

HECLA MINING CO/DE/
Form 10-Q
May 08, 2015
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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 March 31, 2015

Commission file number 1-8491

HECLA MINING COMPANY

(Exact name of registrant as specified in its charter)

Delaware	77-0664171
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6500 Mineral Drive, Suite 200	
Coeur d'Alene, Idaho	83815-9408
(Address of principal executive offices)	(Zip Code)

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 May 5, 2015
Common stock, par value	370,348,437
\$0.25 per share	

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Hecla Mining Company and Subsidiaries

Form 10-Q

For the Quarter Ended March 31, 2015

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*Items 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)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 196,231	\$ 209,665
Accounts receivable:		
Trade	27,280	17,696
Taxes	10,303	10,392
Other, net	5,215	6,792
Inventories:		
Concentrates, doré, and stockpiled ore	22,921	25,999
Materials and supplies	20,974	21,474
Current deferred income taxes	10,064	12,029
Other current assets	15,337	12,312
Total current assets	308,325	316,359
Non-current investments	4,334	4,920
Non-current restricted cash and investments	883	883
Properties, plant, equipment and mineral interests, net	1,837,173	1,831,564
Non-current deferred income taxes	98,544	98,923
Other non-current assets and deferred charges	10,692	9,415
Total assets	\$ 2,259,951	\$ 2,262,064
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 39,712	\$ 41,869
Accrued payroll and related benefits	18,320	27,956
Accrued taxes	3,891	4,241
Current portion of capital leases	10,289	9,491

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Current portion of accrued reclamation and closure costs	1,631	1,631
Other current liabilities	14,695	5,797
Total current liabilities	88,538	90,985
Capital leases	11,590	13,650
Accrued reclamation and closure costs	55,781	55,619
Long-term Debt	498,791	498,479
Non-current deferred tax liability	138,422	153,300
Other non-current liabilities	47,504	53,057
Total liabilities	840,626	865,090
Commitments and contingencies (Notes 2, 4, 7, 9, and 11)		
STOCKHOLDERS' 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, 500,000,000 shares authorized; issued and outstanding 2015 — 369,992,839 shares and 2014 — 367,376,863 shares	93,106	92,382
Capital surplus	1,495,893	1,486,750
Accumulated deficit	(129,817)	(141,306)
Accumulated other comprehensive loss	(30,095)	(32,031)
Less treasury stock, at cost; 2015 - 2,433,518 and 2014 - 2,151,482	(9,801)	(8,860)
Total stockholders' equity	1,419,325	1,396,974
Total liabilities and stockholders' equity	\$2,259,951	\$2,262,064

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 (Unaudited)

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

	Three Months Ended	
	March	March
	31, 2015	31, 2014
Sales of products	\$ 119,092	\$ 125,787
Cost of sales and other direct production costs	73,965	77,741
Depreciation, depletion and amortization	25,254	25,803
	99,219	103,544
Gross profit	19,873	22,243
Other operating expenses:		
General and administrative	8,720	7,941
Exploration	4,615	4,150
Pre-development	521	419
Other operating expense	628	718
Provision for closed operations and environmental matters	467	1,104
	14,951	14,332
Income from operations	4,922	7,911
Other income (expense):		
Unrealized (loss) gain on investments	(2,843)	688
Gain on derivative contracts	5,792	9,452
Net foreign exchange gain	12,274	4,134
Interest and other income	38	79
Interest expense, net of amounts capitalized	(6,192)	(6,840)
	9,069	7,513
Income before income taxes	13,991	15,424
Income tax provision	(1,439)	(3,783)
Net income	12,552	11,641
Preferred stock dividends	(138)	(138)
Income applicable to common stockholders	\$ 12,414	\$ 11,503
Comprehensive income:		
Net income	\$ 12,552	\$ 11,641
Reclassification of impairment of investments included in net income	2,827	—
Unrealized holding gains (losses) on investments	(891)	1,350
Comprehensive income	\$ 14,488	\$ 12,991
Basic income per common share after preferred dividends	\$ 0.03	\$ 0.03
Diluted income per common share after preferred dividends	\$ 0.03	\$ 0.03

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Weighted average number of common shares outstanding - basic	368,789	342,666
Weighted average number of common shares outstanding - diluted	369,691	350,018

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 Cash Flows (Unaudited)

(In thousands)

	Three Months Ended	
	March 31, 2015	March 31, 2014
Operating activities:		
Net income	\$12,552	\$11,641
Non-cash elements included in net income:		
Depreciation, depletion and amortization	25,523	26,054
Unrealized loss (gain) on investments	2,843	(688)
Loss on disposition of properties, plants, equipment, and mineral interests	74	275
Provision for reclamation and closure costs	778	933
Stock compensation	1,060	1,065
Deferred income taxes	555	(2,851)
Amortization of loan origination fees	454	519
Gain on derivative contracts	(2,970)	(8,847)
Foreign exchange gain	(11,490)	(4,688)
Other non-cash gains, net	24	692
Change in assets and liabilities:		
Accounts receivable	(8,210)	1,387
Inventories	3,949	4,669
Other current and non-current assets	(1,638)	923
Accounts payable and accrued liabilities	4,037	(5,416)
Accrued payroll and related benefits	(5,116)	2,721
Accrued taxes	(263)	4,756
Accrued reclamation and closure costs and other non-current liabilities	(743)	(2,762)
Cash provided by operating activities	21,419	30,383
Investing activities:		
Additions to properties, plants, equipment and mineral interests	(26,958)	(26,867)
Proceeds from disposition of properties, plants and equipment	25	—
Purchases of investments	(947)	—
Changes in restricted cash and investment balances	—	(2,485)
Net cash used in investing activities		