BELDEN INC.
Form 10-Q
November 05, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2018
Commission File No. 001-12561

BELDEN INC.
(Exact name of registrant as specified in its charter)

Delaware	36-3601505
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1 North Brentwood Boulevard
15th Floor
St. Louis, Missouri 63105
(Address of principal executive offices)
(314) 854-8000
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 Act 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 þ 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 þ 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 þ   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 Exchange Act). Yes ¨ No þ
As of November 1, 2018, the Registrant had 40,305,408 outstanding shares of common stock.

PART IFINANCIAL INFORMATION
Item 1. Financial Statements
BELDEN INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2018	December 31, 2017
	(Unaudited)	
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$329,027	$561,108
Receivables, net	474,870	473,570
Inventories, net	322,194	297,226
Other current assets	50,361	40,167
Total current assets	1,176,452	1,372,071
Property, plant and equipment, less accumulated depreciation	351,628	337,322
Goodwill	1,554,830	1,478,257
Intangible assets, less accumulated amortization	537,087	545,207
Deferred income taxes	63,853	42,549
Other long-lived assets	31,062	65,207
	$3,714,912	$3,840,613
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$304,923	$376,277
Accrued liabilities	314,667	302,651
Total current liabilities	619,590	678,928
Long-term debt	1,503,597	1,560,748
Postretirement benefits	124,013	102,085
Deferred income taxes	38,771	27,713
Other long-term liabilities	38,639	36,273
Stockholders' equity:		
Preferred stock	1	1
Common stock	503	503
Additional paid-in capital	1,135,699	1,123,832
Retained earnings	889,189	833,610
Accumulated other comprehensive loss	(85,667)	(98,026)
Treasury stock	(549,899)	(425,685)
Total Belden stockholders' equity	1,389,826	1,434,235
Noncontrolling interest	476	631
Total stockholders' equity	1,390,302	1,434,866
	$3,714,912	$3,840,613

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

BELDEN INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended	
	September 30, 2018	October 1, 2017
	(In thousands, except per share data)	
Revenues	$655,774	$621,745
Cost of sales	(394,917)	(381,896)
Gross profit	260,857	239,849
Selling, general and administrative expenses	(132,716)	(116,129)
Research and development	(33,471)	(35,442)
Amortization of intangibles	(25,533)	(27,162)
Gain from patent litigation	62,141	—
Operating income	131,278	61,116
Interest expense, net	(14,472)	(19,385)
Non-operating pension benefit (cost)	1,356	(325)
Loss on debt extinguishment	—	(51,594)
Income (loss) before taxes	118,162	(10,188)
Income tax benefit (expense)	(32,304)	11,133
Net income	85,858	945
Less: Net loss attributable to noncontrolling interest	(23)	(82)
Net income attributable to Belden	85,881	1,027
Less: Preferred stock dividends	8,732	8,732
Net income (loss) attributable to	$77,149	$(7,705)

Belden common stockholders		
Weighted average number of common shares and equivalents:		
Basic	40,510	42,256
Diluted	47,678	42,256

Board Leadership and Risk Oversight

We have maintained separate individuals in the position of CEO and non-executive Cha
Board of Solitario since our inception. Our non-executive Chairman serves as liaison be
and other independent directors, approves meeting agendas and schedules and notifies o
of the Board of Directors regarding any significant concerns of shareholders or intereste
which he becomes aware. Our non-executive Chairman presides at all Board meetings h
provides advice and counsel to the CEO. We believe the separation of these positions, w
independent non-executive Chairman, provides Solitario with valuable independent dire
advice for our CEO and our other executive officers.

Our Board of Directors is responsible for the overall risk oversight of Solitario. Director
rely on management and the advice of the Company's outside advisors and auditors but
have a reasonable basis for such reliance. The Board of Directors delegates the day-to-d
management of Solitario to the CEO and Chief Financial Officer, each of whom periodi
the Board of Directors and to certain committees of the Board of Directors. The Audit C
oversees our financial and reporting risks, including our short-term investing and hedgin
these risks are discussed at no less than one Audit Committee meeting per year, providin
Committee members the opportunity to discuss the risks and the risk mitigation process.
Compensation Committee oversees the risks arising from our compensation policies and
provides a report to the Board of Directors regarding the compensation of the CEO and
officers. The Nominating Committee evaluates and recommends individuals for nomina
Board of Directors in the event of a vacancy in the Board of Directors.

We are dependent upon information technology systems in the conduct of our operation
information technology systems are subject to disruption, damage or failure from a vari
including, without limitation, computer viruses, security breaches, cyber-attacks, natura
defects in design. Management has implemented cybersecurity safeguards to Solitario's
periodically reports to the Audit Committee and the full board updates and changes to it
systems as well as risks and any cybersecurity incidents. Solitario has not experienced a
cybersecurity breaches during 2017 or 2016.

