Thompson Creek Metals CO Inc.
Form 10-Q
May 05, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2010

or

o 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)	**98-0583591** (I.R.S. Employer Identification No.)
26 West Dry Creek Circle, Suite 810, Littleton, CO (Address of principal executive offices)	**80120** (Zip Code)

(303) 761-8801

(Registrant s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of May 5, 2010 there were of record 139,792,091 shares of Common Stock, no par value, outstanding.

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THOMPSON CREEK METALS COMPANY INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2010	December 31, 2009
	(in millions, except share data)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 136.0	$ 158.5
Short-term investments	387.6	353.0
Accounts receivable trade	45.6	32.4
Accounts receivable related parties	8.5	10.3
Product inventory	54.4	43.5
Material and supplies inventory	33.6	34.5
Prepaid expense and other current assets	5.5	6.0
Income tax receivable	6.8	4.8
	678.0	643.0
Property, plant and equipment, net	631.8	605.7
Restricted cash	18.3	16.8
Reclamation deposits	30.5	30.3
Goodwill	47.0	47.0
Other assets	1.3	1.8
	$ 1,406.9	$ 1,344.6
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 43.9	$ 29.9
Income and mining taxes payable	6.9	3.6
Current portion of long-term debt	3.1	3.7
Deferred income tax liabilities	6.7	6.7
	60.6	43.9
Long-term debt	8.3	9.2
Other liabilities	24.9	24.6
Asset retirement obligations	25.5	24.8
Common stock warrant derivatives	139.9	115.4
Deferred income tax liabilities	142.3	141.3
	401.5	359.2
Commitments and contingencies (Note 8)		
Shareholders equity		
Common stock, no-par, 139,781,591 and 139,511,257 shares issued and outstanding, as of March 31, 2010 and December 31, 2009, respectively	700.1	697.1
Additional paid-in capital	46.1	45.7
Retained earnings	233.9	232.8
Accumulated other comprehensive income	25.3	9.8
	1,005.4	985.4
	$ 1,406.9	$ 1,344.6

See accompanying notes to consolidated financial statements.

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THOMPSON CREEK METALS COMPANY INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended March 31, 2010		2009	
	(in millions, except per share amounts)			
REVENUES				
Molybdenum sales	$	124.0	$	75.6
Tolling, calcining and other		3.8		3.2
Total revenues		127.8		78.8
COSTS AND EXPENSES				
Operating expenses		76.3		58.4
Selling and marketing		1.5		1.4
Depreciation, depletion and amortization		11.0		10.2
Accretion expense		0.4		0.3
General and administrative		5.8		5.0
Exploration		1.7		1.8
Total costs and expenses		96.7		77.1
OPERATING INCOME		31.1		1.7
OTHER (INCOME) AND EXPENSE				
Change in fair value of common stock warrants		24.5		0.3
Loss (gain) on foreign exchange		0.6		(3.2)
Interest (income) expense, net		0.1		(0.1)
Other		(0.1)		(0.4)
Total other (income) and expense		25.1		(3.4)
Income before income and mining taxes		6.0		5.1
Income and mining tax expense (benefit)		4.9		(3.6)
NET INCOME	$	1.1	$	8.7
NET INCOME PER SHARE				
Basic	$	0.01	$	0.07
Diluted	$	0.01	$	0.07
Weighted average number of common shares				
Basic		139.6		122.3
Diluted		149.3		122.3

See accompanying notes to consolidated financial statements.

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THOMPSON CREEK METALS COMPANY INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31, 2010	2009
	(in millions)	
OPERATING ACTIVITIES		
Net income	$ 1.1	$ 8.7
Items not affecting cash:		
Change in fair value of common stock warrants	24.5	0.3
Depreciation, depletion and amortization	11.0	10.2
Accretion expense	0.4	0.3
Stock-based compensation	2.5	1.4
Deferred income tax benefit	(1.8)	(6.9)
Unrealized loss on derivative instruments	0.6	0.1
Change in working capital accounts (Note 12)	(12.7)	23.3
Cash generated by operating activities	25.6	37.4
INVESTING ACTIVITIES		
Short-term investments	(30.1)	(100.3)
Capital expenditures	(19.4)	(27.6)
Restricted cash	(1.5)	(0.8)
Reclamation deposits		(2.4)
Cash used in investing activities	(51.0)	(131.1)
FINANCING ACTIVITIES		
Proceeds from issuance of common shares, net	2.0	
Repayment of long-term debt	(1.5)	(1.3)
Cash generated (used) by financing activities	0.5	(1.3)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	2.4	(2.7)
DECREASE IN CASH AND CASH EQUIVALENTS	(22.5)	(97.7)
Cash and cash equivalents, beginning of period	158.5	258.0
Cash and cash equivalents, end of period	$ 136.0	$ 160.3
Supplementary cash flow information (Note 12)		

See accompanying notes to consolidated financial statements.

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THOMPSON CREEK METALS COMPANY INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY and COMPREHENSIVE INCOME

Three Months Ended March 31, 2010

(Unaudited)

	Common Stock Shares	Common Stock Amount	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
	(in millions, except share data in thousands)					
Balances at January 1, 2010	139,511	$ 697.1	$ 45.7	$ 232.8	$ 9.8	$ 985.4
Amortization of the fair value of stock options			1.4			1.4
Stock option exercises	271	3.0	(1.0)			2.0
Comprehensive income:						
Net income				1.1		1.1
Foreign currency translation					15.5	15.5
Total comprehensive income						16.6
Balances at March 31, 2010	139,782	$ 700.1	$ 46.1	$ 233.9	$ 25.3	$ 1,005.4

See accompanying notes to consolidated financial statements.

