HECLA MINING CO/DE/
Form 424B3
June 18, 2003

PROSPECTUS PURSUANT TO RULE 424(b)(3)

PROSPECTUS

3,394,883 SHARES

[LOGO]

HECLA MINING COMPANY

COMMON STOCK

This prospectus covers 3,394,883 shares of our common stock that may be offered and sold from time to time by the stockholders identified in this prospectus, or by their donees, pledgees, transferees or other successors in interest, directly or through agents, brokers, or dealers designated from time to time at prevailing market prices at the time of sale, at prices related to such market prices, or in privately negotiated transactions at prices agreed upon by the parties. See "Plan of Distribution." We cannot assure you that the selling stockholders will sell all, or any portion of the common stock. None of our directors or executive officers is selling stock in this offering, and neither they nor we will receive any proceeds from the sale of the stock.

We are registering the common stock offered under this prospectus to satisfy registration rights of the selling stockholders. We have agreed to bear all expenses of registration of our common stock offered by this prospectus. The shares to be sold hereunder are listed on the New York Stock Exchange.

Our common stock is listed on the New York Stock Exchange under the symbol "HL." On June 17, 2003, the closing price of our common stock as reported on the New York Stock Exchange was $4.26 per share.

INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 6.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is June 18, 2003

You should rely only on the information contained in this prospectus and any supplement. We have not authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. This prospectus is not an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus and any supplement is accurate as of its date only. Our business, financial condition, results of operations, and prospects may have changed since that date.

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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements that reflect our current expectations and projections about our future results, performance, prospects, and opportunities. We have tried to identify these forward-looking statements by using words such as "may," "will," "expect," "anticipate," "believe," "intend," "plan," "estimate," and similar expressions. These forward-looking statements are based on information currently available to us and are subject to a number of risks, uncertainties, and other factors that could cause our actual results, performance, prospects, or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

See "Risk Factors" for a description of these factors. Other matters, including unanticipated events and conditions, also may cause our actual future results to differ materially from these forward-looking statements. We cannot assure you that our expectations will prove to be correct. In addition, all subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements mentioned above. You should not place undue reliance on these forward-looking statements. All of these forward-looking statements are based on our expectations as of the date of this prospectus. Except as required by federal securities laws, we do not intend to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly, and special reports, proxy statements, and other information with the Securities and Exchange Commission (SEC). You may read our filings at the web site maintained by the SEC at http://www.sec.gov. You may also read and copy our filings at the SEC's public reference rooms at Judiciary Plaza Building, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549, as well as at the SEC's regional office at 175 W. Jackson Boulevard, Suite 900, Chicago, Illinois 60604. You may obtain information about the operation of the SEC public reference room in Washington, D.C. by calling the SEC at 1-800-SEC-0330. You may obtain a copy of a filing from the SEC at prescribed rates by writing to the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549 or from commercial document retrieval services.

Our common stock and Series B cumulative convertible preferred stock (Series B preferred stock) are both listed on the New York Stock Exchange (NYSE). You can inspect and copy reports, proxy statements and other information about us at the NYSE's offices at 20 Broad Street, New York, New York 10005.

This prospectus is part of a registration statement on Form S-1 that we filed with the SEC. The registration statement contains more information about us and our common stock, including certain exhibits and schedules. You can obtain a copy of the registration statement from the SEC in the manner described above.

A glossary of certain terms appears on page 71 of this prospectus under "Glossary of Certain Terms."

PROSPECTUS SUMMARY

This summary highlights material information discussed in more detail elsewhere in this prospectus. You are strongly urged to review the entire prospectus before investing in our common stock.

HECLA MINING COMPANY

We are principally engaged in the exploration, development, mining and processing of silver, gold, lead and zinc and own or have interests in a number of precious and nonferrous metals properties. Our principal producing metals properties include:

- The Greens Creek silver mine, a large polymetallic mine in which we own a 29.73% interest, located near Juneau, Alaska.
- The San Sebastian silver mine, located in the State of Durango, Mexico.
- The Lucky Friday silver mine, located near Mullan, Idaho.
- The La Camorra gold mine, located in the State of Bolivar, Venezuela.

Our strategy for growth is to focus our efforts and resources on expanding our precious metals reserves through exploration efforts, primarily on properties we already own. In 2003, we intend to continue to explore for additional reserves at, or in the vicinity of, the San Sebastian mine in Mexico, the La Camorra mine, the Block B and Canaima properties in Venezuela, the Greens Creek mine in Alaska and the Hollister Development Block in Nevada. We will also consider acquisition opportunities as a component of our growth strategy.

We were originally incorporated in 1891. We are a Delaware corporation, with our principal executive offices located at 6500 N. Mineral Drive, Suite 200, Coeur d'Alene, Idaho 83815-9408, and our telephone number is (208) 769-4100. Our web site address is www.hecla-mining.com. Information contained in our web site is not incorporated by reference into this prospectus, and you should not consider information contained in our web site as part of this prospectus. See "Where you can find more information."

RECENT DEVELOPMENTS

QUARTER END HIGHLIGHTS

The following table summarizes certain of our unaudited, consolidated financial and production information for the quarter ended March 31, 2003 and March 31, 2002. All dollars are in thousands, except per share, per ounce and per pound amounts.

	Three Months Ended	
FINANCIAL DATA	March 31, 2003	March 31, 2002
Sales of products	$ 26,441	$ 23,383
Gross profit	6,955	3,734
Income from operations	2,674	1,171
Net income	6,735	486
Basic and diluted income (loss) per common share (1)	0.06	(0.02)
Cash flow provided by operating activities	4,750	523
SALES OF PRODUCTS BY SEGMENT		
Silver operations (2)	$ 16,924	$ 12,110
Gold operations	8,976	11,273
Other	541	--
Total sales	$ 26,441	$ 23,383
GROSS PROFIT BY SEGMENT		
Silver operations (2)	$ 4,160	$ 664
Gold operations	2,789	3,070
Other	6	--
Total gross profit	$ 6,955	$ 3,734

PRODUCTION SUMMARY - TOTALS		
Silver - Ounces	2,398,199	2,009,997
Gold - Ounces	53,412	56,402
Lead - Tons	5,627	4,021
Zinc - Tons	6,685	6,315
Average cost per ounce of silver produced (2)		
Cash operating costs ($/oz.)	1.58	2.39
Total cash costs ($/oz.) (3)	1.67	2.47
Total production costs ($/oz.)	2.83	4.02
Average cost per ounce of gold produced (2)		
Cash operating costs ($/oz.)	137	137
Total cash costs ($/oz.) (3)	137	137
Total production costs ($/oz.)	206	207
AVERAGE METAL PRICES		
Silver-Handy & Harman ($/oz.)	4.69	4.51
Gold-Realized ($/oz.)	333	295
Gold-London Final ($/oz.)	352	290
Lead-LME Cash ($/pound)	0.208	0.223
Zinc-LME Cash ($/pound)	0.357	0.360

(1) For the quarters ended March 31, 2003 and 2002, respectively, preferred stock dividends of $0.7 million and $2 million were not declared or paid. The preferred dividends are not included in the determination of net income; however, they are included in determining income (loss) applicable to common shareholders and earnings per share. Including the effects of preferred stock dividends, income applicable to common shareholders totaled $6.1 million for the three months ended March 31, 2003, as compared to a loss applicable to common shareholders of $1.5 million during the same period in 2002.

(2) Includes gold produced at silver operations, which is treated as a by-product credit in calculating silver costs per ounce.

(3) Cash costs per ounce of silver or gold represent non-U.S. GAAP measurements that management uses to monitor and evaluate the performance of its mining operations and are calculated pursuant to standards of the Gold Institute. We believe cash costs per ounce of silver or gold provide an indicator of profitability at each location and on a consolidated total, as well as a meaningful basis on which to compare other mining companies and other mining operating properties. A reconciliation of this non-GAAP measure to GAAP cost of sales and other direct production costs can be found immediately following this table.

The following table presents a reconciliation between non-GAAP total cash costs to GAAP cost of sales and other direct production costs for our gold and silver segments for the three months ended March 31, 2003 and 2002 (in thousands, except costs per ounce):

	Three Months Ended March 31, 2003	Three Months Ended March 31, 2002
GOLD SEGMENT		
Total cash costs	$ 4,785	$ 5,499
Divided by ounces produced	35	40
Total cash cost per ounce produced	$ 137	$ 137

Reconciliation to GAAP:		
Total cash costs	$ 4,785	$ 5,499
Reclamation	52	93
Treatment & freight costs	(347)	(379)
Change in product inventory	(659)	248
Other costs	--	33
Costs of sales and other direct production costs (GAAP)	$ 3,831	$ 5,494

SILVER SEGMENT

Total cash costs	$ 4,005	$ 4,956
Divided by ounces produced	2,398	2,010
Total cash cost per ounce produced	$ 1.67	$ 2.47
Reconciliation to GAAP:		
Total cash costs	$ 4,005	$ 4,956
Reclamation	233	267
Treatment & freight costs	(4,654)	(4,403)
By-product credits	10,891	8,553
Change in product inventory	(250)	(836)
Other costs	(8)	60
Costs of sales and other direct production costs (GAAP)	$ 10,217	$ 8,597

THE OFFERING

SECURITIES OFFERED FOR SALE BY THE SELLING STOCKHOLDERS ....1,394,883 shares of common stock, $0.25 par value per share, currently held by certain selling stockholders and 2,000,000 shares of common stock issuable upon exercise of a warrant issued to another selling stockholder, each accompanied by series A junior participating preferred stock purchase rights pursuant to our rights agreement.

VOTING RIGHTS...........................Each share of common stock is entitled to one vote per share on all matters submitted to a vote of stockholders (except for the election of two directors by holders of preferred stock in the case of preferred dividend arrearages, which arrearages currently exist).

USE OF PROCEEDS.........................The selling stockholders will

	receive all of the net proceeds of the sale of the common stock covered by this prospectus, as it may be supplemented. We will not receive any proceeds from sale of this common stock.
DIVIDENDS	We have not declared or paid any cash dividends for several years and we have no present intention of paying dividends in the foreseeable future (and our preferred dividend arrearages currently restrict us from paying any cash dividends on our common stock).
STOCK EXCHANGE	Our common stock is listed on the New York Stock Exchange under the symbol "HL." The shares to be sold hereunder are listed on the New York Stock Exchange.

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SUMMARY FINANCIAL DATA
(in thousands, except per share data)

The following table sets forth selected historical consolidated financial data for us for each of the years ended December 31, 1998 through 2002, and is derived from our audited financial statements. The data set forth below should be read in conjunction with, and is qualified in its entirety by reference to, our Consolidated Financial Statements, beginning on page F-1 of this prospectus.

