

Thompson Creek Metals Co Inc.

Form 10-K

February 21, 2014

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ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the fiscal year ended December 31, 2013

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: 001-33783

THOMPSON CREEK METALS COMPANY INC.

(Exact name of registrant as specified in its charter)

British Columbia, Canada

(State or other jurisdiction of
incorporation or organization)

26 West Dry Creek Circle, Suite 810, Littleton, CO

(Address of principal executive offices)

(303) 761-8801

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered:
Common Stock, no par value	New York Stock Exchange
Tangible Equity Units	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities
Act. Yes ☐ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the
Act. Yes ☐ No ☐

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not
contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or
information statements incorporated by reference in Part III of this Form 10-K or any amendment of this

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Form 10-K. ☐

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

☐

Accelerated filer ☐

Non-accelerated filer ☐

(Do not check if a
smaller reporting
company)

Smaller reporting
company ☐

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

As of February 17, 2014, there were 171,463,409 shares of the registrant's common stock, no par value, outstanding.

As of June 30, 2013, the last day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common equity held by non-affiliates was approximately \$517 million, based on the closing price of the registrant's common stock on such date as reported on the New York Stock Exchange. For purposes of this calculation, shares of common stock held by executive officers, directors and holders of greater than 10% of the registrant's outstanding common stock are assumed to be affiliates of the registrant. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the registrant's definitive proxy statement for the 2014 annual meeting of stockholders to be filed no later than 120 days after the end of the registrant's fiscal year ended December 31, 2013.

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ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Statement Regarding Forward-Looking Information

Certain statements in this report (including information incorporated by reference) are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and applicable Canadian securities legislation, and are intended to be covered by the safe harbors provided by these regulations. These forward-looking statements can, in some cases, be identified by the use of terms such as "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Our forward-looking statements may include, without limitation, statements with respect to:

- future financial or operating performance of the Company or its subsidiaries and its projects;
- the availability of, and terms and costs related to, future borrowing, debt repayment and financing;
- future inventory, production, sales, cash costs, capital expenditures and exploration expenditures;
- expected concentrate and recovery grades;
- estimates of mineral reserves and resources, including estimated mine life and annual production;
- projected timing to ramp-up to design capacity at Mt. Milligan Mine;
- the projected development of our development properties and future exploration at our operations;
- future concentrate shipment dates and shipment sizes;
- future operating plans and goals;
- future ability to attract and retain qualified and experienced personnel; and
- future molybdenum, copper and gold prices.

Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in Item 1A, Risk Factors and elsewhere in this report. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I

In this report, references to "we," "our" and "us" mean Thompson Creek Metals Company Inc. together with our subsidiaries, unless the context otherwise requires. All dollar amounts in this report are expressed in United States dollars ("\$"), unless otherwise indicated. Canadian currency is denoted as "C\$." Financial information is presented in accordance with accounting principles generally accepted in the United States ("US GAAP"). References to "Notes" refer to the Notes to Consolidated Financial Statements included in Item 8 herein.

ITEMS 1. AND 2. BUSINESS AND PROPERTIES

GENERAL

Thompson Creek Metals Company Inc. is a diversified, North American mining company. We operate a copper and gold mine, two primary molybdenum mines, and a metallurgical roasting facility. Our Mt. Milligan Mine ("Mt. Milligan Mine") is an open pit copper-gold mine and concentrator in British Columbia, Canada; our Thompson Creek Mine ("TC Mine") is an open-pit molybdenum mine and concentrator in Idaho, USA; our Endako Mine is an open-pit molybdenum mine, concentrator and roaster in British Columbia, Canada (in which we own a 75% joint venture interest) ("Endako Mine"); and our metallurgical roasting facility in Pennsylvania, USA (the "Langeloth Facility") roasts molybdenum concentrate and other metals for us and for third party customers. As of the date hereof, we plan to put TC Mine on care and maintenance when the mining of Phase 7 is completed, which is expected to be in the fourth quarter of 2014. We intend to preserve the assets at TC Mine while it is on care and maintenance to enable us to re-commence operations if and when molybdenum market conditions improve and we continue to evaluate potential economically viable options for Phase 8.

Our principal assets are our ore reserves. At December 31, 2013, the consolidated proven and probable reserve for Mt. Milligan Mine totaled 2.1 billion pounds of contained copper and 6.0 million ounces of contained gold. At December

31, 2013, the consolidated proven and probable reserves for TC Mine and Endako Mine totaled 197.9 million pounds of contained molybdenum, with 62% of these reserves from TC Mine and 38% from Endako Mine (stated on a 100% basis). Detailed information regarding our reserves is provided below in “Mineral Reserves.”