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THOMPSON CREEK METALS COMPANY INC.

Notes to the Consolidated Financial Statements Unaudited

(US dollars in millions, except per share amounts)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q. In compliance with those instructions, certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States (US GAAP) have been condensed or omitted. This report should be read in conjunction with Thompson Creek Metals Company Inc. s (TCM) consolidated financial statements and notes contained in its 2009 Annual Report on Form 10-K, as amended on Form 10-K/A (the 2009 Form 10-K) filed with the Securities and Exchange Commission. The information furnished herein reflects all adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim periods reported. Operating results for the three-month period ended March 31, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. TCM bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may differ significantly from these estimates under different assumptions or conditions.

The consolidated financial statements include the accounts of TCM and its subsidiaries, and intercompany accounts and transactions have been eliminated in consolidation. Financial amounts are presented in United States (US) dollars unless otherwise stated. References to C$ are Canadian dollars.

2. Healthcare Legislation

On March 30, 2010, the President of the US signed the Health Care and Education Reconciliation Act of 2010, which is a reconciliation bill that amends the Patient Protection and Affordable Care Act that was signed by the President on March 23, 2010 (collectively the Acts). As a result of this legislation, the tax treatment related to the Medicare Part D subsidy has changed requiring companies to determine the financial impact, if any. TCM has evaluated this change and has determined that there was no impact on TCM s consolidated financial statements.

TCM is continuing to evaluate the other provisions of the Acts and is not able to determine at this time the potential impact the Acts will have on the consolidated financial statements.

3. Inventory

The carrying value of product inventory is as follows:

	March 31, 2010	December 31, 2009
Finished product	$ 41.1	$ 27.7
Work-in-process	10.4	13.2
Stockpiled ore	2.9	2.6
	$ 54.4	$ 43.5

As of March 31, 2010 and December 31, 2009, the market value of TCM s inventory exceeded the carrying value. For the quarter ended March 31, 2009, TCM recorded charges related to lower of cost or market adjustments of $0.8 million.

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Notes to the Consolidated Financial Statements Unaudited

(US dollars in millions, except per share amounts)

4. Property, Plant and Equipment

Property, plant and equipment is comprised of the following:

	March 31, 2010	December 31, 2009
Mining properties	$ 327.7	$ 320.2
Mining equipment	226.3	213.3
Processing facilities	114.0	113.9
Endako mill expansion	86.1	63.9
Construction in progress	20.6	22.3
Other	3.2	2.7
	777.9	736.3
Less: Accumulated depreciation, depletion and amortization	(146.1)	(130.6)
	$ 631.8	$ 605.7

5. Derivative Financial Instruments

TCM enters into various derivative financial instruments in its normal course of operations. None of TCM s derivative instruments are treated as hedges and all are recorded on the consolidated balance sheet at fair value with changes in fair value recorded to the consolidated statements of income, except those contracts for which TCM has elected to apply the normal purchases and normal sales scope exception. TCM is exposed to credit loss when counterparties with which it has entered into derivative transactions are unable to pay. To reduce counterparty credit exposure, TCM deals only with a group of large credit-worthy financial institutions and limits credit exposure to each. TCM believes the counterparties to the contracts to be credit-worthy entities, and therefore TCM believes credit risk of counterparty non-performance is relatively low. For information regarding the nature and types of TCM s derivatives, see the references noted in the following tables.

The following tables summarize the location and fair value amounts of all derivative financial instruments in the consolidated balance sheets:

Fair Value

Derivative Type	Balance Sheet Classification		March 31, 2010		December 31, 2009
Derivative assets					
Provisionally-priced sales (a)	Accounts receivable trade	$	0.6	$	(0.1)
Fixed-priced contracts current (b)	Prepaid expense and other current assets		1.1		0.9
Fixed-priced contracts noncurrent (b)	Other assets		1.3		1.7
Forward currency contracts (c)	Prepaid expense and other current assets		0.1		
Total derivative assets		$	3.1	$	2.5
Derivative liabilities					
Fixed-priced contracts (b)	Accounts payable and accrued liabilities	$	0.7	$	0.8
Common stock warrant derivatives (d)	Common stock warrant derivatives		139.9		115.4
Total derivative liabilities		$	140.6	$	116.2

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Notes to the Consolidated Financial Statements Unaudited

(US dollars in millions, except per share amounts)

The following table sets forth the mark-to-market gains (losses) on derivative instruments for the three months ended March 31, 2010 and 2009:

Derivative Type	Statement of Operations Classification	Gain/(loss) for the Three Months Ended March 31, 2010		Gain/(loss) for the Three Months Ended March 31, 2009	
Provisionally-priced sales (a)	Molybdenum sales	$	0.7	$	(1.0)
Provisionally-priced purchases (a)	Operating expenses				0.1
Fixed-priced contracts (b)	Molybdenum sales		(0.1)		0.6
Forward currency contracts (c)	(Loss) gain on foreign exchange		0.1		0.1
Common stock warrant derivatives (d)	Change in fair value of common stock warrants		(24.5)		(0.3)
		$	(23.8)	$	(0.5)

a) Provisionally-Priced Contracts

As described in Note 2 of the financial statements in TCM s 2009 Form 10-K under Revenue Recognition , certain molybdenum sales contracts provide for provisional pricing as specified in the contract. These sales contain an embedded derivative related to the provisional pricing mechanism, which is bifurcated and accounted for as a derivative.