	2002	2001	2000	1999(1)	
Sales of products	$ 105,700	$ 85,247	$ 75,850	$ 73,703	$
Income (loss) from continuing operations	$ 10,863	$ (9,582)	$ (84,847)	$ (43,391)	$
Income (loss) from discontinued operations (2)	(2,224)	11,922	1,529	4,786	
Net income (loss)	8,639	2,340	(83,965)	(39,990)	
Preferred stock dividends (3)	(23,253)	(8,050)	(8,050)	(8,050)	
Loss applicable to common shareholders (4)	$ (14,614)	$ (5,710)	$ (92,015)	$ (48,040)	$
Loss from continuing operations per common share	$ (0.15)	$ (0.25)	$ (1.39)	$ (0.83)	$
Basic and diluted loss per common share	$ (0.18)	$ (0.08)	$ (1.38)	$ (0.77)	$

Total assets	$ 160,141	$ 153,116	$ 194,836	$ 268,357	$
Accrued reclamation and closure costs	$ 49,723	$ 52,481	$ 58,710	$ 49,325	$
Noncurrent portion of debt	$ 4,657	$ 11,948	$ 10,041	$ 55,095	$

(1) On January 1, 1999, we changed our method of accounting for start-up costs in accordance with Statement of Position 98-5 (SOP 98-5)"Reporting on the Costs of Start-up Activities." The impact of this change in accounting principle related to unamortized start-up costs associated with our 29.7331% interest in the Greens Creek Mine and resulted in a $1.4 million cumulative effect of this change in accounting principle for the year ended December 31, 1999.

(2) During 2000, in furtherance of our determination to focus our operations on silver and gold mining and to raise cash to reduce debt and provide working capital, our board of directors made the decision to sell our industrial minerals segment. As such, the industrial minerals segment has been recorded as a discontinued operation as of and for each of the five years in the period ended December 31, 2002. As of December 31, 2001 and 2000, only, the balance sheets have been reclassified to reflect the net assets of the industrial minerals segment as a discontinued operation.

(3) As of December 31, 2002, we have not declared or paid $6.6 million of Series B preferred stock dividends. However, since the dividends are cumulative, they continue to be reported in determining the income (loss) applicable to common stockholders. We completed an offer to acquire all of our outstanding Series B preferred stock in exchange for newly issued shares of our common stock on July 25, 2002. A total of 1,546,598 shares, or 67.2%, of the total number of Series B preferred shares outstanding were validly tendered and exchanged into 10,826,186 shares of our common stock. During the third quarter of 2002, we incurred a non-cash dividend of approximately $17.6 million related to the exchange offer. The $17.6 million dividend represents the difference between the value of the common stock issued in the exchange offer and the value of the shares that were issuable under the stated conversion terms of the Series B preferred stock. The non-cash dividend had no impact on our total shareholders' equity as the offset was an increase in common stock and surplus. As a result of the exchange offer, the total of cumulative preferred dividends is $23.3 million for the year ended December 31, 2002. In 2003, the $8.0 million annual cumulative preferred dividends that have historically been included in income (loss) applicable to common shareholders will be reduced to approximately $2.6 million. The exchange offer also eliminated $11.2 million of previously undeclared and unpaid preferred stock dividends.

(4) After recognizing a $2.2 million loss from discontinued operations and $23.3 million in preferred stock dividends, our loss applicable to common stockholders for the year ended December 31, 2002, was approximately $14.6 million, compared to a loss of $5.7 million in 2001, after recognizing $11.9 million in income from discontinued operations, due to a gain of $12.7 million on the sale of the majority of our industrial minerals assets, and $8.0 million in preferred stock dividends.

RISK FACTORS

You should carefully consider the risks and uncertainties described below, and all of the other information included in this prospectus, before you decide whether to purchase shares of our common stock. Any of the following risks could materially adversely affect our business, financial condition, or operating results and could negatively impact the value of our common stock. A glossary of certain terms appears on page 71 of this prospectus under "Glossary of Certain Terms."

ALTHOUGH WE HAD OPERATING PROFITS IN 2002 AND 2001, WE HAVE INCURRED A TOTAL OF $168.7 MILLION OF LOSS APPLICABLE TO COMMON SHAREHOLDERS IN THE PAST FIVE YEARS AND THERE CAN BE NO ASSURANCE THAT OUR OPERATIONS WILL REMAIN PROFITABLE.

Our net income improved in 2002 and 2001 as a result, in large part, of increased gold production, lower silver and gold production costs, lower interest expense, a gain on the sale of our subsidiary, Kentucky-Tennessee Clay Company and, recently, increased gold prices. Prior to 2001, we incurred net losses for each of the prior ten years. Many of the factors affecting our operating results are beyond our control, including expectations with respect to the rate of inflation, the relative strength of the United States dollar and certain other currencies, interest rates, global or regional political or economic crises, global or regional demand, speculation, and sales by central banks and other holders and producers of gold and silver in response to these factors, and we cannot foresee whether our operations will continue to generate sufficient revenue for us to be profitable. While silver and gold prices improved in 2002 over average prices in 2001, there can be no assurance such prices will continue at or above such levels.

OUR PREFERRED STOCK HAS A LIQUIDATION PREFERENCE OF $50 PER SHARE, OR $37.7 MILLION, PLUS DIVIDENDS IN ARREARS OF APPROXIMATELY $7.3 MILLION.

This means that if we were liquidated as of April 1, 2003, holders of our preferred stock would have been entitled to receive approximately $44.9 million from any liquidation proceeds before holders of our common stock would be entitled to receive any proceeds.

WE ARE CURRENTLY INVOLVED IN ONGOING LITIGATION THAT MAY ADVERSELY AFFECT US.

There are several ongoing lawsuits in which we are involved. If any of these cases results in a substantial monetary judgment against us or is settled on unfavorable terms, our results of operations, financial condition and cash flows could be materially adversely affected. For example, we may ultimately incur environmental remediation costs substantially in excess of the amounts we have accrued and the plaintiffs in environmental proceedings may be awarded substantial damages (which costs and damages we may not be able to recover from our insurers). See "Business -- Legal Proceedings."

OUR EARNINGS MAY BE AFFECTED BY METALS PRICE VOLATILITY.

The majority of our revenues is derived from the sale of silver, gold, lead and zinc and, as a result, our earnings are directly related to the prices of these metals. Silver, gold, lead and zinc prices fluctuate widely and are affected by numerous factors including:

- expectations for inflation;
- speculative activities;

- relative exchange rate of the U.S. dollar;
- global and regional demand and production;
- political and economic conditions; and
- production costs in major producing regions.

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These factors are beyond our control and are impossible for us to predict. If the market prices for these metals fall below our costs to produce them for a sustained period of time, we will experience losses and may have to discontinue development or mining at one or more of our properties.

In the past, we have used limited hedging techniques to reduce our exposure to price volatility, but we may not be able to do so in the future. See "--Our hedging activities could expose us to losses."

The following table sets forth the average daily closing prices of the following metals for 1985, 1990, 1995, 1998 and each year thereafter through 2002.

	1985	1990	1995	1998	1999	2000	2001	2002
Silver(2) (per oz.)	6.14	4.82	5.19	5.53	5.25	5.00	4.39	4.6
Gold(1) (per oz.)	$ 317.26	$ 383.46	$ 384.16	$ 294.16	$ 278.77	$ 279.03	$ 271.00	$ 309.9
Lead(3) (per lb.)	0.18	0.37	0.29	0.24	0.23	0.21	0.22	0.2
Zinc(4) (per lb.)	0.36	0.69	0.47	0.46	0.49	0.51	0.40	0.3

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(1) London Final
(2) Handy & Harman
(3) London Metals Exchange -- Cash
(4) London Metals Exchange -- Special High Grade - Cash

On March 31, 2003, the closing prices for gold, silver, lead and zinc were $334.85 per ounce, $4.48 per ounce, $0.20 per pound and $0.35 per pound, respectively.

THE VOLATILITY OF METALS PRICES MAY ADVERSELY AFFECT OUR DEVELOPMENT AND EXPLORATION EFFORTS.

Our ability to produce silver and gold in the future is dependent upon our exploration efforts, and our ability to develop new ore reserves. If prices for these metals decline, it may not be economically feasible for us to continue our development of a project or to continue commercial production at some of our properties.

OUR DEVELOPMENT OF NEW OREBODIES MAY COST MORE AND PROVIDE LESS RETURN THAN WE ESTIMATED.

Our ability to sustain or increase our current level of production of metals partly depends on our ability to develop new orebodies and/or expand existing mining operations. Before we can begin a development project, we must first determine whether it is economically feasible to do so. This determination is based on estimates of several factors, including:

- reserves;
- expected recovery rates of metals from the ore;
- facility and equipment costs;
- capital and operating costs of a development project;
- future metals prices;
- comparable facility and equipment costs; and
- anticipated climate conditions.

Development projects may have no operating history upon which to base these estimates, and these estimates are based in large part on our interpretation of geological data, a limited number of drill holes, and other sampling techniques. As a result, actual cash operating costs and returns from a development project may differ substantially from our estimates as a result of which it may not be economically feasible to continue with a development project.

OUR ORE RESERVE ESTIMATES MAY BE IMPRECISE.

Our ore reserve figures and costs are primarily estimates and are not guarantees that we will recover the indicated quantities of these metals. Reserves are estimates made by our technical personnel and no assurance can be given that the estimate of the amount of metal or the indicated level of recovery of these metals will be realized. Reserve estimation is an interpretive process based upon available data. Our reserve estimates for properties that have not yet started may change based on actual production experience. Further, reserves are valued based on estimates of costs and metals prices. The economic value of ore reserves may be adversely affected by:

- declines in the market price of the various metals we mine;
- increased production or capital costs; or
- reduced recovery rates.

Short-term operating factors relating to our ore reserves, such as the need to sequentially develop orebodies and the processing of new or different ore grades, may adversely affect our profitability. We may use forward sales contracts and other hedging techniques to partially offset the effects of a drop in the market prices of the metals we mine. However, if the price of metals that we produce declines substantially below the levels used to calculate reserves for an extended period, we could experience:

- o delays in new project development;
- o increased net losses;
- o reduced cash flow;
- o reductions in reserves; and
- o possible write-down of asset values.

OUR MINERAL EXPLORATION EFFORTS MAY NOT BE SUCCESSFUL.

We must continually replace ore reserves depleted by production. Our ability to expand or replace depleted ore reserves depends on the success of our exploration program. Mineral exploration, particularly for silver and gold, is highly speculative. It involves many risks and is often nonproductive. Even if we find a valuable deposit of minerals, it may be several years before production is possible. During that time, it may become economically unfeasible to produce those minerals. Establishing ore reserves requires us to make substantial capital expenditures and, in the case of new properties, to construct mining and processing facilities. As a result of these costs and uncertainties, we may not be able to expand or replace our existing ore reserves as they are depleted by current production.

