Coeur Mining, Inc.
Form 10-Q
August 04, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

þ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2015
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 (Address of principal executive offices)	60603 (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 þ 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 þ 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.

Large accelerated filer	þ	Accelerated filer	¨
Non-accelerated filer	¨	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 þ

The Company has 300,000,000 shares of common stock, par value of $0.01, authorized of which 137,114,122 shares were issued and outstanding as of July 31, 2015.

COEUR MINING, INC.
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PART I. Financial Information
Item 1. Financial Statements

COEUR MINING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

		Three months ended June 30,		Six months ended June 30,	
		2015	2014	2015	2014
	Notes	In thousands, except share data			
Revenue	3	$166,263	$164,562	$319,219	$324,195
COSTS AND EXPENSES					
Costs applicable to sales(1)	3	119,097	118,687	234,160	225,583
Amortization		38,974	41,422	72,064	81,849
General and administrative		8,451	9,398	17,286	23,294
Exploration		3,579	5,153	7,845	9,370
Pre-development, reclamation, and other		2,267	8,760	9,030	15,775
Total costs and expenses		172,368	183,420	340,385	355,871
OTHER INCOME (EXPENSE), NET					
Fair value adjustments, net	9	2,754	(8,282)	(2,130)	(19,717)
Impairment of equity securities	12	(31)	(934)	(1,545)	(3,522)
Interest income and other, net		(2,821)	(116)	(3,817)	(2,100)
Interest expense, net of capitalized interest	17	(10,734)	(12,310)	(21,499)	(25,365)
Total other income (expense), net		(10,832)	(21,642)	(28,991)	(50,704)
Income (loss) before income and mining taxes		(16,937)	(40,500)	(50,157)	(82,380)
Income and mining tax (expense) benefit	7	260	(2,621)	192	2,068
NET INCOME (LOSS)		$(16,677)	$(43,121)	$(49,965)	$(80,312)
OTHER COMPREHENSIVE INCOME (LOSS), net of tax:					
Unrealized gain (loss) on equity securities, net of tax of $7 for the three months ended June 30, 2015 and $487 and $253 for the three and six months ended June 30, 2014, respectively		(1,312)	(773)	(2,813)	(401)
Reclassification adjustments for impairment of equity securities, net of tax of $(362) and $(1,363) for the three and six months ended June 30, 2014, respectively		31	572	1,545	2,159
Reclassification adjustments for realized loss on sale of equity securities, net of tax of $(10) for the three and six months ended June 30, 2014, respectively		904	17	904	17
Other comprehensive income (loss)		(377)	(184)	(364)	1,775
COMPREHENSIVE INCOME (LOSS)		$(17,054)	$(43,305)	$(50,329)	$(78,537)
NET INCOME (LOSS) PER SHARE	8				
Basic		$(0.12)	$(0.42)	$(0.42)	$(0.78)
Diluted		$(0.12)	$(0.42)	$(0.42)	$(0.78)

(1) Excludes amortization.
The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	Notes	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
		In thousands			
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)		$(16,677)	$(43,121)	$(49,965)	(80,312)
Adjustments:					
Amortization		38,974	41,422	72,064	81,849
Accretion		3,526	4,502	6,676	9,093
Deferred income taxes		(5,053)	(3,844)	(7,237)	(15,705)
Loss on termination of revolving credit facility		—	—	—	3,035
Fair value adjustments, net		(2,754)	8,282	2,130	19,717
Stock-based compensation	5	2,604	2,385	4,754	4,950
Impairment of equity securities	12	31	934	1,545	3,522
Foreign exchange and other		4,224	(54)	5,303	(869)
Changes in operating assets and liabilities:					
Receivables		(2,342)	4,921	214	10,544
Prepaid expenses and other current assets		160	3,551	(1,167)	(4,558)
Inventory and ore on leach pads		4,649	(1,606)	5,333	(15,519)
Accounts payable and accrued liabilities		9,521	13,118	(6,759)	5,117
CASH PROVIDED BY OPERATING ACTIVITIES		36,863	30,490	32,891	20,864
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures		(23,677)	(15,356)	(41,297)	(27,292)
Acquisitions, net of cash acquired	11	(9,152)	(2,250)	(111,170)	(2,250)
Other		(103)	12	(1,676)	(13)
Purchase of short-term investments and equity securities		(1,597)	(2,139)	(1,873)	(48,360)
Sales and maturities of short-term investments		399	800	469	890
CASH USED IN INVESTING ACTIVITIES		(34,130)	(18,933)	(155,547)	(77,025)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Issuance of notes and bank borrowings	17	100,000	—	153,500	153,000
Payments on debt, capital leases, and associated costs		(66,626)	(2,851)	(75,220)	(6,962)
Gold production royalty payments		(9,754)	(12,345)	(20,122)	(27,028)
Other		(72)	(160)	(495)	(406)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		23,548	(15,356)	57,663	118,604
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		26,281	(3,799)	(64,993)	62,443
Cash and cash equivalents at beginning of period		179,587	272,932	270,861	206,690
Cash and cash equivalents at end of period		$205,868	$269,133	$205,868	$269,133