TCM will, on occasion, also enter into provisionally-priced molybdenum purchase contracts, which the embedded derivative is bifurcated and accounted for as a derivative. Changes to the fair values of the embedded derivatives related to molybdenum purchases are included in operating expenses in the consolidated statements of income as the product is sold.

The following table sets forth TCM s outstanding provisionally-priced contracts as of March 31, 2010, which all mature in 2010:

	Pounds to be Sold/Purchased (000 s lb)
Provisionally-priced sales	504
Provisionally-priced purchases	481

b) *Fixed-Priced Contracts*

TCM s income statements and operating cash flows are affected by changes in market prices for molybdenum. To mitigate a portion of this risk, TCM enters into certain molybdenum sales contracts where it sells future molybdenum production at fixed prices. These fixed prices may be different than the quoted market prices at the date of sale.

Beginning October 1, 2009, TCM elected to apply the normal purchases and normal sales scope exception to its fixed price contracts in accordance with derivative and hedge accounting guidance. The mark-to-market net asset of $3.5 million, as of September 30, 2009, is being amortized to molybdenum sales revenue as TCM makes the physical deliveries related to those contracts. As of March 31, 2010 and December 31, 2009, the remaining unamortized balance was $1.7 million and $1.8 million, respectively.

The following table sets forth TCM s outstanding fixed-priced molybdenum sales contracts as of March 31, 2010:

		2010		2011
Molybdenum committed (000 s lb)		1,604		417
Average price ($/lb)	$	16.22	$	21.00

c) *Forward Currency Contracts*

As a company operating in North America, TCM transacts business in various currencies in the normal course of its operations and for capital expenditures related to the Endako mill expansion. Foreign currency transactions at TCM s Canadian operations increase its risk as exchange rates can change between the time agreements are made and the time foreign currency transactions are settled. TCM uses foreign currency forward contracts to mitigate the exchange risk of US dollars for foreign currency dollars at future dates. The terms of these contracts are typically less than one year. As of March 31, 2010, TCM had open forward currency contracts to purchase $3.0 million Australian dollars at a US dollar to Australian dollar exchange rate of 1.0 to 1.13 for purchases related to the Endako mill expansion. At December 31, 2009 TCM had no open forward currency contracts.

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(US dollars in millions, except per share amounts)

d) Common Stock Warrant Derivatives

As described in Note 3 of the financial statements in TCM s 2009 Form 10-K under Common stock warrant derivatives , TCM is required to account for its common stock warrants as derivative liabilities with changes in fair value recorded to earnings. As of March 31, 2010, TCM had 24.5 million warrants outstanding. There were no warrant exercises during the three months ended March 31, 2010 and 2009.

6. Fair Value Measurement

US GAAP accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standards establish a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity s own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2	Quoted prices in markets that are not active or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
Level 3	Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following table sets forth TCM s financial assets and liabilities measured at fair value by level within the fair value hierarchy. As required, 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 March 31, 2010		
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				

	Total	Level 1	Level 2	Level 3
Provisionally-priced sales	$ 0.6	$	$ 0.6	$
Fixed-priced contracts current	1.1			1.1
Fixed-priced contracts noncurrent	1.3			1.3
Foreign currency contracts	0.1		0.1	
	$ 3.1	$	$ 0.7	$ 2.4
Liabilities:				
Common stock warrant derivatives	$ 139.9	$ 139.9	$	$
Fixed-priced contracts current	0.7			0.7
	$ 140.6	$ 139.9	$	$ 0.7

	Fair Value at December 31, 2009			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Provisionally-priced sales	$ (0.1)	$	$ (0.1)	$
Fixed-priced contracts current	0.9			0.9
Fixed-priced contracts noncurrent	1.7			1.7
	$ 2.5	$	$ (0.1)	$ 2.6
Liabilities:				
Common stock warrant derivatives	$ 115.4	$ 115.4	$	$
Fixed-priced contracts current	0.8			0.8
	$ 116.2	$ 115.4	$	$ 0.8

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Notes to the Consolidated Financial Statements Unaudited

(US dollars in millions, except per share amounts)

The following table sets forth a summary in fair value of TCM s Level 3 financial assets and liabilities for the three months ended March 31, 2010:

		Fixed-Priced Contracts
Balance at January 1, 2010	$	1.8
Unrealized and realized (loss)		(0.1)
Balance at March 31, 2010	$	1.7

As of March 31, 2010 and December 31, 2009, the carrying values of TCM s financial assets and liabilities are not significantly different from their fair values.

7. Long-term Debt

Effective February 2, 2010, TCM voluntarily terminated its $35 million revolving line of credit that was secured by a significant amount of TCM s assets.

8. Commitments and Contingencies

In the normal course of operations, TCM may be subject to litigation. As of March 31, 2010, there are no material litigation matters.

In the normal course of operations, TCM enters into agreements for the purchase of molybdenum. As of March 31, 2010, TCM had commitments to purchase approximately 5.8 million pounds of molybdenum sulfide concentrate throughout the rest of 2010, to be priced at a discount to the market price for molybdenum oxide at the time of purchase.

As of March 31, 2010, TCM had contractual obligations related to the mill expansion project at the Endako Mine of $47.0 million (75% share).

