HECLA MINING CO/DE/
Form PRE 14A
May 03, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

OMB APPROVAL
OMB Number: 3235-00595

Expires: February 28, 2006
Estimated average burden hours per response......... 12.75

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant **x**
Filed by a Party other than the Registrant **o**

Check the appropriate box:

x Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to Rule §240.14a-12

Hecla Mining Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

SEC 1913 (03-04)
Persons who are to respond to the Collection of information contained in this form are not required to respond unless the form displays a currently valid OMB cotrol number.

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

SUPPLEMENT TO PROXY SOLICITATION MATERIAL
DATED MARCH 29, 2005 Page 1

HECLA LOGO

May [__], 2005

Dear Preferred Shareholder:

Hecla has adjourned the portion of the Annual Meeting of Shareholders relating to the election of two directors by holders of its Series B Convertible Preferred Stock (Preferred Stock) until June 1, 2005. The adjourned portion of the Annual Meeting is scheduled to be held at our offices, 6500 N. Mineral Drive, Suite 200, Coeur d Alene, Idaho at 9 a.m. Pacific Daylight Time on June 1, 2005. You are cordially invited to attend.

This adjournment has allowed Hecla to prepare supplemental proxy solicitation materials and file them with the Securities and Exchange Commission, which it did as it became informed that there was a solicitation in opposition to the Board of Directors recommendation that Mr. David J. Christensen and Dr. Anthony P. Taylor be elected by holders of Preferred Stock to serve as directors of Hecla until the annual meeting in 2008 or such earlier date as provided in the Certificate of Designation of Preferred Stock.

The portion of the Annual Meeting relating to matters acted on by holders of Hecla s Common Stock was not adjourned, and I was elected as a director for a three-year term and the amendment to our Stock Plan for Nonemployee Directors was approved.

It is important that your shares of Preferred Stock be represented at the adjourned meeting whether or not you are personally able to attend. If you are the registered holder of record of your shares of Preferred Stock, please complete the enclosed proxy card, and mail it in the enclosed postage-paid envelope as promptly as possible. If your shares are held in street name through a bank, broker or other nominee, you will receive instructions on how to vote over the Internet or by telephone or by mail.

Any proxies or votes previously solicited from holders of Preferred Stock by Hecla s Board of Directors will not be voted. You must vote again by one of the above methods if you wish to have your shares voted in response to the solicitation by Hecla s Board of Directors.

If you have any questions or need additional information, please call Georgeson Shareholder Communications Inc. (toll free) at 800-491-3017.

Sincerely,

Phillips S. Baker, Jr.
President and Chief Executive Officer

673115/D/5

1

SUPPLEMENT TO PROXY SOLICITATION MATERIAL
DATED MARCH 29, 2005 Page 2

HECLA MINING COMPANY
6500 N. Mineral Drive, Suite 200
Coeur d Alene, Idaho 83815-9408

NOTICE OF ADJOURNED PORTION OF
ANNUAL MEETING OF SHAREHOLDERS
to be held on

June 1, 2005

To the Holders of Series B Convertible Preferred Stock of
HECLA MINING COMPANY

NOTICE IS HEREBY GIVEN that the adjourned portion of the Annual Meeting of Shareholders (the Adjourned Annual Meeting) of Hecla Mining Company (the Corporation) will be held at the offices of the Corporation, 6500 Mineral Drive, Suite 200, Coeur d Alene, Idaho at 9 a.m. Pacific Daylight Time, on June 1, 2005 for the following purposes:

(1) To elect two members to the Board of Directors of the Corporation to serve for three-year terms or such earlier date as provided in the Certificate of Designation of Preferred Stock.

(2) To transact such other business as may properly come before the Adjourned Annual Meeting or any postponements or adjournments thereof.

The close of business on March 10, 2005, has been fixed as the record date for the determination of holders of Preferred Stock entitled to notice of, and to vote at, the Adjourned Annual Meeting and at any postponements or adjournments thereof.

