

HECLA MINING CO/DE/
Form 10-Q
May 12, 2008

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, 2008

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 N. 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, and (2) has been subject to such filing requirements for the past 90 days.
Yes 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 small reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

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

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

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Class	Shares Outstanding May 9, 2008
Common stock, par value \$0.25 per share	127,380,402

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Hecla Mining Company and Subsidiaries

Form 10-Q

For the Quarter Ended March 31, 2008

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*Certain items are omitted, as they are not applicable.	

Item 1. Financial Statements

Hecla Mining Company and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)
(In thousands, except share data)

	March 31, 2008	December 31, 2007
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 357,672	\$ 373,123
Short-term investments and securities held for sale	27,085	25,759
Accounts and notes receivable:		
Trade	11,079	14,053
Other, net	5,128	7,834
Inventories, net	25,216	15,511
Current deferred income taxes	8,980	7,370
Current restricted cash	2,059	2,059
Other current assets	4,802	3,875
Total current assets	442,021	449,584
Non-current investments	7,914	8,429
Non-current restricted cash and investments	15,326	15,181
Properties, plants, equipment, and mineral interests, net	147,734	132,308
Non-current deferred income taxes	18,201	14,938
Deposits on acquisition properties	16,340	
Other non-current assets	31,170	30,297
Total assets	\$ 678,706	\$ 650,737
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 21,360	\$ 22,564
Accrued payroll and related benefits	18,306	16,184
Accrued taxes	4,770	3,703
Current portion of accrued reclamation and closure costs	8,931	9,686
Total current liabilities	53,367	52,137
Accrued reclamation and closure costs	96,362	96,453
Other non-current liabilities	8,631	9,618
Total liabilities	158,360	158,208

Commitments and contingencies (Notes 2, 5, 10, 14 and 15)

SHAREHOLDERS EQUITY

Preferred stock, 5,000,000 shares authorized:

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Series B preferred stock, \$0.25 par value, 157,816 shares issued and outstanding, liquidation preference \$7,891	39	39
Mandatory convertible preferred stock, \$0.25 par value, 2,012,500 shares issued and outstanding, liquidation preference - \$201,250	504	504
Common stock, \$0.25 par value, authorized 400,000,000 shares; issued 2008 123,077,177 shares and issued 2007 121,456,837 shares	30,767	30,364
Capital surplus	735,569	725,076
Accumulated deficit	(262,837)	(274,877)
Accumulated other comprehensive income	16,944	12,063
Less treasury stock, at cost; 81,375 common shares	(640)	(640)
Total shareholders equity	520,346	492,529
Total liabilities and shareholders equity	\$ 678,706	\$ 650,737

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

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Hecla Mining Company and Subsidiaries

Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited) (Dollars and shares in thousands, except per share amounts)

	Three Months Ended	
	March 31, 2008	March 31, 2007
Sales of products	\$ 45,960	\$ 54,593
Cost of sales and other direct production costs	18,157	28,886
Depreciation, depletion and amortization	6,022	7,837
	24,179	36,723
Gross profit	21,781	17,870
Other operating expenses:		
General and administrative	4,857	3,920
Exploration	6,079	4,063
Pre-development expense		951
Depreciation and amortization	37	179
Other operating expense	594	528
Provision for closed operations and environmental matters	946	653
	12,513	10,294
Income from operations	9,268	7,576
Other income (expense):		
Net foreign exchange loss	(12)	(19)
Interest income	2,525	1,449
Interest expense	(165)	(74)
	2,348	1,356
Income from operations, before income taxes	11,616	8,932
Income tax benefit (provision)	3,866	(789)
Net income	15,482	8,143
Preferred stock dividends	(3,408)	(138)
Income applicable to common shareholders	\$ 12,074	\$ 8,005
Comprehensive income:		
Net income	\$ 15,482	\$ 8,143
Unrealized holding gains on investments	4,810	949
Comprehensive income	\$ 20,292	\$ 9,092

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Basic and diluted income per common share after preferred dividends	\$	0.10	\$	0.07
Weighted average number of common shares outstanding	basic	122,350		119,951
Weighted average number of common shares outstanding	diluted	122,777		120,526

The accompanying notes are an integral part of the interim 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, 2008	March 31, 2007
Operating activities:		
Net income	\$ 15,482	\$ 8,143
Non-cash elements included in net income:		
Depreciation, depletion and amortization	6,059	8,016
Gain on disposition of properties, plants and equipment	(152)	(29)
Provision for reclamation and closure costs		85
Recovery of inventory obsolescence		(30)
Deferred income taxes	(4,873)	
Stock compensation	283	227
Change in assets and liabilities:		
Accounts and notes receivable	5,683	3,571
Inventories	(9,705)	1,048
Other current and non-current assets	(1,291)	393
Accounts payable and accrued expenses	(1,204)	(3,630)
Accrued payroll and related benefits	2,122	(1,831)
Accrued taxes	1,067	734
Other non-current liabilities	(989)	
Accrued reclamation and closure costs and other non-current liabilities	(846)	(332)
Net cash provided by operating activities	11,636	16,365
Investing activities:		
Additions to properties, plants, equipment and mineral interests	(11,067)	(7,875)
Deposits on acquisition properties	(16,340)	
Proceeds from sales of property, plants, equipment and mineral interests	194	
Purchase of equity securities		(181)
Increase in restricted investments	(145)	(586)
Purchases of short-term investments and other securities held for sale		(13,750)
Maturities of short-term investments and other securities held for sale	4,036	13,400
Net cash used in investing activities	(23,322)	(8,992)
Financing activities:		
Common stock issued under stock option plans	116	2,421
Dividends paid to preferred shareholders	(3,881)	(138)
Net cash provided by (used in) financing activities	(3,765)	2,283
Change in cash and cash equivalents:		
Net increase (decrease) in cash and cash equivalents	(15,451)	9,656
Cash and cash equivalents at beginning of period	373,123	75,878

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