASB issued guidance that requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This ASU was further amended in August 2015, March 2016, April 2016, May 2016 and December 2016 by ASU No. 2015-14, No. 2016-08, No. 2016-10, No. 2016-12 and No. 2016-20, respectively. The guidance provides a five-step approach to be applied to all contracts with customers and also requires expanded disclosures about revenue recognition.

The Company has performed an assessment of the revised guidance and the impacts on the Company’s Consolidated Financial Statements and disclosures. The Company has completed the review of all contracts and determined that the adoption of this guidance will not impact the timing of revenue recognition based on the Company’s determination of when control is transferred. Currently, revenue is recognized for contracts upon delivery of material to the customer and will not change under the new guidance.

The Company furthered its evaluation of variable consideration for concentrate sales related to the variable nature of the price and metal quantity. Based on its current analysis, the estimate of revenue recognized for concentrates will remain unchanged as sales will initially be recorded on a provisional basis based on the forward prices for the estimated month of settlement and the Company’s estimated metal quantities delivered based on weighing and assay data. The Company believes changes in the underlying weight and metal content are not significant to the sale as a whole and therefore do not preclude the recognition of revenue upon transfer of control.

Additionally, the Company completed its evaluation of the impacts of refining fee classification. The Company also determined that revenue will be recognized, net of treatment and refining charges when these payments are made to customers. This classification remains unchanged from current practice.

The Company will adopt the new guidance effective January 1, 2018. The guidance may be applied retrospectively for all periods presented or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application. The Company currently anticipates adopting the guidance retrospectively with the cumulative effect of initially applying the amended guidance recognized at January 1, 2018. As there are no changes to the Company’s current revenue recognition model, no changes will be made to prior period amounts or related prior period disclosures.

Accounting Standards Update No. 2016-02 Leases (Topic 842). In February 2016, the FASB issued a new standard regarding leases. Lessees will be required to recognize virtually all of their leases on the balance sheet, by recording a

right-of-use asset and a lease liability. Public business entities are required to adopt the new leasing standard for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For calendar year-end public companies, this means an adoption date of January 1, 2019. Early adoption is permitted. The Company is currently evaluating the impact on its consolidated financial statements and disclosures.

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3. Gold and Silver Rounds/Bullion

The Company periodically purchases gold and silver bullion on the open market for investment purposes and to use in its dividend exchange program under which shareholders may exchange their cash dividends for minted gold and silver rounds. During the six months ended June 30, 2017 and 2016, the Company purchased 151.55 ounces and nil ounces, respectively, of gold bullion. At June 30, 2017 and December 31, 2016, the Company's holdings of rounds/bullion, using quoted market prices, consisted of the following:

	2017		2016	
	Gold	Silver	Gold	Silver
	(in thousands, except ounces and per ounce)			
Ounces	1,730	90,763	1,579	90,971
Per ounce	\$ 1,242	\$ 16.47	\$ 1,159	\$ 16.24
Total	\$ 2,149	\$ 1,495	\$ 1,830	\$ 1,477

4. Inventories, net

At June 30, 2017 and December 31, 2016, inventories, net consisted of the following:

	2017	2016
	(in thousands)	
Stockpiles - underground mine	\$ 424	\$ 84
Stockpiles - open pit mine	82	288
Concentrates and doré	2,673	1,881
Materials and supplies (1)	6,816	6,693
Total	\$ 9,995	\$ 8,946

(1) Net of reserve for obsolescence of \$637 at June 30, 2017 and December 31, 2016.

5. Income Taxes

The Company recorded income tax expense of \$0.9 million and \$3.9 million for the three and six months ended June 30, 2017. During the three and six months ended June 30, 2016, the Company recorded income tax expense of \$5.0

million and \$5.7 million, respectively.

In 2015, the Mexican government approved a 2016 Federal Revenue Act that provides tax incentives, including tax credits on Mexican Excise Duty (a.k.a., IEPS), for the acquisition of combustible fossil fuels to be used in productive processes. The Company's Mexican operations utilize a significant amount of diesel fuel for power generation that qualifies for such tax credits. These tax credits can be applied against income taxes payable, as well as other income tax withholdings during the year. In the three and six months ended June 30, 2017, the Company recorded \$0.9 million and \$1.6 million of fuel tax credits to offset production costs and such credits were applied against the income tax payable.