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We also have a copper, molybdenum and silver exploration property located in British Columbia, Canada (the “Berg Property”) and a gold exploration property located in Nunavut, Canada (the “Maze Lake Property”). In October 2013, we relinquished our option to develop the Davidson exploration property located in British Columbia, Canada that we had held since 2005.

The following map sets forth the locations of our mines, metallurgical facility, exploration properties and corporate office:

See Note 23 for more information about our operating segments.

Our corporate headquarters are in Littleton, Colorado, USA. We are a corporation governed by the Business Corporations Act (British Columbia). We were organized in 2000 as a corporation under the laws of Ontario, Canada, and were continued as a corporation under the laws of British Columbia, Canada in 2008. In October 2006, we acquired Thompson Creek Metals Company USA, then a privately-held company incorporated and headquartered in the United States, and in so doing acquired TC Mine, Endako Mine and the Langeloth Facility. In October 2010, we acquired Terrane Metals Corp. (“Terrane”), an exploration and development company incorporated and headquartered in British Columbia, Canada, and in so doing acquired the Mt. Milligan development project and the Berg and Maze Lake Properties.

OUR PRODUCTS

Copper

General

We produced 10.9 million pounds of copper in concentrate in 2013 containing 10.4 million pounds of payable copper. In September 2013, the first copper-gold concentrate was produced at Mt. Milligan Mine, with start-up and commencement of production as of that date. Production from Mt. Milligan Mine is in the form of saleable concentrate that is sold to smelters for further treatment and refining and to merchants who transact with smelters. In 2013, 2% of our product sales were attributable to copper.

Copper Uses

Copper is a malleable and ductile element that is an excellent conductor of heat and electricity as well as being corrosion-resistant and antimicrobial. Refined copper is incorporated into wire and cable products for use in the construction, electric utility, communications and transportation industries. Copper is also used in industrial equipment and machinery, consumer products and a variety of other electrical and electronic applications and is also used to make brass. Copper substitutes include aluminum, plastics, stainless steel and fiber optics. Refined, or cathode, copper is also an internationally traded commodity.

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According to the Copper Development Association Inc., a trade association, copper's world-wide end-use markets in 2012 (and their estimated shares of total consumption) were:

- Building construction—43%
- Electrical and electronic products—20%
- Transportation equipment—18%
- Consumer and general products—12%
- Industrial machinery and equipment—7%

Copper Supply

A combination of current mine production and recycled scrap material make up the annual copper supply.

Copper Price

Copper is an internationally traded commodity, and its prices are determined by the major metals exchanges: the London Metal Exchange ("LME"), the Shanghai Futures Exchange and the COMEX division of the New York Mercantile Exchange. Prices on these exchanges generally reflect the worldwide balance of copper supply and demand and can be volatile and cyclical. In general, demand for copper reflects the rate of underlying world economic growth, particularly in industrial production and construction.

The following table shows the high, low and average daily LME spot copper prices in US dollars per pound over the past ten years:

Year	High	Low	Average
2004	\$1.49	\$1.06	\$1.30
2005	2.11	1.39	1.67
2006	3.99	2.05	3.05
2007	3.76	2.40	3.23
2008	4.07	1.25	3.15
2009	3.33	1.38	2.34
2010	4.42	2.76	3.42
2011	4.62	3.05	4.00
2012	3.96	3.30	3.61
2013	3.75	3.01	3.32

On February 17, 2014, the copper closing price on the LME was \$3.27 per pound.

Gold

General

We produced 21,107 ounces of gold in concentrate in 2013 containing 20,374 ounces of payable gold. In September 2013, the first copper-gold concentrate was produced at Mt. Milligan Mine, with start-up and commencement of production as of that date. Production from Mt. Milligan Mine is in the form of saleable concentrate that is sold to smelters for further treatment and refining and to merchants who transact with smelters. In 2013, 1% of our product sales were attributable to gold.

Gold Uses

Gold generally is used for fabrication or investment. Fabricated gold has a variety of end uses, including jewelry, electronics, dentistry, industrial and decorative uses, medals, medallions and official coins. Gold investors buy gold bullion, official coins and jewelry.

Gold Supply

A combination of current mine production, recycling and draw-down of existing gold stocks held by governments, financial institutions, industrial organizations and private individuals make up the annual world-wide gold supply.

Gold Price

The price of gold is volatile and is affected by numerous factors. Factors affecting the market for gold include the sale or purchase of gold by various central banks and financial institutions, inflation, recession, fluctuation in the relative values of the

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US dollar and foreign currencies, changes in global and regional gold demand and political and economic conditions throughout the world.