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Compensation of Directors

In addition to any equity awards our directors receive the following compensation in the
directors:

Annual Director retainer fee: $12,000 ($3,000 per quarter)
Additional Chairman fee: $4,000 ($1,000 per quarter)

Additional Audit Committee Chairman fee: $3,000 ($750 per quarter)

All the above referenced fees were as of December 31, 2017. Director fees are paid quar
year. Fees cover participation in all board and committee meetings, including the positio
committee chairmen (excluding audit chairman who receives an additional fee). A deduc
is made for any regularly scheduled board meeting (four quarterly meetings) that is miss
director fees were reduced during 2017 from $13,000 per annum and from $6,000 per an
Chairman fee.

The following table provides summary information regarding compensation earned by o
during the fiscal year ended December 31, 2017:

Name (1)	Fees earned or paid in cash ($)	Stock Awards ($)	Option Awards (2) ($)	Non-equity incentive plan compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compe ($)
Mr. Labadie, Chairman (4)	17,250	—	—	—	—	—
Mr. Atzmon (3)	6,000	—	56,087	—	—	—
Mr. Crumb (3)	6,000	—	6,054	—	—	—
Mr. Hesketh (3)(4)	6,000	—	—	—	—	—
Mr. Labate (4)	16,000	—	—	—	—	—
Mr. Harris (5)	7,000	—	—	—	—	—

(1) Mr. Herald served as a director during 2017 and as the Chief Executive Officer. He r
and other compensation for his services as an officer of Solitario during the year ende
31, 2017, which are shown below under the "Summary Compensation Table".

(2) The amount represents the grant date fair value of option awards granted during the y
accordance with FASB ASC No. 718. In accordance with the terms of the Acquisitio
held by all Zazu option holders were replaced by Solitario options from the 2013 Pla
terms and conditions (the "Replacement Options"). The Replacement Options were g
2013 Plan on July 12, 2017 and were fully vested on the date of grant. Replacement O
464,360 options and 125,020 options were granted to Mr. Atzmon and Mr. Crumb, re
The grant date fair value of the Replacement Options was determined by a Black-Sch
with terms between 10 and 18 months, exercise prices between $0.74 per share and $
historical volatility of 67%, and a risk-free interest rate of 1.0%.

(3) Mr. Atzmon, Mr. Crumb and Mr. Hesketh were elected to serve as directors on Jun

(4) Mr. Hesketh, Mr. Labate and Mr. Labadie have no stock options outstanding as of De 2017.

(5) Mr. Harris was a former director whose term ended on June 29, 20

EXECUTIVE OFFICERS

The following biographies describe the business experience of our executive officers (ea "***Named Executive Officer***" as defined in Item 402 of Regulation S-K):

Christopher E. Herald **-** See biography above under the heading “Identification of Direc

Walter H. Hunt (67) has been Chief Operating Officer of Solitario since June 2008 and Operations and President - South American Operations of Solitario since June 1999. He Vice President - Peru Operations from July 1994 until June 1999. Mr. Hunt was also Vic Operations of Crown from 1994 until completion of the Crown - Kinross Merger in Aug Mr. Hunt has over 40 years of exploration, development and operational experience with Minerals, Noranda and Echo Bay Mines where he served as Superintendent, Technical S Chief Geologist at Echo Bay's Kettle River Operations. Mr. Hunt received his M.S. degr from the Colorado School of Mines and a B.S. degree from Furman University.

James R. Maronick (62) has served as Chief Financial Officer, Secretary and Treasurer o since 1999 and was Chief Financial Officer of Crown from June 1999 until completion o Kinross Merger in August of 2006. Prior to that, Mr. Maronick served as Vice President Secretary/Treasurer of Consolidated Nevada Gold Fields Corporation from November 1 September 1997. Mr. Maronick graduated with honors from the University of Notre Dar a BA in accounting and received his Masters’ degree in Finance with highest honors fro of Denver in 1986.

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Family Relationships

There are no family relationships among any director, executive officer, or person nomi
by the Company to become a director of Solitario.

Business Experience

The business experience of each of our directors is set forth above under "Identification
the business experience of those executive officers who are not also our directors is set f
under "Executive Officers."

The directorships held by each of our directors in any company with a class of securities
pursuant to Section 12 of the Securities Exchange Act, or subject to Section 15(d) of the
or any company registered as an investment company under the Investment Company A
amended, are set forth above under "Identification of Directors."

Involvement in Certain Legal Proceedings

During the past ten years, except as disclosed below regarding Mr. Hesketh, none of the
serving as executive officers and/or directors of the Company has been the subject matte
following legal proceedings that are required to be disclosed pursuant to Item 401(f) of I
including: (a) any bankruptcy petition filed by or against any business of which such pe
general partner or executive officer either at the time of the bankruptcy or within two ye
time; (b) any criminal convictions; (c) any order, judgment, or decree permanently or te
enjoining, barring, suspending or otherwise limiting his involvement in any type of busi
or banking activities; (d) any finding by a court, the SEC or the U.S. Commodity Future
Commission to have violated a federal or state securities or commodities law, any law o
respecting financial institutions or insurance companies, or any law or regulation prohib
wire fraud; or (e) any sanction or order of any self-regulatory organization or registered
equivalent exchange, association or entity. Further, no such legal proceedings are believ
contemplated by governmental authorities against any director or executive officer.