Exploration expenditures for the three years ended December 31, 2002, 2001 and 2000, were approximately $5.8 million, $2.2 million and $6.3 million, respectively. Our near-term exploration plan consists of exploring for additional reserves at, or in the vicinity of, our San Sebastian mine in Mexico; the La Camorra mine, the Block B and Canaima properties in Venezuela; the Greens Creek mine in Alaska; and the Hollister Development Block in Nevada. Exploration expenditures for 2003 are estimated to be in the range of $10.0 million to $15.0 million. For additional information, see Note 4 of Notes to our Consolidated Financial Statements, beginning on page F-9 of this prospectus.

OUR JOINT DEVELOPMENT AND OPERATING ARRANGEMENTS MAY NOT BE SUCCESSFUL.

We often enter into joint venture arrangements in order to share the risks and costs of developing and operating properties. For instance, our Greens Creek mine is operated through a joint venture arrangement. In a typical joint venture arrangement, we own a percentage of the assets in the joint venture. Under the agreement governing the joint venture relationship, each party is entitled to indemnification from each other party and is only liable for the liabilities of the joint venture in proportion to its interest in the joint venture. However, if a party fails to perform its obligations under the joint venture agreement, we could incur losses in excess of our pro-rata share of the joint venture. In the event any party so defaults, the joint venture agreement provides certain rights and remedies to the remaining participants, including the right to sell the defaulting party's percentage interest and use the proceeds to satisfy the defaulting party's obligations. We currently believe that our joint venture partners will meet their obligations.

WE FACE STRONG COMPETITION FROM OTHER MINING COMPANIES FOR THE ACQUISITION OF NEW PROPERTIES.

Mines have limited lives and as a result, we continually seek to replace and expand our reserves through the acquisition of new properties. In addition, there is a limited supply of desirable mineral lands available in the United States and other areas where we would consider conducting exploration and/or production activities. Because we face strong competition for new properties from other mining companies, some of whom have greater financial resources than we do, we may be unable to acquire attractive new mining properties on terms that we consider acceptable.

THE TITLES TO SOME OF OUR PROPERTIES MAY BE DEFECTIVE.

Unpatented mining claims constitute a significant portion of our undeveloped property holdings. The validity of these unpatented mining claims is often uncertain and may be contested. In accordance with mining industry practice, we do not generally obtain title opinions until we decide to develop a property. Therefore, while we have attempted to acquire satisfactory title to our undeveloped properties, some titles may be defective.

In Mexico, there is ongoing litigation concerning a lien that predates acquisition of the Velardena mill by our subsidiary, Minera Hecla, S.A. de C.V. For additional information see "Business - Legal Proceedings."

OUR OPERATIONS MAY BE ADVERSELY AFFECTED BY RISKS AND HAZARDS ASSOCIATED WITH THE MINING INDUSTRY.

Our business is subject to a number of risks and hazards including:

- environmental hazards;
- political and country risks;
- industrial accidents;
- labor disputes;
- unusual or unexpected geologic formations;
- cave-ins;
- explosive rock failures; and
- flooding and periodic interruptions due to inclement or hazardous weather conditions.

Such risks could result in:

- damage to or destruction of mineral properties or producing facilities;
- personal injury;

- environmental damage;
- delays in mining;
- monetary losses; and

- legal liability.

For some of these risks, we maintain insurance to protect against these losses at levels consistent with our historical experience and industry practice. However, we may not be able to maintain this insurance, particularly if there is a significant increase in the cost of premiums. Insurance against environmental risks is generally either unavailable or too expensive for us and other companies in our industry, and, therefore, we do not maintain environmental insurance. To the extent we are subject to environmental liabilities, we would have to pay for these liabilities. Moreover, in the event that we are unable to fully pay for the cost of remedying an environmental problem, we might be required to suspend operations or enter into other interim compliance measures.

OUR FOREIGN OPERATIONS, INCLUDING OUR OPERATIONS IN VENEZUELA, ARE SUBJECT TO ADDITIONAL INHERENT RISKS.

We currently conduct mining operations in Mexico and Venezuela and have exploration projects in Mexico and South America. We anticipate that we will continue to conduct significant operations in those and other international locations in the future. Because we conduct operations internationally, we are subject to political and economic risks such as:

- the effects of local political and economic developments;
- exchange controls and export or sale restrictions;
- currency fluctuations;
- expropriation; and
- taxation and laws or policies of foreign countries and the United States affecting trade, investment and taxation.

Consequently, our exploration, development and production activities outside of the United States may be substantially affected by factors beyond our control, any of which could materially adversely affect our financial position or results of operations.

Venezuela recently experienced an approximately two-month general strike ending in February 2003. The strike resulted in shortages of oil and gas supplies in Venezuela and a severe economic downturn. We continued to operate the La Camorra mine during the general strike and were able to obtain adequate supplies, including oil and gas for our operations. Although we believe we will be able to manage and operate our La Camorra mine and related exploration projects successfully, due to the continued political, regulatory and economic uncertainty in Venezuela, there can be no assurance we will be able to operate without interruptions to our operations.

Following the general strike in Venezuela, the Venezuelan government announced its intent to implement exchange controls on foreign currency transactions. Rules and regulations regarding the implementation of exchange controls in Venezuela have not been finalized. Since February 2003, the Venezuelan government fixed the exchange rate at 1.597 bolivares to one U.S. dollar. In some instances, the exchange controls have required us to convert United States dollars into bolivares. Management is monitoring the implementation of exchange controls and believes they have not materially affected our operations, but there can be no assurance that adverse effects will not occur in the future.

OUR OPERATIONS ARE SUBJECT TO CURRENCY FLUCTUATIONS.

Currency fluctuations may affect the cash flow which we will realize from our operations since our products are sold in world markets in United States dollars. Exchange controls could require us to sell our products in a currency other than United States dollars or may require us to convert United States dollars into foreign currency. Foreign exchange fluctuations may materially adversely affect our financial performance and results of operations. See the preceding paragraph regarding exchange controls in Venezuela.

WE ARE REQUIRED TO OBTAIN GOVERNMENTAL PERMITS IN ORDER TO CONDUCT MINING OPERATIONS.

In the ordinary course of business, mining companies are required to seek governmental permits for expansion of existing operations or for the commencement of new operations. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings on our part. The duration and success of our efforts to obtain permits are contingent upon many variables not within our control. Obtaining environmental protection permits, including the approval of reclamation plans, may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and, if obtained, that the costs involved will not exceed those that we previously estimated. It is possible that the costs and delays associated with the compliance with such standards and regulations could become such that we would not proceed with the development or operation of a mine or mines.

WE FACE SUBSTANTIAL GOVERNMENTAL REGULATION AND ENVIRONMENTAL RISKS.

Our business is subject to extensive federal, state and local laws and regulations governing development, production, labor standards, occupational health, waste disposal, use of toxic substances, environmental regulations, mine safety and other matters. We have been, and are currently involved in lawsuits in which we have been accused of violating environmental laws, and we may be subject to similar lawsuits in the future. See "Business - Legal Proceedings." New legislation and regulations may be adopted at any time that results in additional operating expense, capital expenditures or restrictions and delays in the mining, production or development of our properties.

We maintain reserves for costs associated with mine closure, reclamation of land and other environmental matters. At December 31, 2002, our reserves for these matters totaled $49.7 million. We anticipate that we will make expenditures relating to these reserves over the next five to ten years. Future expenditures related to closure, reclamation and environmental expenditures are difficult to estimate due to:

- the early stage of our investigation;
- the uncertainties relating to the costs and remediation methods that will be required in specific situations;
- the possible participation of other potentially responsible parties; and
- changing environmental laws, regulations and interpretations.

It is possible that, as new information becomes available, changes to our estimates of future closure, reclamation and environmental contingencies could materially adversely affect our future operating results.

Various laws and permits require that financial assurances be in place for certain environmental and reclamation obligations and other potential liabilities. We currently have in place such financial assurances in the form of surety bonds. As of December 31, 2002, we also had set aside as restricted investments approximately $6.4 million as collateral for these bonds. The amount of the financial assurances and the amount required to be set aside by us as collateral for these financial assurances are dependent upon a number of factors, including our financial condition, reclamation cost estimates, development of new projects, and the total dollar value of financial assurances in place. There can be no assurance that we will be able to maintain or add to our current level of financial assurances.

From time to time, the U.S. Congress considers proposed amendments to the General Mining Law of 1872, as amended, which governs mining claims and related activities on Federal lands. There was no significant activity with respect to mining law reform in Congress during 2002. The extent of any such future changes is not known and the potential impact on us as a result of Congressional action is difficult to predict. Although a majority of our existing U.S. mining operations occur on private or patented property, changes to the General Mining Law, if adopted, could adversely affect our ability to economically develop mineral resources on federal lands.

OUR HEDGING ACTIVITIES COULD EXPOSE US TO LOSSES.

From time to time, we engage in hedging activities, such as forward sales contracts and commodity put and call option contracts, to minimize the effect of declines in metals prices on our operating results. While these hedging activities may protect us against low metals prices, they may also limit the price we can receive on hedged products. As a result, we may be prevented from realizing possible revenues in the event that the market price of a metal exceeds the price stated in a forward sale or call option contract. We are also subject to posting margins if the margin free limit of $10.0 million in the aggregate for all our contracts is exceeded. As of December 31, 2002, if we closed out our existing hedge contract positions, we would have to pay our counterparties $6.5 million. In addition, we may experience losses if a counterparty fails to purchase under a contract when the contract price exceeds the spot price of a commodity.

OUR BUSINESS DEPENDS ON GOOD RELATIONS WITH OUR EMPLOYEES.

Certain of our employees are represented by unions. At March 31, 2003, there were 68 hourly employees at the Lucky Friday mine. The United Steelworkers of America is the bargaining agent for the Lucky Friday hourly employees. The current labor agreement expires on June 16, 2003, but may be extended to June 16, 2004 under certain circumstances. At March 31, 2003, there were 226 hourly and 48 salaried employees at the San Sebastian mine and Velardena mill. The National Mine and Mill Workers Union represents process plant hourly workers at San Sebastian. Under Mexican labor law, wage adjustments are negotiated annually and other contract terms every two years. The contract at San Sebastian is due for negotiation of wages in July 2003 and for wages and other terms in July 2004. At March 31, 2003, there were 377 hourly and 44 salaried employees at our

La Camorra gold mine, most of whom are represented by the Mine Workers Union. The contract with respect to La Camorra will expire in March 2004. We anticipate that we will be able to negotiate a satisfactory contract with each union, but there can be no assurance that this can be done without a disruption to production.

OUR STOCKHOLDER RIGHTS PLAN AND PROVISIONS IN OUR CERTIFICATE OF INCORPORATION, OUR BY-LAWS, AND DELAWARE LAW COULD DELAY OR DETER TENDER OFFERS OR TAKEOVER ATTEMPTS THAT MAY OFFER A PREMIUM FOR OUR COMMON STOCK.

