

Coeur Mining, Inc.

Form 10-Q

July 27, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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, 2017

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 001-08641

COEUR MINING, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

82-0109423

(I.R.S. Employer
Identification No.)

104 S. Michigan Ave., Suite 900 Chicago, Illinois 60603

(Address of principal executive offices) (Zip Code)

(312) 489-5800

(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 submit and post such files.) Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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

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

The Company has 300,000,000 shares of common stock, par value of \$0.01, authorized of which 181,451,398 shares were issued and outstanding as of July 24, 2017.

COEUR MINING, INC.
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PART I

Item 1. Financial Statements

COEUR MINING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

		Three months ended		Six months ended	
		June 30,		June 30,	
		2017	2016	2017	2016
	Notes	In thousands, except share data			
Revenue	3	\$ 173,354	\$ 182,007	\$ 379,492	\$ 330,394
COSTS AND EXPENSES					
Costs applicable to sales ⁽¹⁾	3	125,621	100,465	258,333	202,020
Amortization		32,946	37,505	73,050	65,470
General and administrative		7,042	7,400	17,175	15,676
Exploration		7,813	2,233	13,065	3,963
Write-downs		—	—	—	4,446
Pre-development, reclamation, and other		4,366	4,364	8,947	8,568
Total costs and expenses		177,788	151,967	370,570	300,143
OTHER INCOME (EXPENSE), NET					
Loss on debt extinguishment	17	(9,342)	—	(9,342)	—
Fair value adjustments, net	10	336	(3,579)	(864)	(12,274)
Interest expense, net of capitalized interest	17	(3,749)	(10,875)	(7,335)	(21,995)
Other, net	7	4,136	(1,857)	25,275	(543)
Total other income (expense), net		(8,619)	(16,311)	7,734	(34,812)
Income (loss) before income and mining taxes		(13,053)	13,729	16,656	(4,561)
Income and mining tax (expense) benefit	8	2,098	768	(8,948)	(1,338)
NET INCOME (LOSS)		\$(10,955)	\$ 14,497	\$ 7,708	\$(5,899)
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:					
Unrealized gain (loss) on equity securities, net of tax of (\$1,164) and (\$2,174) for the three and six months June 30, 2016, respectively		(18)	2,103	(2,200)	3,146
Reclassification adjustments for impairment of equity securities		305	20	426	20
Reclassification adjustments for realized (gain) loss on sale of equity securities		(203)	(314)	1,268	273
Other comprehensive income (loss)		84	1,809	(506)	3,439
COMPREHENSIVE INCOME (LOSS)		\$(10,871)	\$ 16,306	\$ 7,202	\$(2,460)
NET INCOME (LOSS) PER SHARE	9				
Basic		\$(0.06)	\$ 0.09	\$ 0.04	\$(0.04)
Diluted		\$(0.06)	\$ 0.09	\$ 0.04	\$(0.04)

(1) Excludes amortization.

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

COEUR MINING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	Notes			
	In thousands			
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$(10,955)	\$14,497	7,708	(5,899)
Adjustments:				
Amortization	32,946	37,505	73,050	65,470
Accretion	2,593	2,848	5,107	6,017
Deferred taxes	(4,844)	(15,170)	(3,469)	(17,275)
Loss on debt extinguishment	9,342	—	9,342	—
Fair value adjustments, net	10 (336)	3,579	864	12,274
Stock-based compensation	5 2,235	2,307	5,542	5,222
Gain on sale of the Joaquin project	—	—	(21,138)	—
Write-downs	—	—	—	4,446
Other	(3,624)	1,930	(5,822)	494
Changes in operating assets and liabilities:				
Receivables	(1,916)	(12,402)	11,190	(8,921)
Prepaid expenses and other current assets	3,612	(898)	(687)	381
Inventory and ore on leach pads	(997)	(7,686)	13,295	(15,508)
Accounts payable and accrued liabilities	1,223	19,429	(10,432)	5,855
CASH PROVIDED BY OPERATING ACTIVITIES	29,279	45,939	84,550	52,556
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	(37,482)	(23,288)	(61,461)	(45,460)
Proceeds from the sale of assets	436	7,293	15,455	11,302
Purchase of investments	(8,948)	(92)	(9,964)	(99)
Sale of investments	898	648	10,918	1,645
Other	(61)	(1,446)	(1,607)	(2,919)
CASH USED IN INVESTING ACTIVITIES	(45,157)	(16,885)	(46,659)	(35,531)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Issuance of common stock	—	73,071	—	73,071
Issuance of notes and bank borrowings	17 244,958	—	244,958	—
Payments on debt, capital leases, and associated costs	17 (188,931)	(6,712)	(192,157)	(12,683)
Gold production royalty payments	—	(10,461)	—	(19,592)
Other	(473)	(448)	(3,720)	(728)
CASH PROVIDED BY FINANCING ACTIVITIES	55,554	55,450	49,081	40,068
Effect of exchange rate changes on cash and cash equivalents	329	(302)	884	(216)
INCREASE IN CASH AND CASH EQUIVALENTS	40,005	84,202	87,856	56,877
Cash and cash equivalents at beginning of period	210,033	173,389	162,182	200,714
Cash and cash equivalents at end of period	\$250,038	\$257,591	\$250,038	\$257,591