Mr. Hesketh previously held the position of President, CEO and Director of Atna Resou
British Columbia Corporation listed on the TSX ("***Atna***"). Long-term weakness and dec
commencing in 2012 caused Atna to experience several years of operating losses. On N
2015, Atna filed a voluntary petition for relief under Chapter 11 of Title 11 of the Unite
in the United States Bankruptcy Court for the District of Colorado (the "***Bankruptcy Co***
November 30, 2016, a motion was entered with the Bankruptcy Court titled, "*Findings o*
Conclusions of Law and Order under Section 1129 of the Bankruptcy Code and Bankru
Confirming Debtor's Joint Chapter 11 Plan of Liquidation". The Plan of Liquidation wa
December 31, 2016. On that date, Mr. Hesketh was terminated as an employee and offic

EXECUTIVE COMPENSATION

The following discussion provides information regarding the compensation program for
Named Executive Officers for 2017.

Objectives of the Company’s Compensation Program

The Compensation Committee has responsibility for approving the compensation progra Solitario's Named Executive Officers and acts according to a charter that has been appro Board and is available on the Company website at www.solitarioxr.com. The compensat designed to attract, retain and reward our executives who contribute to Solitario's long-te This in turn is intended to build value for Solitario and its shareholders. The program is three fundamental principles:

(1) A substantial portion of Solitario's Named Executive Officer compensation shoul
performance and equity-based to achieve alignment with shareholder interests.

This principle is accomplished in two primary ways: first, through the award of stock op
equity awards contemplated in the equity compensation plans adopted by Solitario, in ar
with such terms that are intended to encourage our Named Executive Officers to promot
growth and performance of Solitario as may be reflected in the price of our Common Sto
on the TSX and the NYSE American.

Second, this is also reflected in terms of cash compensation in the form of cash bonuses.
are set by the Compensation Committee, in its sole discretion, in a range of zero to 100%
salary. The extent to which bonuses are paid depends entirely on the extent to which the
Committee believes Solitario has met its development, exploration, budget and sharehol
by the Compensation Committee and the current and expected financial condition of the
bonuses were awarded to our Named Executive Officers during 2017. Although Solitari
Acquisition of Zazu in July of 2017, the performance of the price of the Company's Cor
during 2017, which the Compensation Committee felt was impacted by a number of fact
which were not in the control of our named executive officers, nonetheless was a major
decision of the Compensation Committee not to award any bonuses during 2017. In Mar
Compensation Committee awarded a $60,000 bonus to Mr. Herald, a $44,000 bonus to M
$40,000 bonus to Mr. Maronick for their performance and the achievement of certain Co
during 2015. The Compensation Committee considered the milestones achieved during 2
Company, including (i) completion of the sale of our former interest in the Mt. Hamilton
through the sale of our interest in MHLLC to Waterton Nevada Splitter, Ltd. for gross p
$24,000,000 (the "***Transaction***"), (ii) the refinancing and eventual repayment, upon the
Transaction, of $5,000,000 short-term debt due to RMB Australia Holdings, Ltd., and (i
marketing of our interest in MH-LLC, including obtaining approval of the Transaction b
over 90% of our outstanding shares at our annual meeting held in August 2015. The Cor
Committee considered the bonuses paid in 2016 as earned in 2015 and these bonuses we
included in the 2015 summary compensation table for each Named Executive Officer fo
ended December 31, 2015. The Compensation Committee did not award any bonuses fo
ended December 31, 2016 to any Named Executive Officer based upon their review of t
of the price of the Company's Common Stock during the 2016 and upon the lack of a m
property acquisition and / or strategic investment during the year ended December 31, 20

(2) Solitario's compensation program for Named Executive Officers is intended to e
Company to compete for the best executive talent available.

The Compensation Committee believes shareholders are best served when the Company
retain the highest caliber executives appropriate for a company of our size and complexi
with compensation packages we believe to be fair and competitive. Our Named Executiv
have served Solitario for many years. During 2017 and 2016 the Compensation Commit
published compensation surveys and publicly available compensation disclosures of sev
group companies ("Peer Group Companies") for which Solitario competes for executive
Compensation Committee believes that each of these public companies share some attri
Solitario with regard to similar size, and in a similar industry as Solitario. These Peer Gr
Companies included the following companies:

Vista Gold Corp.	Tinka Resources Limited
Entree Gold Corp.	Riverside Resources Inc.

These reviews were not used to create specific benchmarks applicable to our Named Exe
compensation levels. These reviews were used to inform the Compensation Committee o
standards in the industry as such standards may relate, in their independent judgment, to
modifications to Solitario's existing compensation levels. During 2017, Solitario's activit
generally focused on (i) the completion of the Acquisition; (ii) the exploration planning
of the potential of the Lik deposit acquired in the Acquisition: (iii) the completion of a p
economic analysis on our Florida Canyon project and (iv) the evaluation of mineral prop
acquisition and on junior mining companies with mineral properties for strategic investm
of potential merger, acquisition or sale. During most of 2016, Solitario's activities were
evaluation of mineral properties for acquisition and potential strategic investments, whic
Acquisition. As the focus of Solitario during the two most recent fiscal years did not dire
in all cases to the activities of the Peer Group Companies, the Compensation Committee
difference in focus into consideration when reviewing compensation of Solitario's Name
Officers compared to the peer companies. Additionally, Solitario has traditionally maint
minimal staff and the difference in the number of total employees of Solitario, which cu
employees world-wide, compared to the Peer Group Companies, does not lend itself to e
specific benchmarks.