By Order of the Board of Directors

Michael B. White
Corporate Secretary

673115/D/5

2

SUPPLEMENT TO PROXY SOLICITATION MATERIAL
DATED MARCH 29, 2005 Page 3

HECLA MINING COMPANY
6500 N. Mineral Drive, Suite 200
Coeur d Alene, Idaho 83815-9408

SUPPLEMENT TO PROXY STATEMENT
relating to
ADJOURNED ANNUAL MEETING OF SHAREHOLDERS
to be held on June 1, 2005

INTRODUCTION

This Supplement to Proxy Statement is being furnished by the Board of Directors (the Board) of Hecla Mining Company, a Delaware corporation (the Corporation), to holders of shares of Series B Cumulative Convertible Preferred Stock (the Preferred Stock) in connection with the solicitation by the Board of proxies to be voted at the adjourned portion of the Annual Meeting of Shareholders of the Corporation to be held on Wednesday, June 1, 2005, and any postponements or adjournments thereof (the Adjourned Annual Meeting), for the purposes set forth in the preceding Notice of Adjourned Portion of Annual Meeting of Shareholders.

The supplemental proxy solicitation materials of which this Supplement to Proxy Statement is a part are being mailed on or about May [__], 2005, to all holders of Preferred Stock entitled to vote at the Adjourned Annual Meeting.

The matters submitted to a vote of holders of the Corporation s Common Stock at that portion of the Annual Meeting not adjourned on May 6, 2005 were approved as recommended by the Board of Directors.

This Supplement to Proxy Statement is affixed to the Corporation s Proxy Statement dated March 29, 2005 (the Proxy Statement) and supplements or amends the Proxy Statement. References in the Proxy Statement to the Annual Meeting of Shareholders should be read as referring to the Adjourned Annual Meeting, and holders of Preferred Stock may ignore those matters referring to action by holders of the Corporation s Common Stock.

VOTING AT ADJOURNED ANNUAL MEETING

The information under the caption **VOTING AT ANNUAL MEETING** beginning on page 1 of the attached Proxy Statement remains the same for holders of Preferred Stock at the Adjourned Annual Meeting, with the following exceptions:

Any proxies or votes previously solicited from holders of Preferred Stock by Hecla s Board of Directors will not be voted. You must vote again by one of the methods described on page 1 if you wish to have your shares voted in response to this solicitation by Hecla s Board of Directors.

673115/D/5

If you hold your shares in street name through a broker or other nominee, the New York Stock Exchange has ruled that, because there is a solicitation in opposition to the Board s solicitation, your broker is unable to vote your shares of Preferred Stock on the election of directors without your instruction.

Also, referring to the side caption Expenses of Solicitation on page 2 of the Proxy Statement, the Corporation estimates the total expenditures it will make in its solicitation of holders of Preferred Stock at approximately $50,000, and expects that up to 20 employees of Georgeson Shareholder Communications Inc. may personally solicit votes.

ELECTION OF DIRECTORS BY PREFERRED SHAREHOLDERS

The information under the above caption on pages 6 and 7 of the Proxy Statement is supplemented in this Supplemental Proxy Statement by adding the following:

Solicitation in Opposition

David and Thomas Miller filed preliminary proxy solicitation materials with the Securities and Exchange Commission on April 29, 2005, in opposition to the Board of Directors recommendation that Mr. David J. Christensen and Dr. Anthony P. Taylor be elected as directors by holders of Preferred Stock. The Board of Directors, including the members of the Corporate Governance and Directors Nominating Committee of the Board, has reviewed those materials, and the Board continues to believe that Messrs. Christensen and Taylor are the most qualified of the nominees to fill the two board positions. Messrs. Christensen and Taylor have over 50 years of combined experience with the mining industry and significant knowledge of the Corporation and its operations, which the Board believes is important in not only representing the preferred shareholders of the Corporation, but all shareholders of the Corporation. The Millers have no indicated experience as directors of a public company and no indicated experience or knowledge of the mining industry.

