

Intrepid Potash, Inc.
Form 10-Q
August 02, 2017
Table of Contents

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 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: 001-34025

INTREPID POTASH, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

26-1501877

(State or other jurisdiction of
incorporation or organization)

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

707 17th Street, Suite 4200, Denver, Colorado 80202

(Address of principal executive offices) (Zip Code)

(303) 296-3006

(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, smaller reporting company, or an emerging growth company. See the 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
(Do not check if a smaller reporting company)

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

As of July 26, 2017, the registrant had outstanding 130,234,917 shares of common stock, par value \$0.001 per share.

Table of Contents

INTREPID POTASH, INC.
TABLE OF CONTENTS

	Page
<u>PART I - FINANCIAL INFORMATION</u>	<u>1</u>
<u>ITEM 1. Condensed Consolidated Financial Statements (Unaudited)</u>	<u>1</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>1</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Loss</u>	<u>3</u>
<u>Condensed Consolidated Statements of Stockholders' Equity</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
<u>ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>17</u>
<u>ITEM 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>30</u>
<u>ITEM 4. Controls and Procedures</u>	<u>30</u>
<u>PART II - OTHER INFORMATION</u>	<u>32</u>
<u>ITEM 1. Legal Proceedings</u>	<u>32</u>
<u>ITEM 1A. Risk Factors</u>	<u>32</u>
<u>ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>32</u>
<u>ITEM 3. Defaults upon Senior Securities</u>	<u>32</u>
<u>ITEM 4. Mine Safety Disclosures</u>	<u>33</u>
<u>ITEM 5. Other Information</u>	<u>33</u>
<u>ITEM 6. Exhibits</u>	<u>33</u>
<u>Signatures</u>	<u>34</u>

Table of Contents

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

INTREPID POTASH, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	June 30, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	\$6,190	\$ 4,464
Accounts receivable:		
Trade, net	11,476	10,343
Other receivables, net	1,383	492
Refundable income taxes	1,376	1,379
Inventory, net	79,095	94,355
Prepaid expenses and other current assets	7,591	12,710
Total current assets	107,111	123,743
Property, plant, equipment, and mineral properties, net	367,550	388,490
Long-term parts inventory, net	27,173	21,037
Other assets, net	4,244	7,631
Total Assets	\$506,078	\$ 540,901
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable:		
Trade	\$5,873	\$ 10,210
Related parties	28	31
Accrued liabilities	7,220	8,690
Accrued employee compensation and benefits	3,924	4,225
Current portion of long-term debt	6,000	—
Other current liabilities	107	964
Total current liabilities	23,152	24,120
Long-term debt, net	59,308	133,434
Asset retirement obligation	20,754	19,976
Other non-current liabilities	100	—
Total Liabilities	103,314	177,530
Commitments and Contingencies		
Common stock, \$0.001 par value; 400,000,000 shares authorized; and 126,536,091 and 75,839,998 shares outstanding at June 30, 2017, and December 31, 2016, respectively	127	76
Additional paid-in capital	642,728	583,653
Retained deficit	(240,091)	(220,358)
Total Stockholders' Equity	402,764	363,371
Total Liabilities and Stockholders' Equity	\$506,078	\$ 540,901

See accompanying notes to these condensed consolidated financial statements.

Table of Contents

INTREPID POTASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share amounts)

	Three Months		Six Months Ended	
	Ended June 30,		June 30,	
	2017	2016	2017	2016
Sales	\$43,910	\$51,840	\$92,242	\$125,117
Less:				
Freight costs	7,985	8,931	16,706	19,263
Warehousing and handling costs	2,197	2,538	4,968	5,202
Cost of goods sold	29,714	41,850	65,586	101,627
Lower-of-cost-or-market inventory adjustments	317	2,930	4,141	11,937
Costs associated with abnormal production	—	1,057	—	1,707
Gross Margin (Deficit)	3,697	(5,466)	841	(14,619)
Selling and administrative	4,764	4,536	9,168	11,106
Accretion of asset retirement obligation	389	442	778	884
Restructuring expense	266			