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Subsequent to the completion of the Transaction, the Compensation Committee, in cons the Named Executive Officers, in light of the then difficult financial conditions in the ju sector as a result of continued low precious and base metal prices as well as the reductio Hamilton related Company activities, decided to reduce the annual salaries of its Named Officers, as of October 1, 2015; with the salary of Mr. Herald being reduced from $230, $198,000, the salary of Mr. Maronick being reduced from $160,000 to $150,000 and the Hunt being reduced from $178,000 to $158,000. The Named Executive Officers' salarie the reduced amount during 2016 and 2017, except for an increase in September 2016 to salary of $1,000 per month and an increase to Mr. Herald's salary in June 2017 of $500 related to an increase in health care costs.

(3) Solitario's compensation program for the Named Executive Officers should be fa executive, the Company and all its employees and perceived as such, both internally and

The Compensation Committee strives to create a compensation program that promotes g practice, encourages our Named Executive Officers to perform at a high level and prom among our employees. The Compensation Committee takes these goals into consideratio comparison of executive pay in relation to all other Solitario salary costs for internal co by comparison to both Peer Group Companies and industry salaries for external consiste addition, the compensation program is intended to enhance shareholder value and the Co Committee strives to provide transparency and full disclosure to all interested parties.

The Compensation Committee has no authority to recover salary, bonuses or stock optio other equity awards made to Named Executive Officers. Although the Compensation Co the ability to consider prior compensation (e.g. gains from prior option grants or other e setting current compensation, it has no formal procedure or requirement to do so. The C Committee does not set or utilize benchmarks of any kind to set, evaluate or allocate co There have been no actions taken or adjustments made to the process of setting executiv discussed herein by the Compensation Committee subsequent to December 31, 2017.

Key Elements of Executive Compensation

The elements of the Company's compensation program are intended to balance long ter short-term compensation for its executives and attempt to motivate executives to provid leadership and achieve Company goals by linking short-term (such as salaries and benef long-term incentives (such as equity-based compensation) to the achievement of busines thereby aligning the interests of executives and shareholders. In addition, the Compensa recognizes the performance of the Company's Common Stock is often influenced by the investment climate of the junior mining industry and other macro-economic factors, whi within the control of the specific performance of the Named Executive Officers in achie objectives set by the Company. The key elements of the compensation of the Named Ex Officers are outlined below. The Compensation Committee considers shareholder input compensation for Named Executive Officers. At our 2017 annual meeting of shareholde 95% of the votes cast on the advisory vote on executive compensation were in favor of c compensation program. The Board of Directors and the Compensation Committee revie results and determined that, given the significant level of support, no major re-examinat executive compensation program was necessary at that time.

(1) Base Salary

The Compensation Committee attempts to provide base salary to the Named Executive C
commensurate with their review of our Peer Group Companies. The Compensation Com
the base salary for the Named Executive Officers for 2017 (which commenced on Janua
during its meeting in December 2016. Increases or decreases in base salary are depender
Compensation Committee's evaluation of each individual Named Executive Officer perf
effect of a peer group review, the performance of the entire Company relative to the Cor
goals and objectives, and the Company's current and projected financial resources. No N
Executive Officers receive minimum base salary payments pursuant to any employment
other agreement. The Compensation Committee has authority from the Board to set the l
any amount it believes is appropriate. Although the Compensation Committee, reviews t
accomplishments of the Named Executive Officers against general goals of the Compan
planned exploration programs, potential mineral property acquisitions, evaluation of stra
opportunities for a corporate merger, acquisition or sale; the Acquisition in 2017; the 20
corporate financing activities and market price of Solitario's Common Stock, among oth
Compensation Committee has full discretion to set compensation levels and has not set s
compensation levels to specific criteria. Some of the general criteria are discussed below

(2) Bonuses

The Compensation Committee may provide bonuses to the Named Executive Officers, i
discretion, based upon their evaluation of the individual Named Executive Officer in lig
parameters, including the following:

(i) Bonuses based upon operational goals and parameters;
(ii) The desire, discussed above, to provide a substantial portion of compensation based c
performance;
(iii) The performance of the Company relative to Company goals including explorati
(iv) The share price performance of the Company's Common Sto
(v) The financial strength of the Company, including liquid financial as
(vi) The quality of mineral property assets, including exploration assets and mineral prop
joint venture; and
(vii) The financial strength and prospects for the smaller (junior) exploration minin

In establishing its goals for any particular year, the Compensation Committee strives to c
goals provide both an incentive and an attainable goal that provides shareholders with th
for return on their investment while minimizing corporate and shareholder risk to the ex
Although certain targets and goals related to certain operational goals including such as
property acquisitions and/or potential merger or acquisition activities, if any, are confide
Compensation Committee has structured these types of goals to be reasonable and obtai
Named Executive Officers, without undue risk to the assets of Solitario. Due to the natur
corporate activities relating to (i) the evaluation of mineral properties for acquisition; (ii)
of strategic opportunities for a corporate merger, acquisition or sale, including the Acqui