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

COEUR MINING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	Notes	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS		In thousands, except share data	
CURRENT ASSETS			
Cash and cash equivalents		$205,868	$270,861
Receivables	13	112,159	116,921
Inventory	14	109,207	114,931
Ore on leach pads	14	67,458	48,204
Deferred tax assets		7,262	7,364
Prepaid expenses and other		17,442	15,523
		519,396	573,804
NON-CURRENT ASSETS			
Property, plant and equipment, net	15	254,574	227,911
Mining properties, net	16	864,884	501,192
Ore on leach pads	14	32,663	37,889
Restricted assets		8,377	7,037
Equity securities	12	4,216	5,982
Receivables	13	26,738	21,686
Deferred tax assets		64,120	60,151
Other		11,681	9,915
TOTAL ASSETS		$1,786,649	$1,445,567
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable		$42,522	$49,052
Accrued liabilities and other		47,590	51,513
Debt	17	9,121	17,498
Royalty obligations	9	41,999	43,678
Reclamation	4	3,786	3,871
Deferred tax liabilities		8,078	8,078
		153,096	173,690
NON-CURRENT LIABILITIES			
Debt	17	538,589	451,048
Royalty obligations	9	12,675	27,651
Reclamation	4	87,538	66,943
Deferred tax liabilities		223,868	111,006
Other long-term liabilities		43,233	29,911
		905,903	686,559
STOCKHOLDERS' EQUITY			
Common stock, par value $0.01 per share; authorized 300,000,000 shares, issued and outstanding 137,122,762 at June 30, 2015 and authorized 150,000,000 shares, issued and outstanding 103,384,408 at December 31, 2014		1,371	1,034
Additional paid-in capital		2,982,019	2,789,695
Accumulated other comprehensive income (loss)		(3,172)	(2,808)
Accumulated deficit		(2,252,568)	(2,202,603)
		727,650	585,318
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$1,786,649	$1,445,567

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

COEUR MINING, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

In thousands	Common Stock Shares	Common Stock Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balances at December 31, 2014	103,384	$1,034	$2,789,695	$(2,202,603)	$ (2,808)	$585,318
Net income (loss)	—	—	—	(49,965)	—	(49,965)
Other comprehensive income (loss)	—	—	—	—	(364)	(364)
Common stock issued for the acquisition of Paramount Gold and Silver Corp.	32,667	327	188,490	—	—	188,817
Common stock issued under stock-based compensation plans, net	1,071	10	3,834	—	—	3,844
Balances at June 30, 2015 (Unaudited)	137,122	$1,371	$2,982,019	$(2,252,568)	$ (3,172)	$727,650

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

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Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE 1 - BASIS OF PRESENTATION
The interim condensed consolidated financial statements of Coeur Mining, Inc. and its subsidiaries (collectively "Coeur" or "the Company") are unaudited. In the opinion of management, all adjustments and disclosures necessary for the fair presentation of these interim statements have been included. The results reported in these interim statements may not be indicative of the results which will be reported for the year ending December 31, 2015. The condensed consolidated December 31, 2014 balance sheet data was derived from audited consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Recent Accounting Standards
In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs," which requires that debt issuance costs related to a recognized debt liability be presented as a reduction to the carrying amount of that debt liability, not as an asset. The updated guidance became effective under early adoption for the Company's fiscal year beginning January 1, 2015, and resulted in a reclassification of amounts from Other Non-current Assets to Debt in the current and prior periods.