On December 9, 2009, TCM entered into a credit support agreement with British Columbia Hydro and Power Authority (BC Hydro) related to the mill expansion project at the Endako Mine. Under this agreement, TCM is required to post financial assurance in an amount equal to BC Hydro s estimated out-of-pocket costs for work on the expansion project, now estimated at C$16.5 million. Subsequent to the commissioning of the new mill and subject to annual measurements of incremental revenues following the mill s commissioning, some or all of this financial assurance may thereafter be released in amounts equal to the incremental revenues generated until such time as the full amount of financial assurance has been released or until such time as the expiration period has been reached. The new mill facility is currently scheduled for completion in late 2011. The amount of the guarantee as of March 31, 2010 was C$3.7 million and was increased to C$5.3 million on April 9, 2010. In addition, on April 9, 2010 as part of the financial guarantee, TCM provided a surety bond for C$11.2 million for additional financial assurance to BC Hydro. The surety bond can be drawn down in the event of a shortfall in incremental revenues after the commissioning of the new mill facility, as discussed above. At this time, TCM does not anticipate having to post any additional financial assurance with respect to the BC Hydro credit support agreement.

As of March 31, 2010, a shortfall in Endako s future electric power usage and resulting incremental revenues to BC Hydro cannot be determined and is not deemed to be probable. As such, no accrual has been recorded. An accrual for any expected shortfall will be recorded if and when it is determined that a shortfall is probable and a reasonable estimate can be made.

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THOMPSON CREEK METALS COMPANY INC.

Notes to the Consolidated Financial Statements Unaudited

(US dollars in millions, except per share amounts)

9. Income and Mining Taxes

The effective tax rates for the three months ended March 31, 2010 and 2009 were an expense of 81.6% and a benefit of 70.6%, respectively. The effective tax rate differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes primarily due to non-taxable changes in the fair value of common stock warrants and changes in the enacted provincial statutory income tax rates, respectively.

10. Net Income per Share

The following is a reconciliation of net income and weighted-average common shares outstanding for purposes of calculating diluted net income per share for the three months ended March 31, 2010 and 2009:

	For the Three Months Ended March 31,	
	2010	2009
Net income	$ 1.1	$ 8.7
Basic weighted-average number of shares outstanding	139.6	122.3
Effect of dilutive securities		
Stock options	1.1	
Common stock warrants	8.6	
Diluted weighted-average number of shares outstanding	149.3	122.3
Net income per share		
Basic	$ 0.01	$ 0.07
Diluted	$ 0.01	$ 0.07

For the quarter ended March 31, 2010, approximately 1.0 million stock options have been excluded from the computation of diluted weighted-average shares as the exercise prices exceeded the average price of TCM s common stock for the period.

For the three months ended March 31, 2009, 8.7 million stock options and 24.5 million common stock warrants were excluded from the computation of diluted weighted-average shares as the exercise prices exceeded the average price of TCM s common stock for the period.

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(US dollars in millions, except per share amounts)

11. Related Party Transactions

Total sales to members of a group of companies affiliated with the other participant in the Endako Mine joint venture were $33.6 million and $12.1 million for the three months ended March 31, 2010 and 2009, respectively. This represented 26.3% and 15.4% of TCM s total revenues for the three months ended March 31, 2010 and 2009, respectively.

For the three months ended March 31, 2010 and 2009, TCM recorded management fee income of $0.1 million and $0.1 million, and selling and marketing expenses of $0.2 million and $0.1 million, respectively, from this group of companies.

As of March 31, 2010 and December 31, 2009, TCM s accounts receivable included $8.5 million and $10.3 million, respectively, owing from this group of companies.

12. Supplementary Cash Flow Information

	For the Three Months Ended March 31,			
	2010		2009	
Change in working capital accounts:				
Accounts receivable	$	(11.2)	$	23.5
Product inventory		(11.2)		8.7
Material and supplies inventory		1.3		1.0
Prepaid expense and other current assets		0.4		0.1
Income tax receivable		(2.0)		
Accounts payable and accrued liabilities		6.6		(2.5)
Income and mining taxes payable		3.4		(7.5)
	$	(12.7)	$	23.3
Cash interest paid	$	0.7	$	0.2
Cash income taxes paid	$	5.2	$	10.4

13. Concentration of Credit Risk

TCM is exposed to counterparty risk from its cash and cash equivalent balances, its short-term cash investments, and its reclamation deposits held by an insurance company and governmental entities. TCM monitors its positions with, and the credit quality of, the financial institutions in which it invests its cash, cash equivalents and short-term investments, and that hold its reclamation deposits. Counterparties to cash balances, money market instruments, government treasury securities and its reclamation deposits are US and Canadian institutions and the US and Canadian governments. TCM s investment policy limits investments to government-backed financial instruments, other than balances maintained in various bank operating accounts.

TCM manages its credit risk from its accounts receivable through established credit monitoring activities. As of March 31, 2010, TCM had three customers which owed TCM more than $3.0 million and accounted for approximately 47% of all receivables outstanding. There were another five customers having balances greater than $1.0 million but less than $3.0 million that accounted for 16% of total receivables. All of these balances were compliant with credit terms and scheduled payment dates.

TCM s maximum credit risk exposure is the carrying value of its accounts receivable. The carrying amounts of accounts receivable, accounts payable and accrued liabilities, and fixed and variable rate debt approximate fair value as of March 31, 2010.