Transaction during 2015 and (iv) early-stage exploration of mineral properties located ir
goals for our Named Executive Officers are not specifically related to traditional financi
as revenue growth, earnings or earnings per share. The operational targets and goals are
subjective and generally include (i) the evaluation, negotiation and acquisition of minera
agreements; (ii) evaluation of strategic opportunities; (iii) land and royalty joint ventures
existing properties, (iv) exploration activities and success, both on our own and through
(v) training and retaining employees, (vi) operational activities including: maintaining ac
liquidity to fund future exploration activities, financial reporting and disclosure, and sha
The Compensation Committee also evaluates the financial strength and prospects for the
exploration segment of the mining industry. The Compensation Committee reviews the a
with the Named Executive Officers at or near the start of each year. The evaluation of th
of our Named Executive Officers, relative to the goals outlined herein, has been and is e
continue to be at the discretion of the Compensation Committee. As discussed above, in
2017 and 2016, the Compensation Committee determined that no bonus was earned duri
ended December 31, 2017 and 2016 and the Named Executive Officers would not be pa
the year ended 2017 during 2018.

(3) *Equity*

The only equity compensation our Named Executive Officers have historically received
of stock options granted pursuant to the 2006 Stock Option Incentive Plan (the "***2006 Pl***
2013 Solitario Exploration & Royalty Corp. Omnibus Stock and Incentive Plan (as defir
"***2013 Plan***"), with the exercise price of such options equal to the current market value c
Stock at the date of grant. The 2006 Plan terminated in 2016, and no option grants were
or 2017 under the 2006 Plan and there are no outstanding options under the 2006 Plan. T
Compensation Committee believes that a portion of our Named Executive Officers' com
should be performance based and tied to the long-term value of the Company. The Comp
Committee also believes that our compensation policies should be fair to our shareholde
focused on our long-term viability. The Compensation Committee believes the granting
options or other forms of equity-based compensation aligns the interests of the Named E
Officers and our shareholders and provides the incentive to manage the Company from t
of an owner of the Company. In addition, the Compensation Committee believes the ves
the stock options granted from the 2013 Plan, discussed below, provide that a significant
compensation will be received at a future date, which provides a tempered longer-term i
our Named Executive Officers as well as an incentive for them to remain with the Comp

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The amount of all individual grants and the grant date of the stock options have been det periodically by the Compensation Committee or by the full Board. All grants to date, exc Replacement Options, discussed above, have been, as of the date of the approval by the C Committee (or the full Board, if requested by the Compensation Committee), with the op price at the fair market value on the date of grant. Generally, all option grants from the 2 the 2013 Plan vest 25% on the date of grant and the remaining options vest at 25% per y anniversary of the grant over a three-year period. In connection with the Acquisition, on Solitario granted the Replacement Options exercisable for 1782,428 shares of Solitario C The terms of the Replacement Options, in accordance with the terms of the Acquisition, vested on the date of grant, have exercise prices of between $0.70 per share and $2.24 pe had terms of ten months to 18 months.

As discussed above, on September 1, 2017 Solitario granted the Conditional Options exe acquire an aggregate of 2,300,000 shares of Common Stock. The Conditional Options w subject to shareholder approval and have a five-year life, an exercise price of $0.77 per s grant date fair value of $970,000, based upon a Black-Scholes model with a volatility of risk-free interest rate of 1.70%. The Compensation Committee, in their full discretion alo Board of Directors granted the options subject to shareholder approval to provide the sha additional input to the 2017 compensation of our directors and officers in light of the 20 approval of the expansion of the number of shares of Common stock reserved under the the Acquisition. Future grants from the 2013 Plan, including those to officers and directo expected to be made subject to shareholder approval. Upon approval, the Conditional Op issued and will vest 25% on approval, 25% on September 1, 2018, 25% on September 1, September 1, 2020. The Conditional Options may not be exercised in whole or in part un shareholders approve the grants at this Annual Meeting and the option grants will be voi shareholders do not approve the grants. As the Conditional Options were subject to share approval, none of the Conditional Options were considered outstanding or exercisable as 31, 2017.

In the future, our officers and directors may receive additional equity- based awards purs 2013 Plan, which may take the form of stock options or the other forms of awards incluc stock awards, restricted stock units or stock appreciation rights.

Allocation between the Key Elements of Compensation

The Compensation Committee has complete discretion in allocating total compensation key elements of compensation discussed above. Each of the individual components of co evaluated by the Compensation Committee independently and each component is not ev upon the other components. The Compensation Committee has not developed a set form fair value of equity compensation to equal 50% of base salary) to allocate the elements o compensation to each individual Named Executive Officer.

Employment Agreements

None of our Named Executive Officers have ongoing employment agreements other tha
Change in Control Severance Benefits Agreements, discussed under "Change in Control
below.