The following table presents the high, low and average London P.M. fixed prices for gold per ounce on the London Bullion Market in US dollars over the past ten years:

Year	High	Low	Average
2004	\$454	\$375	\$410
2005	537	411	445
2006	725	525	604
2007	841	608	695
2008	1,011	713	872
2009	1,213	810	972
2010	1,421	1,058	1,225
2011	1,895	1,319	1,572
2012	1,792	1,540	1,669
2013	1,694	1,195	1,418

On February 17, 2014, the gold closing price on the London Bullion Market was \$1,327 per ounce.

Copper and Gold Sales

We are party to three concentrate sales agreements for the sale of copper-gold concentrate produced at Mt. Milligan Mine. Pursuant to these agreements, we have agreed to sell an aggregate of approximately 85% of the copper-gold concentrate produced at Mt. Milligan Mine during 2013 and 2014 and an aggregate of approximately 120,000 dry metric tons in each of the two calendar years thereafter. Under one of the agreements, we have the option to sell to the counterparty, and the counterparty has the obligation to purchase from us, up to 40,000 dry metric tons of additional concentrate per year during each of 2015 and 2016. Pricing under these concentrate sales agreements will be determined by reference to specified published reference prices during the applicable quotation periods. Payment for the concentrate will be based on the price for the agreed copper and gold content of the parcels delivered, less smelting and refining charges and certain other deductions, if applicable. The copper smelting and refining charges will be negotiated in good faith and agreed by the parties for each contract year based on terms generally acknowledged as industry benchmark terms. The gold refining charges are as specified in the agreements.

In three separate transactions that were consummated in 2010, 2011 and 2012, we committed to sell an aggregate of 52.25% of the refined gold production from Mt. Milligan Mine to a subsidiary of Royal Gold, Inc. ("Royal Gold"). We received upfront cash payments totaling \$781.5 million, and Royal Gold agreed to pay \$435 per ounce, or the prevailing market rate if lower than \$435 per ounce, when the gold is delivered. We used the funds we received from Royal Gold in our purchase of Terrane and in the construction of Mt. Milligan Mine. For more information about these transactions, see Note 10.

Molybdenum

General

We produced 29.9 million pounds of molybdenum in 2013. We are a significant molybdenum supplier to the global steel and chemicals sectors. We currently source molybdenum from our two primary mines and from purchased molybdenum concentrates. Our principal products are molybdic oxide (also known as roasted molybdenum concentrate) and ferromolybdenum. In 2013, these two commodity products collectively accounted for approximately 75% of our molybdenum sales. Other products we produce include high soluble technical oxide, pure molybdenum trioxide and high purity molybdenum disulfide. In 2013, 97% of our product sales were attributable to molybdenum.

Molybdenum Uses

Molybdenum is an industrial metal principally used for metallurgical applications as a ferro-alloy in steels where high strength, temperature-resistant or corrosion-resistant properties are sought. The addition of molybdenum enhances the strength, toughness and wear- and corrosion-resistance in steels when added as an alloy. Molybdenum is used in major industries including chemical and petro-chemical processing, oil and gas for drilling and pipelines, power generation, automotive and aerospace. Molybdenum is also widely used in non-metallurgical applications such as petroleum

catalysts, lubricants, flame-retardants in plastics, water treatment and as a pigment.

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According to the International Molybdenum Association, a trade association, the world-wide end-use markets for mined molybdenum ore (not scrap material recycled by chemical processes or re-smelting) in 2012 (and their estimated share of total consumption) were:

- Construction steel—43%
- Stainless steel—22%
- Chemicals—12%
- Tool and high-speed steel—8%
- Cast iron—8%
- Molybdenum metal—5%
- Super alloys—3%

Molybdenum Supply

A combination of current mine production and recycled scrap material make up the annual molybdenum supply. Molybdenum is mined from both primary mines, ones that contain only molybdenum as an economic mineral, and as a by-product from certain copper mines.

Molybdenum Price

Molybdenum prices are determined by transacting parties rather than by a metals exchange. Reference prices for molybdenum are available in several publications, including Platts Metals Week, Ryan's Notes and Metal Bulletin. Molybdenum prices generally reflect the worldwide balance of molybdenum supply and demand and can be volatile and cyclical. In general, demand for molybdenum reflects the rate of underlying world economic growth, particularly in industrial production and construction.

The table below shows the high, low and average prices quoted in Platts Metals Week for molybdenum in US dollars per pound for the last 10 years:

Year	Molybdenum (Dealer oxide Platts Metals Week)		
	High	Low	Average
2004	\$33.25	\$7.20	\$16.20
2005	40.00	24.00	31.98
2006	28.40	20.50	24.75
2007	34.25	24.30	30.00
2008	34.00	8.25	28.94
2009	18.30	7.70	11.08
2010	18.60	11.75	15.72
2011	18.00	12.60	15.49
2012	14.78	10.90	12.74
2013	12.00	9.08	