The Millers have emphasized in their preliminary proxy materials their independence. As discussed on pages 9 through 11 of the attached Proxy Statement, Hecla s Board has determined that Mr. Christensen and Dr. Taylor are independent under the criteria for independence required by the New York Stock Exchange. Mr. Christensen was selected by the other independent members of the Board to preside over meetings of the independent directors.

Board Recommendation

**YOUR BOARD OF DIRECTORS RECOMMENDS
THAT YOU VOTE FOR THE ELECTION**

**OF DAVID CHRISTENSEN AND
ANTHONY TAYLOR**

673115/D/5

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This portion of the Proxy Statement, beginning on page 20, is supplemented by the following:

In proxy solicitation materials filed with the Securities and Exchange Commission, the Millers indicated that David S. Miller owns directly 7,000 shares of Preferred Stock and 22,508 shares of Common Stock. It is also stated that David Miller s wife owns 325 shares of Preferred Stock and his daughter 80 shares (presumably, of Preferred Stock). Mr. Thomas G. Miller is reported in those materials to directly own 2,200 shares of Preferred Stock and 7,074 shares of Common Stock. Mr. Charles E. Miller, identified as a brother of Thomas and David, is reported to hold 3,185 shares of Preferred Stock. This information differs from that supplied the Corporation by David and Charles Miller, which is reflected, as of March 10, 2005, in the Beneficial Ownership Table (the second table) beginning on page 20 of the Proxy Statement.

As it appears to the Corporation that David and Thomas Miller are acting together as a group for the purpose of voting shares of Preferred Stock, their combined holdings of 9,200 shares of Preferred Stock would constitute beneficial ownership of 5.8% of the 157,816 shares of Preferred Stock outstanding on the Record Date. If accurate, this information should be considered added to the first table on page 20 of the Proxy Statement. The reported holdings of Preferred Stock of all of the Millers, 12,790 shares, is 8.1% of the Preferred Stock outstanding on the Record Date. The Corporation believes that the Millers should have filed a Schedule 13D with the Securities and Exchange Commission reporting such ownership of more than 5% of a class of equity securities registered under the Securities and Exchange Act of 1934, within 10 calendar days of the group s beneficial ownership of shares exceeding 5% of the outstanding shares of Preferred Stock, but as of May [__], 2005 the Corporation was not aware, from its review of publicly-available filings, that any such filing has been made.

OTHER MATTERS

The Corporation is not aware of any other matters which may be properly brought before the Adjourned Annual Meeting, and does not expect that any other business will be so brought before the meeting by any holder of Preferred Stock as timely notice thereof has not been given to the Corporation as described in the Proxy Statement beginning on page 30 under Provisions of the Corporation s By-Laws with Respect to Shareholder Proposals and Nominations for Election as Directors. However, if any other business does properly come before the Adjourned Annual Meeting, or any further adjournment or adjournments thereof, the persons named in the accompanying proxy card will exercise their discretion in voting thereon.

By Order of the Board of Directors

Michael B. White
Corporate Secretary

May [__], 2005

673115/D/5

5

March 29, 2005

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Hecla Mining Company, which will be held at the Elk s Temple BPOE No. 331 located at 419 Cedar, Wallace, Idaho, on Friday, May 6, 2005, at 9 a.m., Pacific Daylight Time. Driving directions to the Elk s Temple can be found on the inside of the back cover of this document.

In addition to the election of one director, common shareholders will be asked to consider and approve an amendment to the Corporation s existing Stock Plan for Nonemployee Directors. The preferred shareholders will be asked to elect two directors. In addition, reports of the Corporation s operations and other matters of interest will be made at the meeting. For information with respect to these matters, please refer to the Notice of Meeting and Proxy Statement.

It is important that your shares be represented at the meeting whether or not you are personally able to attend. You may vote over the Internet, by telephone or by mail. If voting by mail, please complete the enclosed appropriate proxy card for either common shareholders or preferred shareholders, and mail it in the enclosed postage-paid envelope as promptly as possible. Voting over the Internet, by telephone or by written proxy will ensure your representation at the Annual Meeting of Shareholders if you do not attend in person. Please review the instructions on the proxy card regarding each of these voting options.