Change in Control Agreements

The Compensation Committee and Solitario consider it essential to the best interest of it
to foster the continuous employment of key management personnel. In this regard, the C
Committee and Board recognize that, as is the case with many publicly held corporation
subsidiaries, the possibility of a change in control may exist and that such possibility, an
uncertainty and questions which it may raise among management, may result in the depa
distraction of management personnel to the detriment of the Company and its shareholde

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Accordingly, on March 14, 2007, the Compensation Committee approved separate Chan
Severance Benefits Agreements (each a "***CIC***") for each of the persons serving as our N
Executive Officers, Mr. Herald, Mr. Maronick and Mr. Hunt. Each CIC provides for the
severance benefits if the employment of one of the Named Executive Officers is termina
period of three years following the last day of the month in which a Change in Control o
defined in the CIC) occurs equal to 2.5 times the base salary of the Named Executive Of
addition, any unvested stock options held by the Named Executive Officer will vest upo
Control. The CIC provides an additional gross up for any taxes due as a result of Excise
by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code").

Generally, the CIC defines a "Change in Control" as (i) a person acquiring more than 50
outstanding stock of the Company, (ii) the shareholders of the Company approving a me
acquisition whereby more than 50% of the outstanding shares held prior to the vote will
new person or corporation, (iii) the shareholders of the Company approving the sale or d
substantially all of the company's assets or (iv) the shareholders of the Company approv
liquidation or dissolution of the Company.

Benefits are payable under each CIC after a Change in Control if the Named Executive
terminates his employment for "good reason," or is terminated by the Company, other th
"Good reason" is generally defined as a reduction in the compensation, or level of respo
forced relocation, among other things. "Cause" is generally defined in the CIC as the co
felony, gross and willful failure to perform assigned duties, and dishonest conduct that i
and materially injurious to the Company.

Tax Implications of Executive Compensation

Under Section 162(m) of the Code, the Company generally receives a tax deduction for
on payments which total less than $1,000,000 paid to our Named Executive Officers, un
compensation is performance based. The total non-performance-based compensation for
Named Executive Officers did not exceed $1,000,000 during 2017, nor do we anticipate
$1,000,000 for the foreseeable future.

Stock Ownership Guidelines

Solitario has not established formal stock ownership guidelines for our Named Executiv
Company's Insider Trading Policy prohibits the Named Executive Officers, as well as ot
who may have access to material inside information, from purchasing, selling, entering i
transactions, or engaging in hedging or offsetting transactions regarding Solitario's Com
during periods where such persons have access to material inside information.

Compensation Policies with Regard to Risk Management

The Board is responsible for the overall risk management of the Company. Solitario is s
inherent risks involved in the exploration and development of mineral properties and sha
should carefully review Item 1A, "Risk Factors," in our Annual Report on Form 10-K fo
December 31, 2017. However, Solitario does not have any compensation plans or incent
Named Executive Officers or any employee for any risk-taking activity or risk managem
Solitario does not engage in activities that have traditional incentives for financial risk-ta
such as buying or selling derivatives or other similar instruments, other than our limited

derivatives to reduce our exposure to our holdings of Kinross Gold Corporation commor
holdings of Vendetta Mining Corp.

Role of the Chief Executive Officer in Compensation Decisions

The ***CEO*** annually reviews the performance of all other Named Executive Officers. The
of the CEO is reviewed by the Chairman of the Compensation Committee. The conclusi
recommendations, which include salary, bonus and equity grants, if any, are presented to
Compensation Committee, which has absolute discretion in modifying or applying any o
recommendations for the Named Executive Officers. The Compensation Committee pre
conclusions and recommendations to the Board for their input and review.

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Summary Compensation Table

The following table provides summary information regarding compensation earned by o
Executive Officers for the fiscal years ended December 31, 2017 and 2016:

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($)	Option Awards ($) (2)(4)	Non-equity incentive plan compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compe ($) (3)
Mr. Herald, CEO	2017	201,000	—	—	—	—	—	28,59
	2016	201,000	—	—	225,036	—	—	28,59
Mr. Maronick, CFO	2017	150,000	—	—	—	—	—	28,59
	2016	150,000	—	—	154,525	—	—	28,59
Mr. Hunt, COO	2017	170,000	—	—	—	—	—	28,59
	2016	163,000	—	—	165,026	—	—	27,21

(1) No bonus amount was earned during 2017 or 2016.

(2) The amount represents the grant date fair value of option awards granted during the y accordance with FASB ASC No. 718. See Note 9, "Employee Stock Compensation P consolidated financial statements included in our Annual Report on Form 10-K for th December 31, 2017 for a discussion regarding assumptions used to calculate fair valu

a. The 2016 options were granted from the 2013 Plan on July 28, 2016, had a five-year te 25% on grant date and 25% on the next three anniversary dates. The assumptions used our 2016 grant date fair value are based upon a Black-Scholes model using a five-year historical volatility of 63% and a risk-free interest rate of 0.9%.

b. On August 24, 2016, holders of option awards from the 2013 Plan voluntarily cancelle 1,699,000 options with an option price of $.072 with an expiration date of July 27, 202 Solitario to have additional financial flexibility. No consideration was given or receive holders of the options to cancel the awards. Included in the cancellation of those award the options granted during 2016 to the Named Executive Officers, including 450,000 o Herald, 330,000 options to Mr. Hunt and 309,000 options to Mr. Maronick.