In February 2015, the FASB issued ASU 2015-02, "Amendments to the Consolidation Analysis," which amends the consolidation requirements in ASC 810. These changes become effective for the Company's fiscal year beginning January 1, 2016. The Company is currently evaluating the potential impact of these changes on the Company's consolidated financial position, results of operations, and cash flows.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers." The updated guidance provides a five-step approach to be applied to all contracts with customers and also requires expanded disclosures about revenue recognition. These changes become effective for the Company's fiscal year beginning January 1, 2018. The Company is currently evaluating the potential impact of these changes on the Company's consolidated financial position, results of operations, and cash flows.

NOTE 3 – SEGMENT REPORTING
The Company’s operating segments include the Palmarejo, San Bartolomé, Rochester, Kensington, and Wharf mines, and Coeur Capital. All operating segments are engaged in the discovery and mining of gold and silver and generate the majority of their revenues from the sale of these precious metals with the exception of Coeur Capital, which holds the Endeavor silver stream and other precious metals royalties. Other includes the La Preciosa project, Joaquin project, Martha mine, corporate office, elimination of intersegment transactions, and other items necessary to reconcile to consolidated amounts.

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)

Financial information relating to the Company's segments is as follows (in thousands):

Three months ended June 30, 2015	Palmarejo	San Bartolomé	Kensington	Rochester	Wharf	Coeur Capital	Other	Total
Revenue								
Metal sales	$38,875	$23,366	$42,468	$36,340	$20,373	$3,083	$—	$164,505
Royalties	—	—	—	—	—	1,758	—	1,758
	38,875	23,366	42,468	36,340	20,373	4,841	—	166,263
Costs and Expenses								
Costs applicable to sales(1)	30,112	19,157	27,452	24,392	16,632	1,352	—	119,097
Amortization	9,046	5,271	12,684	5,387	3,491	2,619	476	38,974
Exploration	1,837	43	432	501	—	75	691	3,579
Other operating expenses	324	241	526	307	506	13	8,801	10,718
Other income (expense)								
Interest income and other, net	(505)	420	(14)	—	37	(924)	(1,866)	(2,852)
Interest expense, net	(844)	(293)	(57)	(205)	—	—	(9,335)	(10,734)
Fair value adjustments, net	429	—	—	1,137	—	—	1,188	2,754
Income and mining tax (expense) benefit	837	195	(994)	(350)	(274)	(623)	1,469	260
Net income (loss)	$(2,527)	$(1,024)	$309	$6,335	$(493)	$(765)	$(18,512)	$(16,677)
Segment assets(2)	$657,448	$173,451	$197,241	$190,704	$131,990	$55,896	$78,395	$1,485,125
Capital expenditures	$10,723	$994	$4,714	$5,915	$1,244	$—	$87	$23,677

(1) Excludes amortization
(2) Segment assets include receivables, prepaids, inventories, property, plant and equipment, and mineral interests

Three months ended June 30, 2014	Palmarejo	San Bartolomé	Kensington	Rochester	Coeur Capital	Other	Total
Revenue							
Metal sales	$72,446	$29,078	$29,018	$31,193	$1,971	$—	$163,706
Royalties	—	—	—	—	856	—	856
	72,446	29,078	29,018	31,193	2,827	—	164,562
Costs and Expenses							
Costs applicable to sales(1)	49,551	20,695	23,218	24,381	842	—	118,687
Amortization	18,044	4,855	11,566	5,025	1,419	513	41,422
Exploration	1,637	57	1,636	738	109	976	5,153
Other operating expenses	325	194	199	844	263	16,333	18,158
Other income (expense)							
Interest income and other, net	(1,202)	691	4	32	(964)	389	(1,050)
	(2,771)	(11)	(53)	(261)	—	(9,214)	(12,310)

Interest expense, net							
Fair value adjustments, net	(4,989)	—	—	(1,837)	—	(1,456)	(8,282)
Income and mining tax (expense) benefit	1,342	(2,204)	—	(419)	263	(1,603)	(2,621)
Net income (loss)	$(4,731)	$1,753	$(7,650)	$(2,280)	$(507)	$(29,706)	$(43,121)
Segment assets(2)	$1,133,851	$309,565	$331,151	$206,665	$67,864	$522,632	$2,571,728
Capital expenditures	$5,589	$1,711	$3,989	$3,956	$—	$111	$15,356