Sincerely,

Phillips S. Baker, Jr.
President and Chief Executive Officer

You may elect to receive future notices of meetings, proxy materials and annual reports electronically via the Internet. If you have previously consented to electronic delivery, your consent will remain in effect until withdrawn. If you have not yet enrolled in Hecla s Internet delivery program, we strongly encourage you to do so as it is a cost-effective way for Hecla to send your proxy statement and annual report materials. Participation instructions are set forth in the enclosed flyer. When next year s proxy statement and annual report materials are available, you will be sent an e-mail telling you how to access them electronically.

HECLA MINING COMPANY
6500 N. Mineral Drive, Suite 200
Coeur d Alene, Idaho 83815-9408

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
to be held on
May 6, 2005

To the Shareholders of
HECLA MINING COMPANY

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Hecla Mining Company (the Corporation) will be held at the Elk s Temple BPOE No. 331 located at 419 Cedar in Wallace, Idaho, on Friday, May 6, 2005, at 9 a.m., Pacific Daylight Time, for the following purposes:

For Common Shareholders:

(1) To elect one member of the Board of Directors of the Corporation to serve for a three-year term or until his respective successor is elected and has qualified;

(2) To consider and vote upon a proposed amendment to the Corporation s Stock Plan for Nonemployee Directors to change the number of shares of common stock to be delivered to each nonemployee director annually by dividing $24,000 by the average closing price for the Corporation s common stock on the New York Stock Exchange for the prior calendar year; and

(3) To transact such other business as may properly come before the Annual Meeting of Shareholders or any postponements or adjournments thereof.

For Preferred Shareholders:

(1) To elect two members to the Board of Directors of the Corporation to serve for three-year terms or such earlier date as described in the Proxy Statement.

The close of business on March 10, 2005, has been fixed as the record date for the determination of the common and preferred shareholders entitled to notice of, and to vote at, the Annual Meeting of Shareholders and at any postponements or adjournments thereof.

By Order of the Board of Directors

Michael B. White
Corporate Secretary

March 29, 2005

HECLA MINING COMPANY
6500 N. Mineral Drive, Suite 200
Coeur d Alene, Idaho 83815-9408
208-769-4100

PROXY STATEMENT
Relating to
ANNUAL MEETING OF SHAREHOLDERS
to be held on May 6, 2005

INTRODUCTION

This Proxy Statement is being furnished by the Board of Directors (the Board) of Hecla Mining Company, a Delaware corporation (the Corporation), to holders of shares of the Corporation s common stock, par value $0.25 per share (the Common Stock), and to holders of shares of Series B Cumulative Convertible Preferred Stock (the Preferred Stock) in connection with the solicitation by the Board of proxies to be voted at the Annual Meeting of Shareholders of the Corporation to be held on Friday, May 6, 2005, and any postponements or adjournments thereof (the Annual Meeting), for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders.

These proxy solicitation materials, together with the Corporation s 2004 Annual Report to Shareholders, were mailed on or about March 29, 2005, to all common and preferred shareholders entitled to vote at the Annual Meeting.

VOTING AT ANNUAL MEETING

Record Date

The Corporation s Board has fixed the close of business on March 10, 2005, as the record date (the Record Date) for determination of the shareholders entitled to notice of, and to vote at, the Annual Meeting. You will be entitled to vote your shares of the Corporation s Common Stock and Preferred Stock at the Annual Meeting if you were a shareholder of record on the Record Date. As of the Record Date, there were 118,393,842 shares of Common Stock (which number does not include shares held by us as treasury shares) issued and outstanding entitled to vote, and 157,816 shares of Preferred Stock issued and outstanding entitled to vote.