Our stockholder rights plan and provisions in our certificate of incorporation, our by-laws, and Delaware law could make it more difficult for a third party to acquire control of us, even if that transaction would be beneficial to stockholders. These impediments include:

- the rights issued in connection with the stockholder rights plan that will substantially dilute the ownership of any person or group that acquires 15% or more of our outstanding common stock unless the rights are first redeemed by our board of directors, in its discretion. Furthermore, our board of directors may amend the terms of these rights, in its discretion, including an amendment to lower the acquisition threshold to any amount greater than 10% of the outstanding common stock;

- the classification of our board of directors into three classes serving staggered three-year terms;

- the ability of our board of directors to issue shares of preferred stock with rights as it deems appropriate without stockholder approval;

- a provision that special meetings of our board of directors may be called only by our chief executive officer or a majority of our board of directors;

- a provision that special meetings of stockholders may only be called pursuant to a resolution approved by a majority of our entire board of directors;

- a prohibition against action by written consent of our stockholders;

- a provision that our board members may only be removed for cause and by an affirmative vote of at least 80% of the outstanding voting stock;

- a provision that our stockholders comply with advance-notice provisions to bring director nominations or other matters before meetings of our stockholders;

- a prohibition against certain business combinations with an acquirer of 15% or more of our common stock for three years after such acquisition unless the stock acquisition or the business combination is approved by our board prior to the acquisition of the 15% interest, or after such acquisition our board and the holders of two-thirds of the other common stock approve the business combination; and

- a prohibition against our entering into certain business combinations with interested stockholders without the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of voting stock.

The existence of the stockholder rights plan and these provisions may deprive stockholders of an opportunity to sell our stock at a premium over prevailing prices. The potential inability of our stockholders to obtain a control premium could adversely affect the market price for our common stock. For a description of our stockholder rights plan, see "Description of Common Stock -- Rights."

WE ARE DEPENDENT ON KEY PERSONNEL.

We are currently dependent upon the ability and experience of our executive officers and there can be no assurance that we will be able to retain all of such officers. The loss of one or more of the officers could have a material adverse effect on our operations. We also compete with other companies both within and outside the mining industry in connection with the recruiting and retention of qualified employees knowledgeable in mining operations.

OUR AVAILABLE CASH AND CASH FLOWS MAY BE INADEQUATE TO FUND EXPANSION PROJECTS.

We currently believe that our cash on hand, cash proceeds from an underwritten public offering completed in January 2003, future cash flows from operations, and/or future debt or equity security issuances will be adequate to fund our:

- anticipated minimum capital expenditure requirements;
- idle property expenditures;
- debt service; and
- exploration expenditures.

Although we believe existing cash and cash equivalents are adequate, we cannot project the cash impact of possible future investment opportunities or acquisitions, and our operating properties may require more cash than forecasted.

SELLING STOCKHOLDERS

The selling stockholders are Great Basin Gold Ltd., Hecla Mining Company Retirement Plan and Lucky Friday Pension Plan.

On August 2, 2002, through our wholly owned subsidiary, Hecla Ventures Corporation, we entered into an earn-in agreement with Rodeo Creek Gold, Inc., a wholly owned subsidiary of Great Basin Gold Ltd ("Great Basin"). An "earn-in" agreement is an agreement under which a party must take certain actions in order to "earn" an interest in an entity. Pursuant to the agreement, described in more detail under "Business - Exploration," Great Basin was issued a warrant to purchase 2,000,000 shares of our common stock as of the date of execution of the Earn-In Agreement. The warrant is exercisable on or before August 1, 2004 at $3.73 per share. The beneficial owner of the warrant to purchase our common stock is Great Basin. In the event that we elect to conduct certain development activities, Great Basin will receive an additional warrant to purchase 1,000,000 shares of our common stock at the future current market value, and, if development activities are completed, Great Basin will receive a final warrant to purchase 1,000,000 shares of our common stock at the future current market value.

The Hecla Mining Company Retirement Plan and the Lucky Friday Pension Plan (the Hecla Benefit Plans) are employee benefit plans in which certain of our employees can participate. Union Bank of California, NA, successor to Copper Mountain Trust, the trustee for each Hecla Benefit Plan, purchased our stock at the instruction of its independent fiduciary, Consulting Fiduciaries, Inc.

The following table sets forth the number of shares of common stock beneficially owned by each of the selling stockholders as of March 31, 2003, based on information provided to us by such selling stockholders. We are not able to state with certainty the amount of stock that will be held by each selling stockholder after the completion of this offering because each selling stockholder may offer all or some of its shares, and because there currently are no agreements, arrangements, or understandings with respect to the sale of any of the stock (other than registration rights agreements). The following table assumes that (i) Great Basin exercises its existing warrant and sells all of the shares offered hereby and (ii) all of the shares of stock offered by the Hecla Benefit Plans pursuant to this prospectus and pursuant to the underwritten offering will be sold. The selling stockholders are not making any representation that any stock covered by this prospectus will be offered for sale.

Name	Total Number of Shares Before Sale	Shares Offered Hereby	Total Number of Shares Remaining After Sale	Perc Fol
Hecla Mining Company Retirement Plan.......	2,726,017	1,120,061	0	
Lucky Friday Pension Plan..................	668,866	274,822	0	
Great Basin Gold Ltd.......................	2,000,000	2,000,000	0	

This prospectus also covers any additional shares of common stock that may become issuable in connection with the stock being offered by reason of any stock dividend, stock split, recapitalization, or other similar transaction effected without the receipt of consideration which results in an increase in the number of our outstanding shares of common stock. In addition, each share of common stock is accompanied by a series A junior participating preferred stock purchase right entitling the holder to purchase additional shares of our common stock under certain circumstances.

PLAN OF DISTRIBUTION

The stock covered by this prospectus may be offered, sold, or distributed from time to time by the selling stockholders named in this prospectus, or by their donees, pledgees, transferees, or other successors in interest. The selling stockholders may sell their stock at market prices prevailing at the time of sale, at prices related to such prevailing market prices at the time of sale, at negotiated prices, or at fixed prices, which may be changed, and which may represent a discount from the prevailing market price. Each selling stockholder reserves the right to accept or reject, in whole or in part, any proposed purchase of stock, whether the purchase is to be made directly or through agents. We are not aware that any selling stockholder has entered into any arrangements with any underwriters or broker-dealers regarding the sale of its shares of common stock.

The selling stockholders may offer their stock at various times in one or more of the following transactions under this prospectus:

- in ordinary brokers' transactions and transactions in which a broker solicits purchasers;
- in transactions involving cross or block trades or otherwise on any national securities exchange or quotation system on which our common stock may be listed or quoted;
- in transactions in which brokers, dealers, or underwriters purchase the stock as principal and resell the stock for their own accounts pursuant to this prospectus;
- in transactions "at the market" to or through market makers in our common stock;
- in other ways not involving market makers or established trading markets, including direct sales of stock to purchasers or sales of stock effected through agents;
- in transactions in options, swaps, or other derivatives which may or may not be listed on an exchange;
- in privately negotiated transactions;
- in transactions to cover short sales; or
- in a combination of any of the foregoing transactions.

In addition, the selling stockholders also may sell their stock in private transactions or in accordance with Rule 144 under the Securities Act of 1933 (Securities Act), to the extent eligible thereunder, rather than under this prospectus.

From time to time, one or more of the selling stockholders may pledge or grant a security interest in some or all of the stock owned by it. If a selling stockholder defaults in performance of the secured obligations, the pledgees or secured parties may offer and sell the stock from time to time. A selling stockholder also may transfer and donate stock in other circumstances. If a selling stockholder donates or otherwise transfers its stock, the number of shares of stock beneficially owned by it will decrease as and when it takes these actions. The plan of distribution for the stock offered and sold under this prospectus will otherwise remain unchanged, except that the transferees, donees, or other successors in interest will be selling stockholders for purposes of this prospectus.

The selling stockholders may use brokers, dealers, underwriters, or agents to sell their stock. The persons acting as agents may receive compensation in the form of commissions, discounts, or concessions. This compensation may be paid by the selling stockholders or the purchasers of the stock for whom such persons may act as agent, or to whom they may sell as principal, or both. The selling stockholders and any agents or broker-dealers that participate with it in the offer and sale of the stock may be deemed to be "underwriters" within the meaning of Section 2(a)(11) of the Securities Act. In addition, the broker-dealers' or their affiliates' commissions, discounts, or concessions may qualify as underwriters' compensation under the Securities Act. If a selling stockholder or any of its agents or broker-dealers qualifies as an "underwriter" within the meaning of the Securities Act, it will be subject to the prospectus delivery requirements of the Securities Act, and we will make copies of this prospectus and any supplements or amendments thereto available to them for the purpose of satisfying the prospectus delivery requirements of the Securities Act.

The selling stockholders and any other person participating in a distribution of the stock covered by this prospectus will be subject to applicable provisions of the Securities Exchange Act of 1934 (Exchange Act) and the rules and regulations under the Exchange Act, including Regulation M, which may limit the timing of purchases and sales of the stock by the selling stockholders and any other such person. Furthermore, under Regulation M, any person engaged in the distribution of stock may not simultaneously engage in market-making activities with respect to the stock being distributed for certain periods prior to the commencement of or during that distribution. All of the above may affect the marketability of the stock and the ability of any person or entity to engage in market-making activities with respect to the stock.

We are registering the common stock under this prospectus to satisfy registration rights of the selling stockholders. Under our agreements with the selling stockholders, we are required to bear the expenses relating to the registration of this offering. The selling stockholders will bear any underwriting discounts or commissions, brokerage fees, or stock transfer taxes. We have agreed to indemnify the Hecla Benefit Plans against certain liabilities arising in connection with this offering, including liabilities under the Securities Act. The selling stockholders may agree to indemnify any agent, dealer, or broker-dealer that participates in transactions involving the shares of common stock against certain liabilities, including liabilities arising under the Securities Act.

Upon our being notified by a selling stockholder that any material arrangement has been entered into with a broker-dealer for the sale of stock through a block trade, special offering, exchange distribution, or secondary distribution or a purchase by a broker or dealer, we will file with the SEC a supplement to this prospectus, if required, pursuant to Rule 424(b) under the Securities Act. In addition, upon our being notified by a selling stockholder that a donee, pledgee, transferee, or other successor in interest intends to sell more than 500 shares of stock, we will file with the SEC a supplement to this prospectus.

USE OF PROCEEDS

The selling stockholders are offering all of the shares of common stock covered by this prospectus. We will not receive any proceeds from the sales of these shares.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Our common stock is listed on the New York Stock Exchange under the symbol "HL." As of March 31, 2003, we had 8,479 common stockholders of record. Quarterly high and low stock prices, based on the New York Stock Exchange composite transactions, are shown below:

Fiscal Year	Quarter	High ($)	Low ($)

2003	First	5.86	2.58
	Second (through June 17)	4.35	2.90
2002	First	1.99	0.90
	Second	5.90	1.90
	Third	5.20	2.20
	Fourth	5.45	2.96
2001	First	1.00	0.50
	Second	1.70	0.66
	Third	1.26	0.78
	Fourth	1.27	0.77

On June 17, 2003, the closing price of our common stock as reported on the New York Stock Exchange was $4.26 per share.