(1) Excludes amortization
(2) Segment assets include receivables, prepaids, inventories, property, plant and equipment, and mineral interests

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)

Six months ended June 30, 2015	Palmarejo	San Bartolomé	Kensington	Rochester	Wharf	Coeur Capital	Other	Total
Revenue								
Metal sales	$78,269	$44,913	$86,506	$80,371	$20,373	$5,028	$—	$315,460
Royalties	—	—	—	—	—	3,759	—	3,759
	78,269	44,913	86,506	80,371	20,373	8,787	—	319,219
Costs and Expenses								
Costs applicable to sales(1)	64,603	38,284	56,871	55,785	16,632	1,985	—	234,160
Amortization	16,380	9,961	24,238	12,230	3,491	4,770	994	72,064
Exploration	2,960	79	2,094	1,223	—	150	1,339	7,845
Other operating expenses	638	485	761	1,448	671	30	22,283	26,316
Other income (expense)								
Interest income and other, net	(1,608)	872	(18)	(40)	54	(2,449)	(2,173)	(5,362)
Interest expense, net	(2,184)	(574)	(120)	(430)	—	—	(18,191)	(21,499)
Fair value adjustments, net	(1,116)	—	—	(1,155)	—	—	141	(2,130)
Income and mining tax (expense) benefit	(534)	(1,211)	(994)	(700)	412	(24)	3,243	192
Net income (loss)	$(11,754)	$(4,809)	$1,410	$7,360	$45	$(621)	$(41,596)	$(49,965)
Segment assets(2)	$657,448	$173,451	$197,241	$190,704	$131,990	$55,896	$78,395	$1,485,125
Capital expenditures	$19,907	$1,943	$8,859	$9,170	$1,295	$—	$123	$41,297

(1) Excludes amortization
(2) Segment assets include receivables, prepaids, inventories, property, plant and equipment, and mineral interests

Six months ended June 30, 2014	Palmarejo	San Bartolomé	Kensington	Rochester	Coeur Capital	Other	Total
Revenue							
Metal sales	$140,434	$56,632	$65,079	$55,347	$4,860	$—	$322,352
Royalties	—	—	—	—	1,843	—	1,843
	140,434	56,632	65,079	55,347	6,703	—	324,195
Costs and Expenses							
Costs applicable to sales(1)	93,126	39,595	51,749	39,089	2,024	—	225,583
Amortization	36,702	9,313	22,275	9,476	3,121	962	81,849
Exploration	2,642	82	2,680	1,912	312	1,742	9,370
Other operating expenses	622	335	390	2,189	504	35,029	39,069
Other income (expense)							
Interest income and other, net	(2,772)	1,373	4	51	(3,512)	(766)	(5,622)
	(5,595)	(31)	(75)	(266)	—	(19,398)	(25,365)

Interest expense, net							
Fair value adjustments, net	(15,225)	—	—	(2,510)	—	(1,982)	(19,717)
Income and mining tax (expense) benefit	5,171	(4,969)	—	(419)	(25)	2,310	2,068
Net income (loss)	$(11,079)	$3,680	$(12,086)	$(463)	$(2,795)	$(57,569)	$(80,312)
Segment assets(2)	$1,133,851	$309,565	$331,151	$206,665	$67,864	$522,632	$2,571,728
Capital expenditures	$9,331	$3,152	$8,700	$4,915	$—	$1,194	$27,292

(1) Excludes amortization
(2) Segment assets include receivables, prepaids, inventories, property, plant and equipment, and mineral interests

Assets	June 30, 2015	December 31, 2014
Total assets for reportable segments	$1,485,125	$1,084,257
Cash and cash equivalents	205,868	270,861
Other assets	95,656	90,449
Total consolidated assets	$1,786,649	$1,445,567

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Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)

Geographic Information

Long-Lived Assets	June 30, 2015	December 31, 2014
United States	$355,289	$275,594
Mexico	620,011	298,101
Bolivia	100,386	107,960
Australia	18,252	21,362
Argentina	10,937	10,970
Other	14,583	15,116
Total	$1,119,458	$729,103

Revenue	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
United States	$99,180	$60,212	$187,249	$120,427
Mexico	39,443	72,657	79,584	141,167
Bolivia	23,366	29,078	44,913	56,632
Australia	3,083	1,971	5,028	4,860
Other	1,191	644	$2,445	$1,109
Total	$166,263	$164,562	$319,219	$324,195

NOTE 4 – RECLAMATION

Reclamation and mine closure costs are based principally on legal and regulatory requirements. Management estimates costs associated with reclamation of mining properties. The Company uses assumptions about future costs, mineral prices, mineral processing recovery rates, production levels, capital costs, and reclamation costs. On an ongoing basis, management evaluates its estimates and assumptions, and future expenditures could differ from current estimates.