How to Vote Your Shares

You can vote your shares either by attending the Annual Meeting and voting in person, by Internet, by telephone or by returning the enclosed proxy card. If you choose to vote by proxy, please complete, date, sign and return the enclosed appropriate proxy card for either common shareholders or preferred shareholders. The proxies named in the enclosed proxy card (Arthur Brown and Michael B. White) will vote your shares as you have instructed. You may authorize the proxies to vote your shares in favor of each of the proposals contained in this Proxy Statement by simply signing and returning the enclosed appropriate proxy card without indicating how your votes should be cast. If you vote by Internet or by telephone, please follow the directions on the proxy card regarding each of these voting options.

Quorum; Abstentions; Broker Non-votes

A majority of the outstanding shares of Common Stock will constitute a quorum for the transaction of business by common shareholders. A majority of the outstanding shares of Preferred Stock will constitute a quorum for the transaction of business by preferred shareholders. The shareholders of record on the Record

Date of the shares of Common Stock and Preferred Stock entitled to vote at the Annual Meeting are entitled to cast one vote per share on each matter submitted to a vote of that class of shares at the Annual Meeting. Directors are elected by a majority of the votes cast by the holders of the Common Stock or Preferred Stock, as the case may be, at a meeting at which a quorum is present. Consequently, any shares not voted (whether by abstentions, broker non-votes or otherwise) have the same impact as a vote to withhold authority in the election of directors.

For each other item, the affirmative vote of the holders of a majority of the shares represented in person or by proxy and entitled to vote on the item will be required for approval. A properly executed proxy marked Abstain with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have the same effect as a vote against that matter.

If you hold your shares in street name through a broker or other nominee, under New York Stock Exchange rules, your broker may vote your shares, even without your action, for uncontested elections of directors, but may not vote your shares on the proposal relating to the Stock Plan for Nonemployee Directors without action by you. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on that matter and will not be counted in determining the number of shares necessary for approval. Shares represented by such broker non-votes will, however, be counted in determining whether there is a quorum. The number of nominees for Directors to be elected by holders of Preferred Stock exceeds the number of such directorships. If there is a solicitation in opposition to this proxy solicitation, your broker may be unable to vote your shares of Preferred Stock on the election of directors by holders of Preferred Stock without your instruction.

Discretionary Voting by Proxies on Other Matters

Aside from the election of one director and the amendment to the Stock Plan for Nonemployee Directors by common shareholders, and the election of two directors by preferred shareholders, we do not know of any other proposal that may be presented at the Annual Meeting. However, if another matter is properly presented at the Annual Meeting, the persons named in the accompanying proxy card will exercise their discretion in voting on the matter.

Voting Results

Votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Expenses of Solicitation

The Corporation will bear all the costs and expenses relating to the solicitation of proxies, including the costs of preparing, printing and mailing this Proxy Statement and accompanying material to common and preferred shareholders. In addition to the solicitation of proxies by use of the mail, the directors, officers and employees of the Corporation, without additional compensation, may solicit proxies personally or by telephone or otherwise. Arrangements will be made with brokerage firms and other custodians, nominees and fiduciaries for forwarding solicitation materials to the beneficial owners of the shares of Common Stock and Preferred Stock held by such persons, and the Corporation will reimburse such brokerage firms, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection with such activities.

In addition, the Corporation has retained Georgeson Shareholder Communications Inc. to assist in the solicitation of votes for directors elected by preferred shareholders and the solicitation of votes for the amendment to the Stock Plan for Nonemployee Directors by common shareholders for a fee of $7,500, plus expenses.

Shareholders Sharing the Same Surname and Address

In some cases, shareholders holding their shares in a brokerage or bank account who share the same surname and address and have not given contrary instructions, receive only one copy of our annual report and Proxy Statement. This practice is designed to reduce duplicate mailings and save significant printing and postage costs as well as natural resources. If you would like to have additional copies of our annual report and/or Proxy Statement mailed to you, please call or write us at our corporate offices, 6500 N. Mineral Drive, Suite 200, Coeur d Alene, Idaho 83815-9408, Attn: Investor Relations, telephone number: (208) 769-4100. If you want to receive separate copies of the Proxy Statement or annual report to shareholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker or other nominee record holder.