We have not declared or paid any cash dividends on our capital stock or other securities for several years and do not anticipate paying any cash dividends in the foreseeable future. We are currently restricted from paying dividends on our common stock or repurchasing common stock until such time as we have paid the cumulative dividends on our Series B preferred stock. In addition, we have entered into loan documents that constrain our ability to pay dividends on our common stock or repurchase our common stock.

SELECTED FINANCIAL DATA
(in thousands, except shares, per share data and shareholder/employee data)

The following table sets forth selected historical consolidated financial data for us for each of the years ended December 31, 1998 through 2002, and is derived from our audited financial statements. The data set forth below should be read in conjunction with, and is qualified in its entirety by reference to our Consolidated Financial Statements, beginning on page F-1 of this prospectus.

	2002	2001	2000	19
Sales of products	$ 105,700	$ 85,247	$ 75,850	$
Income (loss) from continuing operations	$ 10,863	$ (9,582)	$ (84,847)	$ (
Income (loss) from discontinued operations(2)	(2,224)	11,922	1,529	
Net income (loss)	8,639	2,340	(83,965)	(
Preferred stock dividends(3)	(23,253)	(8,050)	(8,050)	
Loss applicable to common shareholders(4)	$ (14,614)	$ (5,710)	$ (92,015)	$ (

Loss from continuing operations per common share	$ (0.15)	$ (0.25)	$ (1.39)	$
Basic and diluted loss per common share	$ (0.18)	$ (0.08)	$ (1.38)	$
Total assets	$ 160,141	$ 153,116	$ 194,836	$ 2
Accrued reclamation and closure costs	$ 49,723	$ 52,481	$ 58,710	$
Noncurrent portion of debt	$ 4,657	$ 11,948	$ 10,041	$
Cash dividends paid per common share	$ --	$ --	$ --	$
Cash dividends paid per preferred share(3)	$ --	$ --	$ 1.75	$
Common shares issued	86,187,468	73,068,796	66,859,752	66,8
Shareholders of record	8,584	8,926	9,273	
Employees	720	701	1,195	

(1) On January 1, 1999, we changed our method of accounting for start-up costs in accordance with Statement of Position 98-5 "Reporting on the Costs of Start-up Activities." The impact of this change in accounting principle related to unamortized start-up costs associated with our 29.7331% interest in the Greens Creek Mine and resulted in a $1.4 million charge for the year ended December 31, 1999.

(2) During 2000, in furtherance of our determination to focus our operations on silver and gold mining and to raise cash to reduce debt and provide working capital, our board of directors made the decision to sell our industrial minerals segment. As such, the industrial minerals segment has been recorded as a discontinued operation as of and for each of the five years in the period ended December 31, 2002. As of December 31, 2001 and 2000, only, the balance sheets have been reclassified to reflect the net assets of the industrial minerals segment as a discontinued operation.

(3) As of December 31, 2002, we have not declared or paid $6.6 million of Series B preferred stock dividends. However, since the dividends are cumulative, they continue to be reported in determining the income (loss) applicable to common stockholders, but are excluded in the amount reported as cash dividends paid per preferred share. We completed an offer to acquire all of our outstanding Series B preferred stock in exchange for newly issued shares of our common stock on July 25, 2002. A total of 1,546,598 shares, or 67.2%, of the total number of Series B preferred shares outstanding were validly tendered and exchanged into 10,826,186 shares of our common stock. During the third quarter of 2002, we incurred a non-cash dividend of approximately $17.6 million related to the exchange offer. The $17.6 million dividend represents the difference between the value of the common stock issued in the exchange offer and the value of the shares that were issuable under the stated conversion terms of the Series B

preferred stock. The non-cash dividend had no impact on our total shareholders' equity as the offset was an increase in common stock and surplus. As a result of the exchange offer, the total of cumulative preferred dividends is $23.3 million for the year ended December 31, 2002. In 2003, the $8.0 million annual cumulative preferred dividends that have historically been included in income (loss) applicable to common shareholders will be reduced to approximately $2.6 million. The exchange offer also eliminated $11.2 million of previously undeclared and unpaid preferred stock dividends.

(4) After recognizing a $2.2 million loss from discontinued operations and $23.3 million in preferred stock dividends, our loss applicable to common stockholders for the year ended December 31, 2002 was approximately $14.6 million, compared to a loss of $5.7 million in 2001, after recognizing $11.9 million in income from discontinued operations, due to a gain of $12.7 million on the sale of the majority of our industrial minerals assets and $8.0 million in preferred stock dividends.

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SUPPLEMENTARY FINANCIAL DATA
(in thousands, except share data)

The following table sets forth supplementary financial data for us for each quarter of the years ended December 31, 2002 and 2001, derived from unaudited consolidated financial statements. The data set forth below should be read in conjunction with, and is qualified in its entirety by reference to our Consolidated Financial Statements, beginning on page F-1 of this prospectus.

2002	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Sales of products (1)	$ 23,383	$ 28,663	$ 27,790	$ 25,864	$ 105,700
Gross profit (1)	$ 3,734	$ 7,857	$ 6,414	$ 5,710	$ 23,715
Net income	$ 486	$ 4,755	$ 1,533	$ 1,865	$ 8,639
Preferred stock dividends	$ (2,012)	$ (2,013)	$ (18,568)	$ (660)	$ (23,253)
Income (loss) applicable to common shareholders	$ (1,526)	$ 2,742	$ (17,035)	$ 1,205	$ (14,614)
Basic and diluted income (loss) per common share	$ (0.02)	$ 0.04	$ (0.20)	$ 0.01	$ (0.18)
2001					
Sales of products (1)	$ 16,417	$ 24,561	$ 22,501	$ 21,768	$ 85,247
Gross profit (1)	$ 852	$ 2,358	$ 270	$ 1,239	$ 4,719
Net income (loss)	$ 9,535	$ (1,555)	$ (2,456)	$ (3,184)	$ 2,340
Preferred stock dividends	$ (2,012)	$ (2,013)	$ (2,013)	$ (2,012)	$ (8,050)
Income (loss) applicable to common shareholders	$ 7,523	$ (3,568)	$ (4,469)	$ (5,196)	$ (5,710)
Basic and diluted income (loss) per common share	$ 0.11	$ (0.06)	$ (0.06)	$ (0.07)	$ (0.08)

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(1) During 2000, in furtherance of our determination to focus our

operations on silver and gold mining and to raise cash to reduce debt and provide working capital, our board of directors made the decision to sell our industrial minerals segment. As such, the industrial minerals segment has been recorded as a discontinued operation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We are an 112-year-old company that has long been known as a precious metals producer. We mine, process, develop and explore for silver, gold, lead and zinc. We are operated and organized into two segments, silver and gold, and have a small industrial minerals subsidiary. One of our operating properties is included in the gold segment and three are included in the silver segment. The following table presents sales of products and gross profit (loss) by segment for the years ended December 31 (in thousands):

	2002	2001	2000
Sales of products:			
Silver	$ 56,404	$ 43,795	$ 44,277
Gold	49,296	41,452	31,573
Total sales	$105,700	$ 85,247	$ 75,850
Gross profit (loss):			
Silver	$ 7,066	$ (7,474)	$ (5,227)
Gold	16,649	12,193	(102)
Total gross profit (loss)	$ 23,715	$ 4,719	$ (5,329)

During 2002, we produced more silver and gold than at any time in our history, while continuing to maintain low costs of production. During 2002, we produced approximately 8.7 million ounces of silver at an average total cash cost of $2.25 per ounce and approximately 240,000 ounces of gold, 167,000 ounces of which were produced in our gold segment at an average total cash cost of $137 per ounce. Our silver and gold cash costs per ounce are net of by-product credits from other metals produced at those mines. Although we are positively impacted by increases in metals prices, our recent efforts to reduce costs of operations, improve production, increase our cash position and reduce debt enhance our ability to operate even in precious metals price environments at levels below those of the past several years.

In March 2002, we announced we had been awarded the Block B exploration and mining lease near El Callao in the Venezuelan State of Bolivar by CVG-Minerven (a Venezuelan government-owned gold mining company). Block B is a 1,795-hectare land position in the historic El Callao gold district that includes the historic Chile, Laguna and Panama mines, which produced over 1.5 million ounces of gold between 1921 and 1946. Pursuant to the agreement with CVG-Minerven, we paid CVG-Minerven $500,000 in September 2002. In March 2003 we made an additional payment of $1.25 million, with a final payment of $1.0 million due September 2003. Additionally, we will also pay CVG-Minerven a sliding scale royalty of 2% to 3% (depending on the gold price) on production from Block B.

On June 13, 2002, we offered to holders of our Series B preferred stock to exchange each of their preferred shares for seven shares of our common stock. Holders of the preferred stock were offered the opportunity to exchange their shares at a higher rate in order to limit the impact of the dividend arrearages and to eliminate the liquidation preferences for converted preferred shares. The dividends arrearages have the effect of preventing us from paying any dividends on common stock and allowed the holders of preferred stock to elect two directors to our board of directors. The arrearages may hinder our ability to raise capital or negotiate third-party mergers and acquisitions, and may adversely affect the market value of our common and preferred stock. In addition, we believed the prospect of not receiving future dividends might be untenable to our preferred holders and that they should have the opportunity to exchange their shares for a more actively traded security.

As a result of the completed exchange offer, 1,546,598 shares, or 67.2%, of the total number of preferred shares previously outstanding (2.3 million), were validly tendered and exchanged into 10,826,186 shares of common stock. Also as a result of the offering, the $8.0 million annual cumulative preferred dividends that have historically been included in income (loss) applicable to common shareholders will be reduced to approximately $2.6 million beginning in 2003. Additionally, $11.2 million of previously undeclared and unpaid preferred stock dividends were eliminated. During the third quarter, we incurred a non-cash dividend charge of approximately $17.6 million, which represents the difference between the value of the common stock issued in the exchange offer and the value of the shares that were issuable under the stated conversion terms of the preferred stock.

On August 2, 2002, we, through our wholly owned subsidiary, Hecla Ventures Corporation, entered into an earn-in agreement with Rodeo Creek Gold, Inc., a wholly owned subsidiary of Great Basin Gold Ltd. (Great Basin), concerning exploration, development and production on Great Basin's Hollister Development Block gold property, located on the Carlin Trend in Nevada. The agreement provides us with an option to earn a 50% working interest in the Hollister Development Block in return for funding a two-stage, advanced exploration and development program leading to commercial production. We estimate the cost to achieve our 50% interest in the Hollister Development Block to be approximately $21.8 million. Upon earn-in, we will operate the mine. For additional information relating to the Hollister Development Block, see Note 4 of Notes to our Consolidated Financial Statements, beginning on page F-9 of this prospectus.