The Company has asserted permanent reinvestment of all Mexico undistributed earnings as of June 30, 2017. The impact of the planned annual dividends for 2017, net of foreign tax credits, is reflected in the estimated annual effective tax rate. The Company's annualized effective rate differs from the statutory rate primarily due to planned annual dividends from our Mexican subsidiary as well as differences in statutory rates for income and mining taxes in Mexico.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences are available for deduction. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income and tax-planning strategies in making

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this assessment. Except as noted in the following paragraph, as of June 30, 2017, the Company believes it has sufficient positive evidence to conclude that its federal and foreign deferred tax assets are more likely than not to be realized. The Company has determined that the realization of its state deferred tax assets is not more likely than not to be realized and has a valuation allowance offsetting its state deferred tax assets.

As a result of the adoption of ASU 2016-09 in the first quarter of 2017, excess tax benefits and tax deficiencies will be prospectively classified to the statement of operations instead of additional paid-in capital. Upon adoption, the Company recorded a \$4.2 million deferred tax asset related to previously unrecognized foreign tax credits but placed a valuation allowance against the full amount of the deferred tax asset due to the Company's assessment of the realizability of these foreign tax credits. Thus, no net impact to the financial statements was generated as a result of adoption of ASU 2016-09. The Company's effective tax rate for the three and six months ended June 30, 2017 was not materially impacted by the adoption of ASU 2016-09.

As of June 30, 2017, the Company believes that it has no liability for uncertain tax positions.

7. Prepaid a

6. Prepaid Expenses and Other Current Assets

At June 30, 2017 and December 31, 2016, prepaid expenses and other current assets consisted of the following:

	2017	2016
	(in thousands)	
Advances to suppliers	\$ 180	\$ 122
Prepaid insurance	1,039	531
Vendor deposits	249	218
IVA taxes receivable	405	489
Other current assets	211	227
Total	\$ 2,084	\$ 1,587

7. Property, Plant and Mine Development, net

At June 30, 2017 and December 31, 2016, property, plant and mine development, net consisted of the following:

	2017	2016
	(in thousands)	
Asset retirement costs	\$ 637	\$ 637
Construction-in-progress	5,036	586
Furniture and office equipment	1,627	1,580
Land	242	230
Light vehicles and other mobile equipment	1,900	1,914
Machinery and equipment	21,312	20,293
Mill facilities and infrastructure	9,659	9,643
Mineral interests and mineral rights	21,813	19,413
Mine development	50,557	42,951
Software and licenses	1,677	1,624
Subtotal (1)	114,460	98,871
Accumulated depreciation and amortization	(34,962)	(28,812)
Total	\$ 79,498	\$ 70,059

(1) Includes accrued capital expenditures of \$4.3 million and nil at June 30, 2017 and December 31, 2016, respectively.

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The Company recorded depreciation and amortization expense of \$4.0 million and \$6.7 million for the three and six months ended June 30, 2017, respectively. For the three and six months ended June 30, 2016, the Company recorded depreciation and amortization of \$3.2 million and \$6.0 million, respectively.

8. Accrued Expenses and Other Current Liabilities

At June 30, 2017 and December 31, 2016, accrued expenses and other current liabilities consisted of the following:

	2017	2016
	(in thousands)	
Accrued insurance	\$ 617	\$ 381
Accrued royalty payments	1,515	1,043
Dividends payable	95	94
Other payables	16	8
Total	\$ 2,243	\$ 1,526

9. Reclamation and Remediation

The Company's reclamation and remediation obligations primarily relate to the Aguila Project. The following table presents the changes in reclamation and remediation obligations for the six months ended June 30, 2017 and the twelve months ended December 31, 2016:

	2017	2016
	(in thousands)	
Reclamation liabilities – balance at beginning of period	\$ 1,907	\$ 2,192
Changes in estimate	-	82
Foreign currency exchange loss (gain)	283	(367)
Reclamation liabilities – balance at end of period	2,190	1,907
Asset retirement obligation – balance at beginning of period	518	623
Changes in estimate	-	(21)
Accretion expense	23	23
Foreign currency exchange loss (gain)	81	(107)
Asset retirement obligation – balance at end of period	622	518