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(US dollars in millions, except per share amounts)

14. Segment Information

TCM has two reportable segments: US Operations and Canadian Operations. The US Operations segment includes all mining, milling, roasting and sale of molybdenum products from the Thompson Creek Mine and the Langeloth Facility, as well as all roasting and sales of third party purchased material. The Canadian Operations segment includes all mining, milling, roasting and sale of molybdenum products from the 75% owned Endako Mine. TCM s chief operating decision makers (Chief Executive Officer and Chief Operating Officer) evaluate segment performance based on segment revenue less costs of sales. TCM attributes other income and expenses to the reporting segments if the income or expense is directly related to segment operations, as described above. TCM does not allocate corporate expenditures such as general and administrative, exploration, and interest income and expense items to its reporting segments. Segment information for the three months ended and as of March 31, 2010, and 2009 is as follows:

For the three months ended March 31, 2010

	US Operations	Canadian Operations	Inter-segment	Total
Revenues				
Molybdenum sales	$ 100.3	$ 27.0	$ (3.3)	$ 124.0
Tolling, calcining and other	3.8			3.8
	104.1	27.0	(3.3)	127.8
Costs of sales				
Operating expenses	62.4	15.7	(1.8)	76.3
Selling and marketing	1.1	0.8	(0.4)	1.5
Depreciation, depletion and amortization	6.5	4.5		11.0
Accretion expense	0.3	0.1		0.4
	70.3	21.1	(2.2)	89.2
Segment revenue less costs of sales	33.8	5.9	(1.1)	38.6
Other segment expenses:				
Loss on foreign exchange		2.1		2.1
Segment income before income and mining taxes	$ 33.8	$ 3.8	$ (1.1)	$ 36.5

For the three months ended March 31, 2009

	US Operations	Canadian Operations	Inter-segment	Total
Revenues				
Molybdenum sales	$ 53.2	$ 22.4	$	$ 75.6
Tolling, calcining and other	3.2			3.2
	56.4	22.4		78.8
Costs of sales				
Operating expenses	44.5	13.9		58.4
Selling and marketing	0.9	0.5		1.4
Depreciation, depletion and amortization	6.2	4.0		10.2
Accretion expense	0.2	0.1		0.3
	51.8	18.5		70.3
Segment revenue less costs of sales	4.6	3.9		8.5
Other segment expenses:				
Loss (gain) on foreign exchange		(3.2)		(3.2)
Segment income before income and mining taxes	$ 4.6	$ 7.1	$	$ 11.7

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THOMPSON CREEK METALS COMPANY INC.

Notes to the Consolidated Financial Statements Unaudited

(US dollars in millions, except per share amounts)

Reconciliation of segment income to net income

	For the Three Months Ended March 31,			
		2010		2009
Segment income	$	36.5	$	11.7
Other (income) expense				
Change in fair value of common stock warrants		24.5		0.3
General and administrative		5.8		5.0
Exploration		1.7		1.8
Interest (income) expense, net		0.1		(0.1)
Loss (gain) on foreign exchange		(1.5)		
Other		(0.1)		(0.4)
Income before income and mining taxes		6.0		5.1
Income and mining taxes		4.9		(3.6)
Net income (loss)	$	1.1	$	8.7

Other segment information regarding capital expenditures, assets and liabilities, including the assets and liabilities attributed to corporate operations, is as follows:

As of March 31, 2010		US Operations		Canadian Operations		Corporate		Total
Capital expenditures	$	2.8	$	16.3	$	0.3	$	19.4
Capital assets	$	257.3	$	374.1	$	0.4	$	631.8
Goodwill	$	47.0	$		$		$	47.0
Assets	$	681.0	$	637.5	$	88.4	$	1,406.9
Liabilities	$	138.6	$	121.5	$	141.4	$	401.5

As of March 31, 2009		US Operations		Canadian Operations		Corporate		Total
Capital expenditures	$	11.5	$	13.4	$	2.7	$	27.6
Capital assets	$	262.4	$	276.5	$	0.5	$	539.4
Goodwill	$	47.0	$		$		$	47.0
Assets	$	615.6	$	392.2	$	11.1	$	1,018.9
Liabilities	$	135.7	$	88.8	$	24.9	$	249.4

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THOMPSON CREEK METALS COMPANY INC.

Notes to the Consolidated Financial Statements Unaudited

(US dollars in millions, except per share amounts)

15. Reconciliation to Canadian Generally Accepted Accounting Principles

TCM s consolidated financial statements have been prepared according to US GAAP which differs in certain respects from those principles that TCM would have followed had the consolidated financial statements been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP). The significant differences between US GAAP and Canadian GAAP and their effect on the consolidated financial statements are detailed below.

		March 31, 2010		December 31, 2009	
		US GAAP	Canadian GAAP	US GAAP	Canadian GAAP
Assets					
Current assets					
Cash and cash equivalents		$ 136.0	$ 136.0	$ 158.5	$ 158.5
Short-term investments		387.6	387.6	353.0	353.0
Accounts receivable		54.1	54.1	42.7	42.7
Product inventory	(a)	54.4	52.4	43.5	40.6
Material and supplies inventory		33.6	33.6	34.5	34.5
Prepaid expense and other current assets		5.5	5.5	6.0	6.0
Income tax receivable		6.8	6.8	4.8	4.8
		678.0	676.0	643.0	640.1
Property, plant and equipment, net	(a)	631.8	709.5	605.7	680.0
Restricted cash		18.3	18.3	16.8	16.8
Reclamation deposits		30.5	30.5	30.3	30.3
Goodwill		47.0	47.0	47.0	47.0
Other assets		1.3	1.3	1.8	1.8
		$ 1,406.9	$ 1,482.6	$ 1,344.6	$ 1,416.0
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities		$ 43.9	$ 43.9	$ 29.9	$ 29.9
Income and mining taxes payable		6.9	6.8	3.6	3.6
Current portion of long-term debt		3.1	3.1	3.7	3.7
Deferred income tax liabilities		6.7	6.7	6.7	6.7
		60.6	60.5	43.9	43.9
Long-term debt		8.3	8.3	9.2	9.2
Other liabilities		24.9	24.9	24.6	24.6
Asset retirement obligations		25.5	25.5	24.8	24.8