In January 2003, we completed an underwritten public offering of 23.0 million newly issued shares of our common stock. The public offering also included 2.0 million shares held by the Hecla Mining Company Retirement Plan and the Lucky Friday Pension Plan (the benefit plans). We received net proceeds from the offering totaling approximately $91.2 million, which will be used to fund future exploration and development, working capital requirements, capital expenditures, possible future acquisitions and for other general corporate purposes. Our benefit plans realized net proceeds of approximately $8.0 million from the sale of the 2.0 million shares included in the public offering.

The registration statement of which this prospectus is a part covers 1,394,883 shares of our common stock held by the benefit plans and 2,000,000 shares of our common stock issuable upon exercise of warrants issued to Great

Basin Gold Ltd. (Great Basin) pursuant to an Earn-in Agreement discussed in Note 4 of Notes to our Consolidated Financial Statements, beginning on page F-9 of this prospectus.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make a wide variety of estimates and assumptions that affect (i) the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and (ii) the reported amounts of revenues and expenses during the reporting periods covered by the financial statements. Our management routinely makes judgments and estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the future resolution of the uncertainties increases, these judgments become even more subjective and complex. We have identified certain accounting policies that are most important to the portrayal of our current financial condition and results of operations. Our significant accounting policies are disclosed in Note 1 of Notes to our Consolidated Financial Statements, beginning on page F-9 of this prospectus.

REVENUE RECOGNITION

Sales of metals products sold directly to smelters are recorded when title and risk of loss transfer to the smelter at current spot metals prices. Due to the time elapsed from the transfer to the smelter and the final assay settlement with the smelter (generally three months), we must estimate the price at which our metals will be sold in reporting our profitability and cash flow. Recorded values are adjusted monthly until final settlement at month-end metals prices. If there was a significant variance in estimated metals prices or assays compared to the final actual metals prices and assays, our monthly results of operations could be affected. Sales of metal in products tolled, rather than sold to smelters, are recorded at contractual amounts when title and risk of loss transfer to the buyer.

Changes in the market price of metals significantly affect our revenues, profitability and cash flow. Metals prices can and often do fluctuate widely and are affected by numerous factors beyond our control, such as political and economic conditions, demand, forward selling by producers, expectations for inflation, central bank sales, the relative exchange rate of the U.S. dollar, purchases and lending, investor sentiment, and global mine production levels. The aggregate effect of these factors is impossible to predict. Because a significant portion of our revenues is derived from the sale of silver, gold, lead and zinc, our earnings are directly related to the prices of these metals. If the market price for these metals falls below our total production costs, we will experience losses on such sales.

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PROVEN AND PROBABLE ORE RESERVES

On a periodic basis, management reviews the reserves that reflect estimates of the quantities and grades of ore at our mines which management believes can be recovered and sold at prices in excess of the total cost associated with extraction and processing the ore. Management's calculations of Proven and Probable ore reserves are based on in-house engineering and geological estimates using current operating costs, metals prices and demand for our products. Periodically, management obtains external determinations of reserves.

Reserve estimates will change as existing reserves are depleted through production, as well as changes in estimates caused by changing production cost and/or metals prices. Changes in reserves may also reflect that grades of ore fed to process may be different from stated reserve grades because of variation in grades in areas mined, mining dilution and other factors. Reserves estimated for properties that have not yet commenced production may require revision based on actual production experience.

Declines in the market price of metals, as well as increased production or capital costs or reduced recovery rates, may render ore reserves uneconomic to exploit unless the utilization of forward sales contracts or other hedging techniques is sufficient to offset such effects. If our realized price for the metals we produce, including hedging benefits, were to decline substantially below the levels set for calculation of reserves for an extended period, there could be material delays in the development of new projects, net losses, reduced cash flow, restatements or reductions in reserves and asset write-downs in the applicable accounting periods. Reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. No assurance can be given that the estimate of the amount of metal or the indicated level of recovery of these metals will be realized.

DEPRECIATION AND DEPLETION

Depreciation is based on the estimated useful lives of the assets and is computed using straight-line and unit-of-production methods. Depletion is computed using the unit-of-production method. The unit-of-production method is based on Proven and Probable ore reserves. As discussed above, our estimates of Proven and Probable ore reserves may change, possibly in the near term, resulting in changes to depreciation, depletion, amortization and reclamation accrual rates in future reporting periods.

IMPAIRMENT OF LONG-LIVED ASSETS

Management reviews the net carrying value of all facilities, including idle facilities, on a periodic basis. We estimate the net realizable value of each property based on the estimated undiscounted future cash flows that will be generated from operations at each property, the estimated salvage value of the surface plant and equipment and the value associated with property interests. These estimates of undiscounted future cash flows are dependent upon the future metals price estimates over the estimated remaining mine life. If undiscounted cash flows are less than the carrying value of a property, an impairment loss is recognized based upon the estimated expected future cash flows from the property discounted at an interest rate commensurate with the risk involved.

Management's estimates of metals prices, recoverable Proven and Probable ore reserves, and operating, capital and reclamation costs are subject to risks and uncertainties of change affecting the recoverability of our investment in various projects. Although management believes it has made a reasonable estimate of these factors based on current conditions and information, it is reasonably possible that changes could occur in the near term which could adversely affect management's estimate of net cash flows expected to be generated from our operating properties and the need for asset impairment write-downs.

ENVIRONMENTAL MATTERS

When it is probable that such costs will be incurred and they are reasonably estimable, we accrue costs associated with environmental remediation obligations at the most likely estimate. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study for such facility and are charged to provision for closed operations and environmental matters. We periodically review our accrued liabilities for such remediation costs as evidence becomes available indicating that our remediation liability has potentially changed. Costs of future expenditures for environmental remediation are not discounted to their present value unless subject to a contractually obligated fixed payment schedule. Such costs

are based on management's current estimate of amounts that are expected to be incurred when the remediation work is performed within current laws and regulations. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable.

Future closure, reclamation and environment-related expenditures are difficult to estimate in many circumstances due to the early stages of investigation, uncertainties associated with defining the nature and extent of environmental contamination, the uncertainties relating to specific reclamation and remediation methods and costs, application and changing of environmental laws, regulations and interpretations by regulatory authorities and the possible participation of other potentially responsible parties. Reserves for closure costs, reclamation and environmental matters totaled $49.7 million at December 31, 2002. We anticipate that expenditures relating to these reserves will be made over the next five to ten years. It is reasonably possible that the ultimate cost of remediation could change in the future and that changes to these estimates could have a material effect on future operating results as new information becomes known.

RESULTS OF OPERATIONS

The following table displays the actual silver and gold production (in thousand ounces) by operation for the years ended December 31, 2002, 2001 and 2000, and projected silver and gold production for the year ending December 31, 2003:

	Projected 2003	2002	Actual 2001	2000
Silver ounce production:				
San Sebastian(1)	3,800	3,432	950	--
Greens Creek(2)	3,300	3,245	3,260	2,754
Lucky Friday	1,900	2,004	3,224	5,012
Other sources(3)	--	--	--	233
Total silver ounces	9,000	8,681	7,434	7,999
Gold ounce production:				
La Camorra	150	167	152	93
San Sebastian(1)	35	42	16	--
Greens Creek(2)	30	31	26	25

Other sources(3)	--	--	1	28
Total gold ounces	215	240	195	146

(1) Production commenced in May 2001 at the San Sebastian mine.

(2) Reflects our 29.73% portion.

(3) Includes production from the Rosebud mine, which completed operations in the third quarter of 2000, and other sources.

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Total cash and total productions costs, and average metals prices were as follows:

	2002	2001	2000
Average costs per ounce of silver produced:			
Total cash costs per ounce ($/oz.)(1,2)	2.25	3.57	4.02
Total production costs per ounce ($/oz.)(1,2)	3.68	5.09	5.49
Average costs per ounce of gold produced:			
Total cash costs per ounce ($/oz.)(3)	137	133	211
Total production costs per ounce ($/oz.)(3)	206	200	275
Average Metals Prices:			
Silver-Handy & Harman ($/oz.)	4.63	4.36	5.00
Gold-Realized ($/oz.)	303	280	284
Gold-London Final ($/oz.)	310	272	279
Lead-LME Cash ($/pound)	0.205	0.216	0.206
Zinc-LME Cash ($/pound)	0.353	0.402	0.512

(1) For the years ended December 31, 2002 and 2001, approximately $0.8 million and $0.4 million, respectively, of costs were classified as care-and-maintenance costs and included in the determination of the cost per ounce at Lucky Friday. Excluding the care-and-maintenance costs, the total cash and total production costs per ounce total $2.16 and $3.59, respectively, during 2002, and $3.52 and $5.04, respectively, during 2001. Cash costs per ounce of silver or gold represent non-U.S. GAAP measurements that management uses to monitor and evaluate the performance of its mining operations and are calculated pursuant to standards of the Gold Institute. We believe cash costs per ounce of silver or gold provide an indicator of profitability at each location and on a consolidated total, as well as a meaningful basis on which to compare other mining companies and other mining operating properties. A reconciliation of this non-GAAP measure to GAAP cost of sales and other direct production costs can be found immediately following this table.

(2) The lower costs per silver ounce during 2002, compared to 2001, are due in part to significant by-product credits from increased gold production in the silver segment calculated pursuant to standards of

the Gold Institute.

(3) Costs per ounce of gold are based on the gold produced by the gold segment only. Gold produced in the silver segment (San Sebastian and Greens Creek) is treated as a by-product credit in calculating silver costs per ounce. Cash costs per ounce of silver or gold represent non-U.S. GAAP measurements that management uses to monitor and evaluate the performance of its mining operations and are calculated pursuant to standards of the Gold Institute. We believe cash costs per ounce of silver or gold provide an indicator of profitability at each location and on a consolidated total, as well as a meaningful basis on which to compare other mining companies and other mining operating properties. A reconciliation of this non-GAAP measure to GAAP cost of sales and other direct production costs can be found immediately following this table.

The following table presents a reconciliation between non-GAAP total cash costs to GAAP cost of sales and other direct production costs for our gold segment for the years ended December 31, 2002, 2001 and 2000 (in thousands, except costs per ounce):

	2002	2001	2000
Total cash costs	$ 22,879	$ 20,216	$ 24,476
Divided by ounces produced	167	152	116
Total cash cost per ounce produced	137	133	211
Reconciliation to GAAP:			
Total cash costs	$ 22,879	$ 20,216	$ 24,476
Reclamation	388	354	310
Treatment & freight costs	(1,840)	(1,467)	(57)
By-product credits	--	--	280
Change in product inventory	(53)	289	(1,411)
Other costs	--	--	351
Cost of sales and other direct productions costs (GAAP)(1)	$ 21,374	$ 19,392	$ 23,949

(1) Cost of sales and other direct production costs is the most comparable financial measure calculated in accordance with GAAP to total cash costs. For each year, the sum of the cost of sales and other direct production costs for our gold and silver segments is presented in our Consolidated Statement of Operations and Comprehensive Loss beginning on page F-6 of this Prospectus.