Common Shareholder Proxies

Shares of Common Stock which are entitled to be voted at the Annual Meeting and which are represented by properly executed proxies will be voted in accordance with the instructions indicated in such proxies. If no instructions are indicated on any proxy, the shares represented by such proxy will be voted: (1) FOR the election of one nominee for election as director; (2) FOR the approval of the amendment to the Stock Plan for Nonemployee Directors; and (3) in the discretion of the proxy holders as to any other matters which may properly come before the Annual Meeting. A common shareholder who has executed and returned a proxy may revoke it at any time before it is voted at the Annual Meeting by executing and returning a proxy bearing a later date, by giving written notice of revocation to the Secretary of the Corporation or by attending the Annual Meeting and voting in person. Attendance in person at the Annual Meeting will not, in itself, be sufficient to revoke a proxy.

Preferred Shareholder Proxies

Shares of Preferred Stock which are entitled to be voted at the Annual Meeting and which are represented by properly executed proxies will be voted in accordance with the instructions indicated in such proxies. If no instructions are indicated on any proxy, the shares represented by such proxy will be voted FOR the election of Mr. David J. Christensen and Dr. Anthony P. Taylor for directors. A preferred shareholder who has executed and returned a proxy may revoke it at any time before it is voted at the Annual Meeting by executing and returning a proxy bearing a later date, by giving written notice of revocation to the Secretary of the Corporation or by attending the Annual Meeting and voting in person. Attendance in person at the Annual Meeting will not, in itself, be sufficient to revoke a proxy.

PURPOSES OF ANNUAL MEETING FOR COMMON SHAREHOLDERS

Election of Director

At the Annual Meeting, common shareholders entitled to vote will be asked to consider and to take action on the election of one director to the Corporation s Board, to serve for a three-year term. See Election of Director by Common Shareholders.

Amendment to Stock Plan for Nonemployee Directors

At the Annual Meeting, common shareholders will be asked to consider and take action on a proposed amendment to the Corporation s Stock Plan for Nonemployee Directors to change the number of shares of Common Stock to be delivered to each nonemployee director annually from the number of shares that results from dividing $10,000 by the average closing price for the Corporation s Common Stock on the New York Stock Exchange for the prior calendar year, to the number of shares that results from dividing $24,000 by the average closing price for the Corporation s Common Stock on the New York Stock Exchange for the prior calendar year. See Amendment to Stock Plan for Nonemployee Directors.

PURPOSE OF ANNUAL MEETING FOR PREFERRED SHAREHOLDERS

Election of Directors

At the Annual Meeting, preferred shareholders entitled to vote will be asked to consider and take action on the election of two directors to the Corporation s Board, each to serve for a three-year term or until their term is earlier terminated in accordance with the Certificate of Designations, Preferences and Rights of Series B Cumulative Convertible Preferred Stock. See Election of Directors by Preferred Shareholders.

ELECTION OF DIRECTOR BY COMMON SHAREHOLDERS

The authorized number of directors elected by the common shareholders of the Corporation is currently seven. In addition, two directors are to be elected at this Annual Meeting by the preferred shareholders in accordance with the Certificate of Designations of Preferred Stock. In accordance with the Corporation s Certificate of Incorporation, its Board is divided into three classes. The terms of office of the directors in each of such classes expire at different times. Mr. Baker s term will expire at the Annual Meeting of Shareholders. Mr. Baker has been designated by the Board of the Corporation as a nominee for election as a director of the Corporation for a three-year term expiring in 2008.

Mr. Joe Coors, Jr. resigned from the Board in February 2005. Mr. Coors term would have expired in 2006. Pursuant to the provisions of the Corporation s By-Laws, the Board is entitled to appoint a replacement director to take the place of Mr. Coors. On February 25, 2005, the Board appointed George R. Nethercutt, Jr. to fill the vacancy created by the resignation of Mr. Coors. Mr. Nethercutt s term will expire at the Annual Meeting of Shareholders in 2006. The terms of Messrs. Arthur Brown and John E. Clute will also expire in 2006. The terms of Messrs. Ted Crumley, Charles L. McAlpine and Jorge E. Ordoñez C. will expire in 2007.