Changes to the Company's asset retirement obligations for operating sites are as follows:

	Three months ended June 30,		Six months ended June 30,	
In thousands	2015	2014	2015	2014
Asset retirement obligation - Beginning	$86,059	$58,460	$67,214	$57,454
Accretion	1,990	1,435	3,614	2,752
Additions and changes in estimates	—	—	18,270	—
Settlements	(448)	(100)	(1,497)	(411)
Asset retirement obligation - Ending	$87,601	$59,795	$87,601	$59,795

The increase in asset retirement obligations in the six months ended June 30, 2015 is due to the acquisition of the Wharf gold mine. The Company has accrued $3.7 million and $3.6 million at June 30, 2015 and December 31, 2014, respectively, for reclamation liabilities related to former mining activities, which are included in Reclamation.

NOTE 5 – STOCK-BASED COMPENSATION

The Company has stock incentive plans for executives and eligible employees. Stock awards include stock options, restricted stock, and performance shares. Stock-based compensation expense for the three and six months ended June 30, 2015 and 2014 was $2.6 million and $2.4 million and $4.8 million and $5.0 million, respectively. At June 30, 2015, there was $13.7 million of unrecognized stock-based compensation cost expected to be recognized over a period of 1.7 years. During the six months ended June 30, 2015, the supplemental incentive accrual increased $0.4 million to $1.4 million.

The following table summarizes the grants awarded during the six months ended June 30, 2015:

Grant date	Restricted	Grant date fair	Stock options	Grant date	Performance	Grant date fair

	stock	value of restricted stock		fair value of stock options	shares	value of performance shares
May 13, 2015	1,217,814	$ 5.57	310,128	$2.65	809,293	$6.97

Coeur Mining, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)

The following options and stock appreciation rights were exercisable during the six months ended June 30, 2015:

Award Type	Number of Exercised Units	Weighted Average Exercised Price	Number of Exercisable Units	Weighted Average Exercisable Price
Options	—	$ —	331,181	$ 19.62
Stock Appreciation Rights	—	$ —	46,572	$ 14.06

NOTE 6 – RETIREMENT SAVINGS PLAN
The Company has a 401(k) retirement savings plan that covers all eligible U.S. employees. Eligible employees may elect to contribute up to 75% of base salary, subject to ERISA limitations. In addition, the Company has a deferred compensation plan for employees whose benefits under the 401(k) plan are limited by federal regulations. The Company makes matching contributions equal to 100% of the employee’s contribution up to 4% of the employee's salary. The Company may also provide a voluntary, noncontributory defined contribution based on an eligible employee's salary. Company contributions for the three and six months ended June 30, 2015 and 2014 were $1.6 million and $1.6 million and $3.2 million and $3.0 million, respectively.

NOTE 7 – INCOME AND MINING TAXES
The following table summarizes the components of Income and mining tax (expense) benefit for the three and six months ended June 30, 2015 and 2014 by significant jurisdiction:

	Three months ended June 30,				Six months ended June 30,			
	2015		2014		2015		2014	
In thousands	Income (loss) before tax	Tax (expense) benefit	Income (loss) before tax	Tax (expense) benefit	Income (loss) before tax	Tax (expense) benefit	Income (loss) before tax	Tax (expense) benefit
United States	$(9,764)	$319	$(31,370)	$(146)	$(30,471)	$2,204	$(60,214)	$(292)
Argentina	(656)	(1)	(688)	(349)	(1,352)	(2)	(2,892)	4,083
Mexico	(5,582)	548	(12,710)	107	(15,255)	(716)	(28,716)	3,828
Bolivia	(1,219)	196	3,957	(2,205)	(3,598)	(1,211)	8,649	(4,969)
Other jurisdictions	284	(802)	311	(28)	519	(83)	793	(582)
	$(16,937)	$260	$(40,500)	$(2,621)	$(50,157)	$192	$(82,380)	$2,068