(3) Mr. Herald, Mr. Maronick and Mr. Hunt each received $24,000 401(K) matches duri 2016. Mr. Herald and Mr. Maronick and Mr. Hunt each received $4,200 for contribut health savings account and $396 for group term life insurance during 2017 and 2016.

(4) As the Conditional Options were subject to shareholder approval at the 2018 Annual are not considered granted during 2017 or outstanding as of December 31, 2017. Mr.

Maronick and Mr. Hunt have no outstanding options at December 31, 2017.

Option Exercises and Stock Vested

There were no exercises of stock options during the year ended December 31, 2017 or 2
Named Executive Officers.

Outstanding Equity Award at Fiscal Year End

There are no outstanding equity awards at December 31, 2017 held by our Named Execu
See Proposal 2, "Approval of Conditional Options," above.

Potential Payments Upon Termination or Change in Control

As noted under "Compensation Discussion and Analysis" in this Proxy Statement, the C
entered into certain change in control agreements on March 14, 2007 with the following
Executive Officers. The terms of the CICs are more fully described under "Change in Co
Agreements" in the "Compensation Discussion and Analysis" section above. The potent
each Named Executive Officer are described below in the event of an assumed change in
defined in the applicable CIC as of December 31, 2017.

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Name	Salary (1)	Stock option vesting (2)	Tax gross up (3)	Total
Christopher E. Herald, CEO	$502,500	$ —	$ —	$502,500
James R. Maronick, CFO	375,000	—	—	375,000
Walter H, Hunt, COO	407,500	—	—	407,500

(1) Two and one-half times base salary as of December 31, 2017. Paid as a lump sum

(2) None of our Named Executive Officers have any outstanding options or equity award 31, 2017. Accordingly, there was no intrinsic value from the acceleration of any unve owned by the Named Executive Officer as of December 31, 2017.

(3) The change in control provides for a gross-up for taxes in the event the combined sal other compensation, triggered by a change in control, results in Excise Tax, as define 4999 of the Code. The CIC provide for additional cash compensation to pay the Nam Officer for the Excise Tax, which is 20% of all compensation in excess of the base sa when the total payments, including the fair value from acceleration of vesting for unv under the CIC exceed three times base salary. We have estimated that no tax gross up been due or payable as of December 31, 2017 because the total compensation, includ value from the acceleration of any outstanding unvested options would not exceed th base salary.

PAY RATIO OF CHIEF EXECUTIVE OFFICER COMPENSATION TO MEDIA EMPLOYEE COMPENSATION

Solitario has determined that the 2017 annual total compensation of the estimated media employee who was employed as of October 3, 2017, excluding the CEO, Christopher E. $88,762. Mr. Herald's annual total compensation for 2017 was $229,596. Mr. Herald's a compensation is 2.6 times (or a ratio of 2.6 to 1) that of the estimated median compensat employee. This pay ratio is a reasonable estimate calculated in accordance with SEC rul payroll and employment records and the methodology described below.

As of October 3, 2017, Solitario had six total employees and no seasonal and temporary identified the median compensated employee, based upon the knowing the identity of ea employees. The compensation has been defined as base salary excluding overtime and o which provides a reasonable estimate of compensation received. Salaries are annualized employee starting employment in 2017. There were no part-time status employees durin reported in United States currency based upon the location and pay of Solitario employe living adjustment was applied.

Solitario's compensation practices and programs ensure compensation programs are fair globally compliant and are aligned with Solitario's business objectives. The SEC rules f the median compensated employee and calculating the pay ratio based on that employee compensation allow companies to adopt a variety of methodologies, exclusions, and assu reflect their compensation practices. As such, the pay ratio reported above may not be co the pay ratio reported by other companies, even those in a related industry or of a simila scope. Other companies may have different employment practices, regional demographi utilize different methodologies and assumptions in calculating their pay ratios.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEM

To our knowledge, as of April 27, 2018, no person beneficially owns, directly or indirec control or direction over, more than five percent of our issued and outstanding Common exception of Zebra Holdings and Investments, S.A.R.L., which directly owns 3,937,873 representing approximately 6.5 percent of our issued and outstanding Common Stock.

The following table sets forth, as of April 27, 2018, the beneficial ownership of our outs Common Stock by each of our shareholders owning more than five percent, our director Executive Officer and all of our executive officers and directors as a group. Unless other the persons listed in the table below have sole voting and investment powers with respec indicated. Except as indicated below the mailing address for each person is 4251 Kipling 390, Wheat Ridge, CO 80033.

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Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership*(4)	Percent of Class*
Gil Atzmon, Director (1)	3,136,571	5.2 %
Christopher E. Herald, CEO and Director	1,550,000	2.6 %
Brian Labadie, Director	192,857	**
Joshua Crumb, Director (2)	142,880	**
Jim Hesketh, Director	—	**
John Labate, Director	—	**
Walter H. Hunt, COO	409,962	**
James R. Maronick, CFO	583,048	1.0 %
All directors and executive officers as a group	6,015,318	10.0%
Zebra Holdings and Investments, S.A.R.L (3) PO Box 6208, CH – 1211 Geneva	3,937,873	6.5 %

* Calculated in accordance with Rule 13d-3 under the Exchange Act and Item 403of I

** Indicates holdings of less than 1%.

(1) The beneficial shares include 464,360 Replacement Options held by Mr. At exercisable within 60 days.