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The following table presents a reconciliation between non-GAAP total cash costs to GAAP cost of sales and other direct production costs for our silver segment for the years ended December 31, 2002, 2001 and 2000 (in thousands, except costs per ounce):

	2002	2001	2000
Total cash costs	$ 19,573	$ 26,567	$ 31,219
Divided by ounces produced	8,681	7,434	7,766

Total cash cost per ounce produced	2.25	3.57	4.02
Reconciliation to GAAP:			
Total cash costs	$ 19,573	$ 26,567	$ 31,219
Reclamation	1,118	707	591
Treatment & freight costs	(17,853)	(19,069)	(27,040)
By-product credits	37,933	31,487	34,066
Change in product inventory	(2,734)	674	(139)
Other costs	38	295	442
Cost of sales and other direct productions costs (GAAP) (1)	$ 38,075	$ 40,661	$ 39,139

(1) Cost of sales and other direct production costs is the most comparable financial measure calculated in accordance with GAAP to total cash costs. For each year, the sum of the cost of sales and other direct production costs for our gold and silver segments is presented in our Consolidated Statement of Operations and Comprehensive Loss beginning on page F-6 of this Prospectus.

In 2000, we shipped approximately 1,078,000 tons of product from the Kentucky-Tennessee Clay Company, Kentucky-Tennessee Feldspar Corporation, Kentucky-Tennessee Clay de Mexico (collectively the K-T Group), which included ball clay, kaolin and feldspar, as well as approximately 61,000 tons of specialty aggregates from the Colorado Aggregate division (CAC) of MWCA, Inc., and 130,000 cubic yards of landscape material from the Mountain West Products division (MWP) of MWCA, Inc. In 2001, we shipped approximately 261,000 tons from the industrial minerals group, including 20,000 tons from CAC. In 2002, we shipped approximately 10,000 tons from CAC.

During 2000, in furtherance of our determination to focus operations on silver and gold mining and to raise cash to retire debt and provide working capital, our board of directors made the decision to sell the industrial minerals segment. The sale of our industrial minerals assets has allowed our management to focus on our precious metals operations and exploration for new precious metals properties and reserves as well as providing us with a portion of the working capital for these activities. During 2000, we sold substantially all of the assets of MWP and the landscape operations of CAC. In March 2001, we completed a sale of the K-T Group and certain other minor inactive industrial minerals companies. In March 2002, we completed a sale of the pet operations of CAC. In March 2003, we sold the remaining inventories of MWCA, Inc. and no longer produce or sell any product from our industrial minerals segment.

2002 COMPARED TO 2001

For the years ended December 31, 2002 and 2001, respectively, we recorded net income, before preferred stock dividends, of approximately $8.6 million ($0.11 per common share) and $2.3 million ($0.03 per common share). Our net income for 2002 includes a loss from discontinued operations of approximately $2.2 million ($0.03 per common share), compared to income from discontinued operations of approximately $11.9 million ($0.17 per common share) during 2001. The income from discontinued operations in 2001 is principally due to a gain of $12.7 recognized on the sale of the K-T Group.

For the years ended December 31, 2002 and 2001, respectively, we recorded losses applicable to common shareholders of approximately $14.6 million ($0.18 per common share) and $5.7 million ($0.08 per common share). Included in the losses applicable to common shareholders were preferred stock dividends of $23.3 million and $8.0 million in 2002 and 2001, respectively. The 2002 dividends include a non-cash dividend charge of approximately $17.6 million related to the completed preferred stock exchange offer.

SILVER OPERATIONS

For the year ended December 31, 2002, the silver segment reported income from operations of $4.1 million compared to a loss from operations of $8.6 million during 2001. Sales of products increased by $12.6 million and cost of sales and other direct production costs as a percentage of sales from products decreased to 67.4% during 2002 from 92.8% in 2001. The consolidated improvements in the silver segment primarily are a result of increased production from the lower cost San Sebastian mine, reduced production at the higher cost Lucky Friday mine, lower overall unit costs at the Greens Creek mine and higher average silver and gold prices, partly offset by lower average zinc and lead prices.

For the year ended December 31, 2002, the San Sebastian mine, located in the State of Durango, Mexico, reported sales of $23.5 million compared to $7.8 million for the year ended December 31, 2001, a result of the commencement of operations in May 2001 with full production reached during the second quarter of 2002. During 2002, San Sebastian produced approximately 3.4 million ounces of silver and 42,000 ounces of gold, respectively, at a low total cash cost of $1.09 per silver ounce. The low cost per silver ounce is due in part to significant by-product credits from gold production. For the years ended December 31, 2002 and 2001, gold by-product credits were approximately $3.76 per silver ounce and $4.61 per silver ounce, respectively.

The Greens Creek mine, a 29.73%-owned joint-venture arrangement with Kennecott Greens Creek Mining Company located on Admiralty Island, near Juneau, Alaska, reported sales of $23.3 million for the year ended December 31, 2002, as compared to $20.3 million during 2001, primarily due to increased mill throughput resulting in higher concentrate tons produced combined with better recoveries in the gravity circuit, leading to improved lead/silver/gold distributions. Our share of Greens Creek's silver production remained approximately the same at 3.2 million ounces, compared to 3.3 million ounces, for the years ended December 31, 2002 and 2001, while production of gold ounces and lead and zinc tons increased by approximately 17%, 11% and 14%, respectively. The total cash cost per silver ounce decreased from $2.41 during 2001 to $1.81 in 2002.

The Lucky Friday mine, located in northern Idaho and a producing mine for us since 1958, reported sales of approximately $9.6 million for the year ended December 31, 2002, as compared to $15.7 million during 2001. The reduction in sales at the Lucky Friday mine is primarily due to the decision in October 2001 to reduce production due to low silver and lead prices.

With minimal additional development, we estimate the Lucky Friday mine can sustain the lower production levels through 2004 and will continue to operate as long as the cost of operating is less than putting the property on care and maintenance. The total cash cost per silver ounce decreased from $5.27 in 2001 to $4.97 in 2002. For the years ended December 31, 2002 and 2001, approximately $0.8 million and $0.4 million, respectively, of costs were classified as care-and-maintenance costs and included in the determination of the costs per ounce at Lucky Friday. Excluding the care-and-maintenance costs, the total cash cost per ounce was $4.57 for 2002 and $5.14 for 2001. For the year ending December 31, 2002, production totaled approximately 2.0 million silver ounces and 10,000 tons of lead, as compared with total production for the year ended December 31, 2001, of 3.2 million silver ounces and 21,000 tons of lead, respectively.

GOLD OPERATIONS

We currently operate the La Camorra mine, located in the eastern Venezuelan State of Bolivar, approximately 120 miles southeast of Puerto Ordaz. At the present time, La Camorra is our sole gold operating unit.

Sales of product increased by $7.8 million and cost of sales and other direct production costs as a percentage of sales from products decreased to 43.4% during the year 2002 from 46.8% in 2001. The improvement to sales, as well as to cost of sales and other direct production costs as a percentage of sales, during 2002 is primarily due to increased mine equipment availability and improvements to the crushing, milling and adsorption capacities, allowing for increases in tons milled and gold ounces produced. Also contributing to the improvements were increases in the average realized price of gold, which increased 8% during 2002 when compared to 2001.

CORPORATE MATTERS

For the year ended December 31, 2002, we reported a net income tax benefit of approximately $2.9 million primarily due to the reversal of a valuation allowance in Mexico for existing net operating loss carryforwards of $3.0 million. The reversal of the valuation allowance was principally due to the performance of the San Sebastian mine and the existence of evidence the mine will be able to utilize existing net operating loss carryforwards in 2003 and 2004. During 2001, no income tax benefit or provision was recognized. For further information, see Note 6 of Notes to our Consolidated Financial Statements, beginning on page F-9 of this prospectus.

Provision for closed operations and environmental matters decreased $0.4 million (or 31%) during 2002, compared with 2001, primarily due to decreased expenditures relating to the Coeur d'Alene Basin litigation ($0.8 million), partly offset by a provision for future reclamation and other closure costs at various closed properties recognized during the third quarter of 2002 ($0.3 million).

Exploration expense increased $3.7 million (170%) during 2002, compared to 2001, primarily due to increased exploration expenditures in Venezuela at the La Camorra mine and Block B concessions ($1.9 million); in Mexico at or near the San Sebastian mine ($1.1 million); at the Hollister Development Block in Nevada ($0.7 million); and at the Greens Creek mine in Alaska ($0.4 million). The increases in exploration are partially offset by lower miscellaneous project evaluation expenditures during 2002 ($0.2 million).

Interest expense decreased $2.1 million (or 53%) in 2002, compared with 2001, primarily the result of repayment of a $55.0 million term loan facility in March 2001.

Miscellaneous expense decreased $1.1 million (or 37%) during 2002, compared with 2001, primarily due to a foreign exchange gain ($0.9 million) in 2002, due to the devaluation of the Venezuelan bolivar and a positive foreign exchange variance in Mexico, as well as a pension curtailment adjustment in 2001 related to the Lucky Friday Pension Plan associated with the cutback in operations at the mine ($0.9 million). These positive factors are partially offset by accruals for tax offset bonuses on employee stock option plans ($0.7 million) and legal, consulting and accounting expenses regarding our preferred stock tender offer ($0.2 million) and various other corporate matters.

Interest and other income decreased $1.6 million (or 47%) during 2002, compared with 2001, primarily due to decreased pension income ($1.9 million), offset by a positive mark to market adjustment on our outstanding gold lease rate swap ($0.3 million).

2001 COMPARED TO 2000

We recorded a loss from continuing operations, before preferred stock dividends, of approximately $9.6 million, or $0.14 per common share, in 2001 compared to a loss from continuing operations, before an extraordinary charge and preferred stock dividends, of approximately $84.8 million, or $1.27 per common share, in 2000. After recognizing $11.9 million in income from discontinued operations and $8.1 million (which has not been declared or paid) in dividends to holders of our Series B preferred stock, our loss applicable to common shareholders for 2001 was approximately $5.7 million, or $0.08 per common share, compared to a loss of $92.0 million, or $1.38 per common share, in 2000 after recognition of $1.5 million in income from discontinued operations, a $0.6 million extraordinary charge for the write-off of debt issuance costs related to extinguished debt, and $8.1 million (only $4.0 million of which was declared or paid) in dividends to holders of our Series B preferred stock. Although we did not declare the dividends for the year 2001 and the third and fourth quarters of 2000, because these dividends are cumulative, the effects of the undeclared dividends are reflected in the loss applicable to common shareholders.

During 2000, adjustments to the carrying value of mining properties totaled $40.2 million, including an adjustment of $31.2 million to reduce the carrying value of the Lucky Friday mine property, plant and equipment. Additionally during 2000, we recorded adjustments of $4.4 million for properties, plants and equipment and supply inventory at the Rosebud mine and $4.7 million for previously capitalized development costs at the Noche Buena gold property. During 2001, there were no adjustments to the carrying value of mining properties.