The Company’s effective tax rate is impacted by recurring items, such as the full valuation allowance on the deferred tax assets relating to losses in the United States and certain foreign jurisdictions, mining tax expense, foreign exchange rates on deferred tax balances and uncertain tax position accruals. In addition, the Company's consolidated effective income tax rate is a function of the combined effective tax rates and foreign exchange rates in the jurisdictions in which it operates. Variations in the jurisdictional mix of income and loss and foreign exchange rates result in significant fluctuations in our consolidated effective tax rate.

A valuation allowance is provided for deferred tax assets for which it is more likely than not that the related tax benefits will not be realized. Each quarter, the Company analyzes its deferred tax assets and if it is determined that the Company will not realize all or a portion of its deferred tax assets, it will record or increase a valuation allowance. Conversely, if it is determined that the Company will ultimately be able to realize all or a portion of the related benefits for which a valuation allowance has been provided, all or a portion of the related valuation allowance will be reduced. There are a number of risk factors that could impact the Company’s ability to realize its deferred tax assets. For additional information, see Part II, Item IA of this Report.

The Company or one of its subsidiaries files income tax returns in the U.S. Federal jurisdiction, and various state and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal income tax examination by tax authorities for years before 2012 and is no longer subject to examination by certain foreign jurisdictions by tax authorities for years before 2005. As a result of statutes of limitation that will begin to expire within the next 12 months in various jurisdictions and possible settlements of audit-related issues with taxing authorities in various jurisdictions with respect to which none of the issues are individually significant, the Company believes that it is reasonably possible that the total amount of its net unrecognized income tax benefits will decrease by up to $0.5 million in the next 12 months.

As of June 30, 2015 and December 31, 2014, the Company had $17.8 million and $16.1 million of total gross unrecognized tax benefits, respectively. If recognized, these unrecognized tax benefits would positively impact the Company’s effective income tax rate. The Company’s continuing practice is to recognize potential interest and/or penalties related to unrecognized tax benefits

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as part of its income tax expense. At June 30, 2015 and December 31, 2014, the amount of accrued income-tax-related interest and penalties was $8.1 million and $6.9 million, respectively.

NOTE 8 – NET INCOME (LOSS) PER SHARE

Basic net income (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock.

For the three and six months ended June 30, 2015 and 2014, 3,375,337 and 2,147,989 shares and 3,415,129 and 2,147,390, respectively, of common stock equivalents related to equity-based awards were not included in the diluted per share calculation as the shares would be antidilutive.

The 3.25% Convertible Senior Notes were not included in the computation of diluted net income (loss) per share for the three and six months ended June 30, 2015 and 2014 because there is no excess value upon conversion over the principal amount of the Notes.

	Three months ended June 30,		Six months ended June 30,	
In thousands except per share amounts	2015	2014	2015	2014
Net income (loss) available to common stockholders	$(16,677)	$(43,121)	$(49,965)	$(80,312)
Weighted average shares:				
Basic	135,036	102,444	118,897	102,405
Diluted	135,036	102,444	118,897	102,405
Income (loss) per share:				
Basic	$(0.12)	$(0.42)	$(0.42)	$(0.78)
Diluted	$(0.12)	$(0.42)	$(0.42)	$(0.78)

NOTE 9 – FAIR VALUE MEASUREMENTS

The following table presents the components of Fair value adjustments, net:

	Three months ended June 30,		Six months ended June 30,	
In thousands	2015	2014	2015	2014
Palmarejo royalty obligation embedded derivative	$385	$(5,061)	$(1,160)	$(15,296)
Rochester net smelter royalty (NSR) royalty obligation	1,137	(1,837)	(1,155)	(2,510)
Silver and gold options	1,232	(1,374)	185	(2,868)
Foreign exchange contracts	—	(10)	—	957
Fair value adjustments, net	$2,754	$(8,282)	$(2,130)	$(19,717)

Accounting standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), secondary priority to quoted prices in inactive markets or observable inputs (Level 2), and the lowest priority to unobservable inputs (Level 3).

