

HECLA MINING CO/DE/
Form 10-Q
August 04, 2016
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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 June 30, 2016

Commission file number 1-8491

HECLA MINING COMPANY

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	77-0664171 (I.R.S. Employer Identification No.)
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6500 Mineral Drive, Suite 200 Coeur d'Alene, Idaho (Address of principal executive offices)	83815-9408 (Zip Code)
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208-769-4100
(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 XX . 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 submit and post such files).

Yes XX . No __ .

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

Large accelerated filer XX.

Accelerated filer __ .

Non-accelerated filer __ .

Smaller reporting company _ .

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes __ . No XX.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares Outstanding August 2, 2016
Common stock, par value	386,439,941
\$0.25 per share	

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Hecla Mining Company and Subsidiaries

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For the Quarter Ended June 30, 2016

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*Items 2, 3 and 5 of Part II are omitted as they are not applicable.

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Part I - Financial Information

Item 1. Financial Statements

Hecla Mining Company and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

(In thousands, except shares)

	June 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$143,613	\$155,209
Investments	15,070	—
Accounts receivable:		
Trade	25,667	13,490
Taxes	12,142	11,458
Other, net	32,952	16,401
Inventories:		
Concentrates, doré, and stockpiled ore	28,336	22,441
Materials and supplies	23,070	23,101
Current deferred income taxes	18,386	17,980
Current restricted cash	3,900	—
Other current assets	7,999	9,453
Total current assets	311,135	269,533
Non-current investments	4,453	1,515
Non-current restricted cash and investments	999	999
Properties, plants, equipment and mineral interests, net	1,926,158	1,896,811
Non-current deferred income taxes	24,427	36,589
Reclamation insurance asset	—	13,695
Other non-current assets and deferred charges	3,638	2,783
Total assets	\$2,270,810	\$2,221,925
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$57,702	\$51,277
Accrued payroll and related benefits	23,712	27,563
Accrued taxes	4,344	8,915

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Current portion of capital leases	7,761	8,735
Current portion of debt	1,852	2,721
Other current liabilities	10,290	6,884
Current portion of accrued reclamation and closure costs	24,127	20,989
Total current liabilities	129,788	127,084
Capital leases	7,316	8,841
Accrued reclamation and closure costs	73,019	74,549
Long-term debt	500,354	500,199
Non-current deferred tax liability	127,413	119,623
Non-current pension liability	47,880	46,513
Other non-current liabilities	5,362	6,190
Total liabilities	891,132	882,999
Commitments and contingencies (Notes 2, 4, 7, 9, and 11)		
SHAREHOLDERS' EQUITY		
Preferred stock, 5,000,000 shares authorized:		
Series B preferred stock, \$0.25 par value, 157,816 shares issued and outstanding, liquidation preference — \$7,891	39	39
Common stock, \$0.25 par value, authorized 500,000,000 shares; issued and outstanding 2016 — 385,066,800 shares and 2015 — 378,112,840 shares	97,207	95,219
Capital surplus	1,538,148	1,519,598
Accumulated deficit	(211,258)	(232,565)
Accumulated other comprehensive loss	(30,327)	(32,631)
Less treasury stock, at cost; 2016 — 3,733,742 shares and 2015 — 2,435,518 shares issued and held in treasury	(14,131)	(10,734)
Total shareholders' equity	1,379,678	1,338,926
Total liabilities and shareholders' equity	\$2,270,810	\$2,221,925

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

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Hecla Mining Company and Subsidiaries

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)

(Dollars and shares in thousands, except for per-share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Sales of products	\$171,302	\$104,197	\$302,319	\$223,289
Cost of sales and other direct production costs	82,953	67,567	157,273	141,532
Depreciation, depletion and amortization	29,897	27,166	55,772	52,420
	112,850	94,733	213,045	193,952
Gross profit	58,452	9,464	89,274	29,337
Other operating expenses:				
General and administrative	10,359	8,296	20,573	17,016
Exploration	3,362	4,592	6,312	9,208
Pre-development	521	1,618	925	2,138
Other operating expense	622	766	1,262	1,394
Provision for closed operations and environmental matters	1,576	9,335	2,617	9,802
Acquisition costs	402	2,147	402	2,147
	16,842	26,754	32,091	41,705
Income (loss) from operations	41,610	(17,290)	57,183	(12,368)
Other income (expense):				
Loss on disposition of investments	—	(166)	—	(166)
Unrealized gain (loss) on investments	1,150	(117)	439	(2,960)
(Loss) gain on derivative contracts	(6)	(887)	(6)	4,905
Net foreign exchange (loss) gain	(1,885)	(1,833)	(10,088)	10,441
Interest and other income	113	35	201	73
Interest expense, net of amount capitalized	(5,370)	(6,541)	(11,081)	(12,733)
	(5,998)	(9,509)	(20,535)	(440)
Income (loss) before income taxes	35,612	(26,799)	36,648	(12,808)
Income tax (provision) benefit	(11,496)	132	(13,150)	(1,307)
Net income (loss)	24,116	(26,667)	23,498	(14,115)
Preferred stock dividends	(138)	(138)	(276)	(276)
Income (loss) applicable to common shareholders	\$23,978	\$(26,805)	\$23,222	\$(14,391)
Comprehensive income (loss):				
Net income (loss)	\$24,116	\$(26,667)	\$23,498	\$(14,115)
Change in fair value of derivative contracts designated as hedge transactions	46	—	46	—
Reclassification of loss on disposition or impairment of marketable securities included in net income (loss)	—	166	1,000	2,993
Unrealized holding (losses) gains on investments	1,193	(1,321)	1,258	(2,212)

Comprehensive income (loss)

\$