(2) The beneficial shares include 125,020 Replacement Options held by Mr. Cr exercisable within 60 days.

(3) Shares issued in the Acquisition.

(4) Unless and until the shareholders approve the Conditional Options, such options are r outstanding. No portion of the Conditional Options are included in any officer or dire ownership.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There are no material interests, direct or indirect, of current directors, executive officers, shareholder who beneficially owns, directly or indirectly, more than 10% of the outstand Solitario Common Stock, or any known associates or affiliates of such persons, in any tr the beginning of the Company’s last fiscal year or in any proposed transaction which has affected or would materially affect the Company and in which the amount involved exce $120,000.

Policy Regarding Related Party Transactions

The Board of Directors has adopted a written Related Party Transaction Policy. Pursuan Solitario may enter into transactions with certain "related persons." Related persons incl Company's executive officers, directors, 5% or more beneficial owners of the Company'

Stock, immediate family members of these persons and entities in which one of these pe
direct or indirect material interest. These transactions are referred to as "related party tra
related party transactions are subject to the following related party transaction policy req

- the transaction must be approved by disinterested members of the Bo
- the Audit Committee must approve or ratify such transaction and the terms of the transa comparable to that which could be attained in an arm's-length dealing with unrelated th
- a transaction that involves compensation must be approved by the Compensation C

Director Independence

- Solitario's Board has determined Mr. Atzmon, Mr. Crumb, Mr. Hesketh, Mr. Labadie a are independent members of the Board of Directors in accordance with Section 803(A) American Company Guide. Mr. Labate, Mr. Crumb and Mr. Hesketh are members of th Committee.
- Mr. Labadie, Mr. Labate and Mr. Hesketh are members of the Compensation Co
- Mr. Atzmon, Mr. Labadie and Mr. Labate are members of the Nominating Con

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INCORPORATION BY REFERENCE

The following information is incorporated by reference into this Proxy Statement from o
Report on Form 10-K for the year ended December 31, 2017: Our financial statements i
Annual Report on Form 10-K. Upon the written or oral request of any stockholder entitl
Annual Meeting, we will provide, without charge, a copy of any document incorporated
into this Proxy Statement by first class mail or other equally prompt means. Shareholder
copies of such documents may contact Solitario at mail at 4251 Kipling Street, Suite 39
CO 80033 or by telephone (303) 534-1030.

The reports of the Compensation Committee and Audit Committee shall not be deemed
reference by any general statement incorporating by reference this Proxy Statement into
under the Securities Act or the Exchange Act, except to the extent we specifically incorp
information by reference and shall not otherwise be deemed filed under the Securities A
Exchange Act.

PROPOSALS OF SHAREHOLDERS

Shareholder proposals intended to be included in Solitario's proxy statement for the 201
Meeting of Shareholders must be received by Solitario prior to February 7, 2019 in orde
proposal to be considered for inclusion in the proxy statement and form of proxy relatin
annual meeting. If the date of next year's annual meeting is changed by more than 30 da
19, 2019, the deadline will be a reasonable time before we print and mail our proxy mat
However, we are not required to include in our proxy statement and form of proxy for th
meeting any stockholder proposal that does not meet all of the requirements for inclusio
by the SEC in effect at the time the proposal is received. Under Solitario's Bylaws, in or
stockholder proposal that is not included in such proxy statement and form of proxy to b
before the 2019 annual meeting, such proposal must be received by the Secretary of Sol
principal executive offices at 4251 Kipling Street, Suite 390, Wheat Ridge, CO 80033 n
days nor more than 90 days before the annual meeting; however, if less than 70 days' no
disclosure of the date of the 2019 meeting is given, the written notice must be delivered
Corporate Secretary no later than the close of business on the 10th day after notice of the
mailed or notice was publicly disclosed, whichever is earlier. The notice must contain ce
information as to the proposal and the shareholder, including the share ownership of the
and any financial interest in the proposal. If a timely proposal is received, the Board ma
discretionary authority granted by the proxies to be solicited on behalf of the Board in c
such proposal at the 2018 annual meeting.

No shareholder proposals for the 2018 Annual Meeting had been received by Solitario p
of this Proxy Statement.

OTHER BUSINESS

Solitario knows of no other business to be presented at the meeting. If any other busines
comes before the meeting, it is intended that the shares represented by proxies will be v
respect thereto in accordance with the best judgment of the person named in the accomp
proxy.

DELIVERY OF DOCUMENTS TO SHAREHOLDERS SHARING AN ADDRESS

Only one Proxy Statement and Annual Report is being delivered to shareholders sharing
unless we have received contrary instructions from one or more of the shareholders. Up
or oral request of a shareholder, we will deliver promptly a separate copy of the Proxy S
Annual Report to shareholders at a shared address to which a single copy was delivered.
desiring to receive a separate copy in the future may contact us by mail at 4251 Kipling
390, Wheat Ridge, CO 80033 or by telephone (303) 534-1030.

By Order of the Board of Directors

/s/James R. Maronick

Secretary

April 30, 2018

Wheat Ridge, Colorado

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Appendix A

(Form of Proxy Card)