Total period end balance	\$ 2,812	\$ 2,425
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10. Commitments and Contingencies

During the six months ended June 30, 2017, the Company entered into cancellable equipment purchase contracts totaling \$8.3 million. The contracts require payments during the equipment construction period and the Company is required to reimburse the vendor for all costs up to the cancellation date, if cancelled. The Company expects to take possession of the equipment during 2017 and as of June 30, 2017, the Company had incurred costs of \$3.9 million, of which \$0.5 million has been paid and \$3.4 million is included in accounts payable on the accompanying condensed consolidated balance sheet.

11. Shareholders' Equity

The Company declared and paid \$0.6 million of dividends during the six months ended June 30, 2017. During the six months ended June 30, 2016, the Company declared and paid dividends of \$0.5 million. On July 25, 2017, the Board of Directors declared a dividend on common stock totaling \$0.1 million payable in August 2017.

On January 6, 2017, the Company issued 59,642 shares of common stock as partial consideration for additional mineral rights for its Isabella Pearl project. At the time of issuance, the shares were valued at \$5.03 per share, for an aggregate value of \$0.3 million.

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On January 17, 2017, the Company issued 186,568 shares of common stock as partial consideration for mineral rights at the East Camp Douglas property. At the time of issuance, the shares were valued at \$5.36 per share, for an aggregate value of \$1.0 million.

12. Equity Incentive Plans

The Company maintains an Equity Incentive Plan (“Incentive Plan”) that provides for the issuance of up to 5 million shares of common stock (plus additional shares that are terminated or forfeited under the previous equity plan) in the form of stock-based awards. The Incentive Plan was adopted in April 2016 and became effective in June 2016 and replaced the Amended and Restated Stock Option and Stock Grant Plan.

During the six months ended June 30, 2017, a total of 26,739 restricted stock units (“RSUs”) vested and shares were issued with an intrinsic value and a fair value of \$0.1 million. No RSUs vested during the six months ended June 30, 2016.

Stock-based compensation expense for stock options and restricted stock units is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Stock options	\$ 133	\$ 67	\$ 264	\$ 486
Restricted stock units	50	-	119	-
Total	\$ 183	\$ 67	\$ 383	\$ 486

Total stock-based compensation related to stock options and RSUs has been allocated between production costs, general and administrative expenses, and exploration expense as follows:

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	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Production costs	\$ 15	\$ 16	\$ 29	\$ 118
General and administrative expenses	161	51	340	368
Exploration expense	7	-	14	-
Total	\$ 183	\$ 67	\$ 383	\$ 486

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13. Embedded Derivatives

Concentrate sales contracts contain embedded derivatives due to the provisional pricing terms for unsettled shipments. At the end of each reporting period, the Company records an adjustment to accounts receivable and revenue to reflect the mark-to-market adjustments for outstanding provisional invoices based on metal forward prices. Please see Note 16 for additional information.

The following table summarizes the Company's unsettled sales contracts at June 30, 2017 with the quantities of metals under contract subject to final pricing occurring through August 2017:

	Gold (ounces)	Silver (ounces)	Copper (tonnes)	Lead (tonnes)	Zinc (tonnes)
Under contract	4,384	330,268	228	1,088	3,124
Average forward price	\$ 1,258	\$ 17.06	\$ 5,665	\$ 2,162	\$ 2,611

14. Other Expense (Income), net

Other expense (income), net, consisted of the following:

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	Three months ended		Six months ended	
	June 30, 2017	2016	June 30, 2017	2016
	(in thousands)			
Unrealized currency exchange gain	\$ (625)	\$ (290)	\$ (27)	\$ (202)
Realized currency exchange loss (gain)	929	4	993	(139)
Loss (gain) from gold and silver rounds/bullion, net (1)	148	(407)	(156)	(832)
Unrealized gain from investments, net (1)	-	(28)	-	(399)
Loss on disposal of fixed assets	205	454	301	515
Gain on insurance reimbursement	-	(408)	-	(408)
Write down of materials and supplies inventory	-	102	-	102
Other (income) expense	(48)	35	(38)	