Our provision for closed operations and environmental matters decreased $18.7 million from $20.0 million in 2000 to $1.3 million in 2001. The reduction resulted principally from a decrease at the Grouse Creek mine and the

Bunker Hill Superfund site of $17.8 million, primarily due to 2000 environmental and reclamation accruals for future environmental and reclamation expenditures.

SILVER OPERATIONS

Sales of products decreased approximately $0.5 million from $44.3 million in 2000 to $43.8 million in 2001, primarily due to lower zinc and silver prices, lower production at the Lucky Friday mine ($7.4 million) and decreased hedging activities ($0.9 million) in the 2001 period. These factors were partly offset by increased sales at the San Sebastian mine, due to the commencement of operations in May 2001 ($7.8 million).

Cost of sales and other direct production costs increased approximately

$2.0 million, or 5.1%, from $38.7 million in 2000 to $40.7 million in 2001, primarily due to decreased cost of sales at the Lucky Friday mine ($5.3 million) resulting from decreased production of silver and lead, offset by increased cost of sales at the San Sebastian mine ($6.2 million) and increased cost of sales at the Greens Creek mine ($1.1 million) due to increased production. Cost of sales and other direct production costs as a percentage of sales increased from 87.4% in 2000 to 92.8% in 2001 primarily due to lower hedging revenues and lower profit margins due to lower silver and zinc prices.

Depreciation, depletion and amortization decreased $0.2 million from $10.8 million in 2000 to $10.6 million in 2001, principally due to decreased depreciation at the Lucky Friday mine ($1.6 million), due to the write-down of assets in December 2000, offset by increased depreciation at the San Sebastian mine ($1.0 million), due to the commencement of operations in May 2001.

Cash operating, total cash and total production cost per silver ounce decreased from $4.02, $4.02 and $5.49 in 2000 to $3.55, $3.57 and $5.09 in 2001, respectively. The decreases in the cost per silver ounce were due primarily to the addition of the low-cost San Sebastian mine, which commenced operations in May 2001, and the positive impact of Greens Creek's increased silver production during 2001, resulting from a higher silver grade and increased tons mined. The full cost per ounce was also positively impacted by decreased per ounce depreciation at the Lucky Friday mine due to the write-down of the majority of property, plant and equipment in the fourth quarter of 2000. During the fourth quarter of 2001, approximately $0.4 million of costs were classified as care-and- maintenance costs and included in the determination of the cost per ounce at Lucky Friday. Excluding the $0.4 million in costs, the cash operating, total cash and total production costs per ounce total $3.49, $3.52 and $5.04, respectively, for 2001.

GOLD OPERATIONS

Sales of products increased by approximately $9.9 million, or 31.3%, from $31.6 million in 2000 to $41.5 million in 2001, primarily a result of increased production at the La Camorra mine ($16.6 million), partly offset by the completion of mining activity at the Rosebud mine ($6.6 million) in the third quarter of 2000.

Cost of sales and other direct production costs decreased approximately $5.0 million, or 20.5%, from $24.4 million in 2000 to $19.4 million in 2001, primarily due to decreased cost of sales at the Rosebud mine ($7.5 million), due to the completion of mining activity in the third quarter of 2000, offset by increased cost of sales from the La Camorra mine ($3.0 million) due to increased production.

Cost of sales and other direct production costs as a percentage of sales decreased from 77.3% in 2000 to 46.8% in 2001. The change was due to increased production, increased gold ore grade and better efficiencies at the La Camorra mine and decreased production and sales at the Rosebud mine due to the completion of mining activity in 2000.

Depreciation, depletion and amortization increased $2.6 million, or 36%, from $7.3 million in 2000 to $9.9 million in 2001, principally due to increased depreciation from the La Camorra mine due to increased production ($4.7 million), offset by decreased depreciation at the Rosebud mine ($2.0 million), due to the completion of mining activity in the third quarter of 2000.

Cash operating, total cash and total production costs per gold ounce decreased from $208, $211 and $275 in 2000 to $133, $133 and $200 in 2001, respectively. The decreases in costs per gold ounce were primarily attributable to increased gold production at the La Camorra mine, as well as the completion of mining activity in the third quarter of 2000 at the Rosebud mine.

DISCONTINUED OPERATIONS

We recorded income from discontinued operations of approximately $11.9 million, or $0.17 per common share, in 2001 compared to income of approximately $1.5 million, or $0.02 per common share, in 2000. On March 27, 2001, we completed a sale of the K-T Group for $62.5 million, subject to customary post-closing adjustments, and recorded a gain of $12.7 million on the sale in 2001. Other factors contributing to the change include:

- decreased sales of approximately $53.4 million, a direct result of the sale of the K-T Group ($47.8 million), as well as decreased shipments at the MWCA, Inc., group ($5.6 million) due to the sale of MWP in March 2000 and the landscape operation of CAC in June 2000;

- decreased cost of sales of $47.0 million, directly due to the lower sales at the K-T Group and the partial sale of MWCA, Inc., during 2000;

- decreased depreciation, depletion and amortization of $2.9 million, due to the sale of the K-T Group and the partial sale of MWCA, Inc., in 2000;

- a loss of $1.0 million on the sale of MWP in 2000; and

- legal fees during 2001 associated with litigation concerning the failed sale for the K-T Group in January 2001 ($0.8 million).

CORPORATE MATTERS

Exploration expense decreased $4.2 million, or 66%, from $6.3 million in 2000 to $2.1 million in 2001. This decrease is principally due to reduced exploration activity in Mexico ($1.4 million); decreased expenditures at the Rosebud mine ($1.3 million), due to completion of operations in the third quarter of 2000; and decreased expenditures at La Camorra and other South American countries ($0.8 million).

Interest expense decreased $4.2 million in 2001 as compared to 2000, primarily the result of the repayment of the $55.0 million term loan facility in March 2001 and decreased loan fees during 2001 as compared to the 2000 period.

Interest and other income decreased $1.1 million from $4.6 million in 2000 to $3.5 million in 2001, principally a result of the gains recognized during 2000 on the sale of assets and lower interest income in 2001.

Miscellaneous expense increased $1.1 million from $1.8 million in 2000 to $3.0 million in 2001, primarily due to a pension curtailment adjustment related to the Lucky Friday Pension Plan associated with the cutback in operations at the mine.

An extraordinary charge of $0.6 million was recorded in 2000 to write off previously unamortized debt issuance costs associated with the extinguishment of debt.

FINANCIAL CONDITION AND LIQUIDITY

Our financial condition improved during 2002, with a current ratio of 1.39 to 1 at December 31, 2002, compared to 0.99 to 1 at December 31, 2001. At December 31, 2002, we held cash and cash equivalents of $19.5 million, an increase of approximately $12.0 million from December 31, 2001. Additionally, in January 2003 we announced the completion of an underwritten public offering for 23.0 million shares of our common stock, which resulted in net proceeds of approximately $91.2 million.

We believe cash requirements over the next twelve months will be funded through a combination of current cash, proceeds from the public offering completed in January 2003, future cash flows from operations, and/or future debt or equity security issuances. Although we believe existing cash and cash equivalents are adequate, we cannot

project the cash impact of possible future investment opportunities or acquisitions, and our operating properties may require more cash than forecasted.

CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES AND COMMITMENTS

The table below presents our contractual obligations and commitments primarily with regards to payment of debt, certain capital expenditures and lease arrangements (in thousands):

	Payments Due By Period					
	2003	2004	2005	2006	2007	Total
Long-term debt	$ 7,296	$ 2,332	$ 1,366	$ 959	$ --	$11,953
Capital expenditure commitments (1)	2,250	--	--	--	--	2,250
Operating lease commitments	608	534	506	482	117	2,247
Total contractual cash obligations	$10,154	$ 2,866	$ 1,872	$ 1,441	$ 117	$16,450

(1) For further information, see Note 4 of Notes to our Consolidated Financial Statements, beginning on page F-9 of this prospectus.

We maintain reserves for costs associated with mine closure, reclamation of land and other environmental matters. At December 31, 2002, our reserves for these matters totaled $49.7 million, for which no contractual or commitment obligations exist. Future expenditures related to closure, reclamation and environmental expenditures are difficult to estimate, although we anticipate we will make expenditures relating to these reserves over the next five to ten years. During 2003, expenditures for environmental remediation and reclamation are estimated to be in the range of $6.0 million and $8.0 million.

OPERATING ACTIVITIES

Operating activities provided approximately $20.2 million in cash during 2002, primarily from cash provided by La Camorra, San Sebastian and Greens Creek. Significant uses of cash included cash required for reclamation activities and other noncurrent liabilities ($4.8 million), increases in inventories ($3.9 million), increases in accounts and notes receivable ($3.5 million), offset by positive changes in accounts payable, payroll and other accrued expenses ($2.3 million). Principal noncash elements included charges for depreciation, depletion and amortization of $22.7 million, an increase in the provision for reclamation and closure costs ($1.9 million), offset by a change in deferred income taxes ($3.3 million).

INVESTING ACTIVITIES

Investing activities required $4.2 million in cash during 2002. The major use of cash was additions to properties, plants and equipment ($11.2 million), primarily at the La Camorra ($5.8 million), Greens Creek ($2.9 million) and San Sebastian ($1.8 million) mines, as well as the initial payment in September for the Block B exploration and mining lease in Venezuela ($0.5 million). In 2003, we estimate our capital expenditures will be in the range of $15.0 to $25.0 million. The lower end of the range of capital expenditures in 2003 represents sustaining capital at our existing operations and equipment acquisitions at the Hollister Development Block in Nevada. The upper end of the estimate includes other possible capital projects, including commencement of a project to construct a shaft at the La Camorra mine in Venezuela and other possible development activities. There can be no assurance that our estimated capital expenditures for 2003 will be in the range we have projected.

The cash used for additions to properties, plants and equipment was partially offset by proceeds received on the sale of the corporate headquarters building, located in Coeur d'Alene, Idaho, which was completed on April 8, 2002 ($5.6 million), as well as the sale of the pet operations of CAC ($1.6 million) during the first quarter of 2002.

FINANCING ACTIVITIES

During 2002, financing activities used approximately $4.0 million in cash, primarily for the repayment of debt ($10.4 million). The repayment of debt was partly offset by borrowings of $3.3 million and proceeds of $2.9 million for common stock issued for outstanding warrants and employee stock options exercised.

As of December 31, 2002, we had outstanding debt of $12.0 million, including $7.3 million due over the next twelve months. The outstanding debt included project financing facilities for the La Camorra mine in Venezuela ($3.5 million) and the Velardena mill at the San Sebastian mine in Mexico ($5.5 million), as well as a $3.0 million subordinated loan.

OTHER

Venezuela, the site of our La Camorra mine, recently experienced political unrest in the form of street marches and demands that the current president hold a referendum to determ