Common stock warrant derivatives	(b)	139.9		115.4	
Deferred income tax liabilities	(a)	142.3	170.8	141.3	168.0
		401.5	290.0	359.2	270.5
Shareholders Equity					
Common stock		700.1	698.5	697.1	695.5
Common stock warrants	(b)		35.0		35.0
Additional paid-in-capital		46.1	46.1	45.7	45.7
Retained earnings	(a,b)	233.9	387.7	232.8	359.5
Accumulated other comprehensive income		25.3	25.3	9.8	9.8
		1,005.4	1,192.6	985.4	1,145.5
		$ 1,406.9	$ 1,482.6	$ 1,344.6	$ 1,416.0

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THOMPSON CREEK METALS COMPANY INC.

Notes to the Consolidated Financial Statements Unaudited

(US dollars in millions, except per share amounts)

The following table reconciles the consolidated net income and consolidated comprehensive income as reported under Canadian GAAP with that which would have been reported under US GAAP.

	For the Three Months Ended March 31, 2010	2009
Net income US GAAP	$ 1.1	$ 8.7
Reconciling items:		
Change in fair value of common stock warrants	24.5	0.3
Stripping costs incurred during production (net of amortization)	4.3	3.4
Income tax effect of above adjustments	(1.7)	(1.2)
Net income Canadian GAAP	$ 28.2	$ 11.2
Net income per share Canadian GAAP		
Basic	$ 0.20	$ 0.09
Diluted	$ 0.19	$ 0.09
Net income Canadian GAAP	$ 28.2	$ 11.2
Foreign currency translation adjustment	15.5	(9.1)
Comprehensive income Canadian GAAP	$ 43.7	$ 2.1

For the three months ended March 31, 2010 and 2009, under Canadian GAAP, cash flows from operating activities would increase by $6.0 million and $7.3 million, respectively, and cash flows from investing activities would decrease by $6.0 million and $7.3 million, respectively, due to the stripping costs incurred during production.

Current Differences in Accounting Principles

a) *Stripping Costs Incurred During Production*

Under US GAAP, capitalization of stripping costs after a mine has entered its production phase is not permitted and requires such stripping costs to be accounted for as a variable production cost to be included in the costs of inventory.

Effective January 1, 2007, for Canadian GAAP purposes, TCM prospectively adopted EIC-160 Stripping Costs Incurred in the Production Phase of a Mining Operation . Under EIC-160, stripping activity at operating mines that represents a betterment is capitalized to property, plant and equipment and amortized on a unit-of-production basis over the related proven and probable reserves. Betterment occurs when the stripping activity increases future output of the mine by providing additional sources of mineral reserves.

Accordingly, for the three months ended March 31, 2010 and 2009, cost of expenses for Canadian GAAP purposes would decrease by $4.3 million and $3.4 million, respectively.

As of March 31, 2010, property, plant and equipment and product inventory would increase by $77.7 million (net of amortization) and $2.0 million, respectively.

b) *Common Stock Warrant Derivatives*

In June 2008, the EITF reached a conclusion that an equity-linked financial instrument would not be considered indexed to TCM s own stock if the strike price is denominated in a currency other than the issuer s functional currency, for fiscal years beginning on or after December 15, 2008. Given that the functional currency of TCM is the US dollar and the common stock warrant exercise price is denominated in the Canadian dollar, these warrants are now required to be treated as a derivative liability under US GAAP with changes in fair value recorded to earnings. This guidance was adopted by TCM under US GAAP on January 1, 2009.

Under Canadian GAAP, TCM s common stock warrants are still treated as equity. Accordingly, for the quarters ended March 31, 2010 and 2009, the change in fair value of common stock warrants would decrease by $24.5 million and $0.3 million, respectively, under Canadian GAAP.

As of March 31, 2010, common stock warrant derivatives would decrease by $139.9 million and common stock warrants would increase by $35.0 million under Canadian GAAP.

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations.

This Management s Discussion and Analysis (MD&A) of consolidated financial condition and results of operations of Thompson Creek Metals Company Inc. was prepared as of May 5, 2010. In the MD&A, we, us and our refer to Thompson Creek Metals Company Inc. and its consolidated subsidiaries. You should read this discussion in conjunction with our financial statements, the related Management s Discussion and Analysis of Financial Condition and Results of Operations , the discussion of our Risk Factors and the discussion of our Business and Properties in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2009, filed with the United States Securities and Exchange Commission (SEC). The results of operations reported and summarized below are not necessarily indicative of future operating results. References to Notes are Notes included in our Notes to Consolidated Financial Statements in Item 1 herein. Throughout Management s Discussion and Analysis of Financial Condition and Results of Operations, all references to earnings or losses per share are on a diluted basis, unless otherwise noted. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (US GAAP). All dollar amounts are expressed in United States (US) dollars unless otherwise indicated. References to C$ refers to Canadian dollars. Additional information on Thompson Creek Metals Company Inc. is available on EDGAR at www.sec.gov, or on SEDAR at www.sedar.com.

Business Overview

We are a North American molybdenum mining company, governed by the laws of British Columbia, with vertically integrated mining, milling, processing and marketing operations in Canada and the US. Our operations include the Thompson Creek Mine (mine and mill) in Idaho, a metallurgical facility in Pennsylvania (the Langeloth Facility) and a 75% joint venture interest in the Endako Mine (mine, mill and roaster) in British Columbia. In addition, we have two underground molybdenum development projects comprised of the Davidson Project, located in British Columbia, and an option to acquire up to 75% of the Mount Emmons Project, located in Colorado.