The following table presents the Company's financial assets and liabilities measured at fair value on a recurring basis (at least annually) by level within the fair value hierarchy. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

	Fair Value at June 30, 2015			
In thousands	Total	Level 1	Level 2	Level 3
Assets:				
Equity securities	$4,216	$4,127	$—	$89
Silver and gold options	1,250	—	1,250	—
	$5,466	$4,127	$1,250	$89
Liabilities:				
Palmarejo royalty obligation embedded derivative	$15,281	$—	$—	$15,281
Rochester NSR royalty obligation	13,905	—	—	13,905
Silver and gold options	123	—	123	—
Other derivative instruments, net	513	—	513	—
	$29,822	$—	$636	$29,186

	Fair Value at December 31, 2014			
In thousands	Total	Level 1	Level 2	Level 3
Assets:				
Equity securities	$5,982	$4,603	$—	$1,379
Silver and gold options	3,882	—	3,882	—
	$9,864	$4,603	$3,882	$1,379
Liabilities:				
Palmarejo royalty obligation embedded derivative	$21,912	$—	$—	$21,912
Rochester NSR royalty obligation	15,370	—	—	15,370
Silver and gold options	1,039	—	1,039	—
Other derivative instruments, net	805	—	805	—
	$39,126	$—	$1,844	$37,282

The Company's investments in equity securities are recorded at fair market value in the financial statements based primarily on quoted market prices. Such instruments are classified within Level 1 of the fair value hierarchy. For certain of the equity securities quoted market prices are not available. These securities are valued using pricing models which require the use of observable and unobservable inputs. These securities are classified within Level 3 of the fair value hierarchy.

The Company's silver and gold options and other derivative instruments, net, which relate to concentrate sales contracts and foreign exchange contracts, are valued using pricing models, which require inputs that are derived from observable market data, including contractual terms, forward market prices, yield curves, credit spreads, and other unobservable inputs. The model inputs can generally be verified and do not involve significant management judgment. Such instruments are classified within Level 2 of the fair value hierarchy.

The fair values of the Palmarejo royalty obligation embedded derivative and Rochester NSR royalty obligation were estimated based on observable market data including contractual terms, forward silver and gold prices, yield curves, and credit spreads, as well as the Company's current mine plan which is considered a significant unobservable input. Therefore, the Company has classified these obligations as Level 3 financial liabilities. Based on current mine plans, expected royalty durations of 1.2 years and 2.8 years were used to estimate the fair value of the Palmarejo royalty obligation embedded derivative and Rochester NSR royalty obligation, respectively, at June 30, 2015.

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No assets or liabilities were transferred between fair value levels in the six months ended June 30, 2015.
The following tables present the changes in the fair value of the Company's Level 3 financial liabilities for the three and six months ended June 30, 2015:

	Three months ended June 30, 2015			
In thousands	Balance at the beginning of the period	Revaluation	Settlements	Balance at the end of the period
Palmarejo royalty obligation embedded derivative	$19,250	$(385)	$(3,584)	$15,281
Rochester NSR royalty obligation	16,522	(1,137)	(1,480)	13,905
Equity securities	1,379	(904)	(386)	89

	Six months ended June 30, 2015			
In thousands	Balance at the beginning of the period	Revaluation	Settlements	Balance at the end of the period
Palmarejo royalty obligation embedded derivative	$21,912	$1,159	$(7,790)	$15,281
Rochester NSR royalty obligation	15,370	1,155	(2,620)	13,905
Equity securities	1,379	(904)	(386)	89

The fair value of financial assets and liabilities carried at book value in the financial statements at June 30, 2015 and December 31, 2014 is presented in the following table:

	June 30, 2015				
In thousands	Book Value	Fair Value	Level 1	Level 2	Level 3
Liabilities:					
3.25% Convertible Senior Notes due 2028	$712	$689	$—	$689	$—
7.875% Senior Notes due 2021	435,234	367,701	—	367,701	—
Term Loan due 2020	100,000	100,000	—	100,000	—
San Bartolomé Line of Credit	9,141	9,141	—	9,141	—
Palmarejo gold production royalty obligation	25,488	27,903	—	—	27,903

	December 31, 2014				
In thousands	Book Value	Fair Value	Level 1	Level 2	Level 3
Liabilities:					