Highlights For the First Quarter 2010

- **Net income** for the first quarter of 2010 was $1.1 million, or $0.01 per share, which included a non-cash unrealized loss on common share purchase warrants of $24.5 million, or $0.16 per share. Net income for the first quarter of 2009 was $8.7 million, or $0.07 per share, which included a non-cash unrealized loss on common share purchase warrants of $0.3 million, or $0.00 per share. Non-GAAP adjusted net income for the first quarter of 2010 and 2009 (excluding the non-cash unrealized losses on the warrants) was $25.6 million, or $0.17 per share, and $9.0 million, or $0.07 per share, respectively. See Non-GAAP Financial Measures below for the definition and calculation of adjusted net income.

- **Non-cash unrealized loss on common stock purchase warrants** of $24.5 million for the first quarter of 2010 was the result of a requirement under US GAAP to account for our outstanding common stock purchase warrants as a derivative, with changes in the fair market value recorded in net income.

- **Consolidated revenues** for the first quarter of 2010 were $127.8 million, or an increase of approximately 62% from the first quarter of 2009 primarily as a result of higher molybdenum sales prices. The average realized sales price for molybdenum for the first quarter of 2010 was $14.50 per pound, up 43% from $10.14 per pound for the first quarter of 2009.

- **Mined molybdenum production** in the first quarter of 2010 was 8.3 million pounds, up 36% from 6.1 million pounds in the first quarter of 2009.

- **Average cash cost per pound produced** for the first quarter of 2010 was $5.36 per pound, compared to $5.93 per pound for the first quarter of 2009. See Non-GAAP Financial Measures below for the calculation of cash cost per pound.

- **Operating cash flows** were $25.6 million for the first quarter of 2010, compared to $37.4 million in the first quarter of 2009.

- **Capital costs** incurred for the first quarter of 2010 were $29.0 million, comprised of $6.8 million of capital costs for the mines, the Langeloth Facility and corporate together with $22.2 million of capital costs for the mill expansion project at the Endako Mine (75% share). The 2010 capital costs include amounts accrued of $9.6 million at March 31, 2010, resulting in cash expenditures of $19.4 million.

- **Total cash, cash equivalents and short-term investments** at March 31, 2010 were $523.6 million, compared to $511.5 million as of December 31, 2009. Total debt as of March 31, 2010 was $11.4 million compared to $12.9 million as of December 31, 2009.

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Outlook

Molybdenum Market

During the first quarter of 2010, the average *Platts Metals Week* published price for molybdenum oxide was $15.73 per pound. The price generally improved throughout the first quarter of 2010, with the *Platts Metals Week* published price for molybdenum oxide for the month of January 2010 of $14.51 per pound, $16.24 per pound for the month of February 2010 and $17.42 per pound for the month of March 2010. The *Platts Metals Week* published price for molybdenum oxide for the month of April 2010 remained essentially unchanged at $17.34 per pound.

There can be no assurance, however, that molybdenum demand will continue to strengthen or that molybdenum prices will further improve. Any significant weakness in demand or reduction in molybdenum prices may have a material adverse effect on our operating results and financial condition.

Operations

For 2010, we expect our molybdenum production volumes to be 29 to 32 million pounds, with the Thompson Creek Mine at approximately 22 to 24 million pounds and the 75% share of the Endako Mine at 7 to 8 million pounds (unchanged from previous guidance). For 2010, anticipated average cash costs per pound produced are estimated at $6 to $7 per pound, with $5.50 to $6.50 per pound at the Thompson Creek Mine and $7 to $8 per pound at the Endako Mine (assuming a US to Canadian dollar exchange rate of US$1 = C$1.05), which is unchanged from previous guidance. For the Endako Mine, a $0.01 change in the Canadian foreign exchange rate would result in a change in the cash cost per pound produced of approximately $0.10 per pound.

For fiscal 2010, we expect to sell 27 to 30 million pounds of our mined production (unchanged from previous guidance). We have some flexibility in building or depleting inventory levels depending upon the economic conditions and the related demand and sales price for molybdenum. The Langeloth Facility commenced a five-week shutdown on April 26, 2010 for maintenance and repairs. As expected, we increased inventory from our mines in anticipation of this shutdown. Inventory from our mines increased by approximately 1.5 million pounds during the first quarter of 2010. We do not expect to reduce our inventory substantially during the remainder of the year. Since we have higher contract commitments for 2010 compared to 2009, a higher level of inventory is needed to provide us with adequate flexibility to serve our contract customers. We currently have fixed-priced contracts for approximately 1.6 million pounds at an average fixed-price of $16.22 per pound for molybdenum oxide for the remainder of the year.

Capital expenditures for 2010 are expected to be $298 million, comprised of $89 million in capital expenditures from the mines, the Langeloth Facility and corporate and $209 million for our 75% share of capital expenditures required for the mill expansion project at the Endako Mine (unchanged from previous guidance). Operating permits required by the mill expansion are proceeding, including the development of a closure plan for expanded waste dumps and tailings facilities and minor amendments to the Mining Act permit. Additionally, consultations between the province of British Columbia (BC Province) and First Nations (local Aboriginal peoples) pertaining to these permits are also continuing. If the BC Province is unable to successfully conclude consultations with First Nations, these permits and/or minor amendments to the Mining Act permit may be delayed, which may have a material adverse effect on the future operating plans for the Endako Mine once the mill expansion is completed. There can be no assurance that these First Nations consultations will be completed successfully. We are currently seeking our joint venture partner s approval for the Endako mill expansion. Approval is expected to be obtained by the end of the second quarter of 2010. While we expect to receive the approval of the joint venture partner, there can be no assurance that such approval will be obtained. In the event approval is not obtained, it may have a material adverse effect on the mill expansion project and our financial position.

In 2010, we expect to conduct exploration drilling at both of our operating mines totaling $2 to $4 million (unchanged from previous guidance). For 2010, we expect to spend approximately $7 to $9 million under the option agreement with U.S. Energy Corporation on the Mount Emmons Project for an ongoing pre-feasibility study, further engineering evaluations, and ongoing project maintenance (unchanged from previous guidance). We are also conducting a re-evaluation of the Davidson Project regarding various operating alternatives and related economic analysis. We are not expecting to have significant expenditures on the Davidson Project in 2010 (unchanged from previous guidance).

General

We continue to evaluate potential acquisitions of other mining properties or interests in such properties from time to time. There is no assurance that any such activities will result in the completion of an acquisition.

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Selected Consolidated Financial and Operational Information

(US$ in millions except per share and per pound amounts)	Three Months Ended March 31, 2010 (unaudited)	2009
Financial		
Revenues		
Molybdenum sales	$ 124.0	$ 75.6
Tolling, calcining and other	3.8	3.2
	127.8	78.8
Costs and expenses		
Operating expenses	76.3	58.4
Selling and marketing	1.5	1.4
Depreciation, depletion and amortization	11.0	10.2
Accretion expense	0.4	0.3
General and administrative	5.8	5.0
Exploration	1.7	1.8
Total costs and expenses	96.7	77.1
Operating income	31.1	1.7
Other (income) and expense	25.1	(3.4)
Income before income and mining taxes	6.0	5.1
Income and mining taxes (benefit)	4.9	(3.6)
Net income	$ 1.1	$ 8.7
Net income per share		
Basic	$ 0.01	$ 0.07
Diluted	$ 0.01	$ 0.07
Cash generated by operating activities	$ 25.6	$ 37.4
Adjusted non-GAAP Measures: (1)		
Adjusted net income (1)	$ 25.6	$ 9.0
Adjusted net income per share - basic (1)	$ 0.18	$ 0.07
Adjusted net income per share - diluted (1)	$ 0.17	$ 0.07
Operational Statistics(unaudited)		
Mined molybdenum production (000 s lb) (2)	8,269	6,057
Cash cost ($/lb produced) (3)	$ 5.36	$ 5.93
Molybdenum sold (000 s lb):		
Thompson Creek and Endako Mine product	6,735	6,549
Purchased and processed product	1,820	898
	8,555	7,447
Average realized price ($/lb) (1)	$ 14.50	$ 10.14

	March 31, 2010	December 31, 2009
Cash and cash equivalents	$ 136.0	$ 158.5
Short-term investments	$ 387.6	$ 353.0
Total assets	$ 1,406.9	$ 1,344.6
Total debt	$ 11.4	$ 12.9
Total liabilities	$ 401.5	$ 359.2
Shareholders equity	$ 1,005.4	$ 985.4
Shares outstanding (000 s)	139,782	139,511

(1) See Non-GAAP Financial Measures for the definition and calculation of these non-GAAP measures.

(2) Mined production pounds reflected are molybdenum oxide and high performance molybdenum disulfide (HPM) from our share of production from the mines; excludes molybdenum processed from purchased product.

(3) Weighted-average of Thompson Creek Mine and Endako Mine cash costs (mining, milling, roasting and packaging) for molybdenum oxide and HPM produced in the period, including all stripping costs. Cash cost excludes: the effect of purchase price adjustments, the effects of changes in inventory, stock-based compensation, other non-cash employee benefits and depreciation, depletion, amortization and accretion. The cash cost for the Thompson Creek Mine, which only produces molybdenum sulfide on site, includes an estimated molybdenum loss, an allocation of roasting and packaging costs from the Langeloth Facility, and transportation costs. See Non-GAAP Financial Measures for additional information.

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Summary of Quarterly Results

(US$ in millions except per share and per pound amounts unaudited)

	Mar 31 2010	Dec 31 2009	Sep 30 2009	Jun 30 2009	Mar 31 2009	Dec 31 2008	Sep 30 2008	Jun 30 2008
Financial								
Revenue	$ 127.8	$ 106.2	$ 114.4	$ 74.0	$ 78.8	$ 181.6	$ 331.1	$ 243.9
Operating income (loss)	$ 31.1	$ 15.8	$ 32.4	$ (0.2)	$ 1.7	$ (4.2)	$ 136.9	$ 91.2
Net income (loss)	$ 1.1	$ 26.0	$ (1.4)	$ (89.3)	$ 8.7	$ (23.8)	$ 94.8	$ 59.5
Income (loss) per share:								
- basic	$ 0.01	$ 0.19	$ (0.01)	$ (0.73)	$ 0.07	$ (0.19)	$ 0.76	$ 0.51
- diluted	$ 0.01	$ 0.18	$ (0.01)	$ (0.73)	$ 0.07	$ (0.19)	$ 0.69	$ 0.44
Cash generated by operating activities	$ 25.6	$ 38.2	$ 24.2	$ 6.1	$ 37.4	$ 173.1	$ 102.5	$ 52.8
Adjusted non-GAAP Measures: (1)								
Adjusted net income (loss) (1)	$ 25.6	$ 20.4	$ 14.3	$ (6.3)	$ 9.0	$ 44.4	$ n/a	$ n/a
Adjusted net income (loss) per share: (1)								