It is intended that the proxies solicited hereby for common shareholders will be voted FOR the election of Mr. Baker, unless authority to do so has been withheld. The Board knows of no reason why Mr. Baker will be unable or unwilling to accept election. However, if Mr. Baker becomes unable to accept election, the Board will either reduce the number of directors to be elected or select a substitute nominee submitted by the Directors Nominating Committee of the Board. If a substitute nominee is selected, proxies will be voted in favor of such nominee.

Nominee

Mr. Baker, who currently serves on the Board, is the nominee for director for a three-year term, which will expire in 2008:

Principal Occupation and Other Directorships	Age at May 6, 2005	Year First Became Director
PHILLIPS S. BAKER, JR. Chief Executive Officer of the Corporation since May 2003; President of the Corporation since November 2001; Chief Financial Officer of the Corporation from May 2001 to June 2003; Chief Operating Officer of the Corporation from November 2001 to May 2003; Vice President of the Corporation from May 2001 to November 2001; Director, Questar Corporation (a Utah natural gas and exploration and production company) since February 2004; Vice President and Chief Financial Officer of Battle Mountain Gold Company (a gold mining company) from March 1998 to January 2001; Vice President and Chief Financial Officer of Pegasus Gold Corporation (a gold mining company) from January 1994 to January 1998.	45	2001

The Board recommends that holders of Common Stock vote FOR the election of Phillips S. Baker, Jr.

Remaining Directors

The remaining directors whose present terms of office will continue after the meeting and will expire in 2006 are as follows:

Principal Occupation and Other Directorships	Age at May 6, 2005	Year First Became Director
ARTHUR BROWN. Chairman of the Board of Directors of the Corporation since June 1987; Chief Executive Officer of the Corporation from May 1987 to May 2003; President of the Corporation from May 1986 to November 2001; Chief Operating Officer of the Corporation from May 1986 to May 1987; Executive Vice President of the Corporation from May 1985 to May 1986; held various positions as an officer of the Corporation since 1980; employed by the Corporation since 1967; Director, AMCOL International Corporation (an American industrial minerals company); Director, Idaho Independent Bank.	64	1983
JOHN E. CLUTE. Professor of Law, Gonzaga University School of Law since 2001; Dean, Gonzaga University School of Law from 1991 to 2001; Senior Vice President, Human Resources and General Counsel of Boise Cascade Corporation (manufacturer of paper and forest products) from 1982 to 1991; employed by Boise Cascade Corporation in various other capacities from 1965 to 1982; Director, The Jundt Growth Fund, Inc.; Director, Jundt Funds, Inc. (Jundt U.S. Emerging Growth Fund, Jundt Opportunity Fund, Jundt Mid-Cap Growth Fund, Jundt Science & Technology Fund and Jundt Twenty-Five Fund); Director, American Eagle Funds, Inc. (American Eagle Capital Appreciation Fund, American Eagle Large-Cap Growth Fund and American Eagle Twenty Fund); Director, RealResume, Inc. (computerized employment and personnel services).	70	1981
GEORGE R. NETHERCUTT, JR. Principal, Lundquist, Nethercutt & Griles, LLC (a strategic planning and consulting firm), since January 2005; Board Member, Washington Policy Center since January 2005; Member, U.S. House of Representatives from 1995 to 2005; Member, Subcommittee on Interior, Agriculture and Defense Appropriations from 1995 to 2005; Member, Committee on Science and Energy from 1998 to 2005; Vice Chairman, Defense Subcommittee on Appropriations from 2000 to 2004; Member, Washington State Bar Association since 1972.	60	2005

The remaining directors whose present terms of office will continue after the meeting and will expire in 2007 are as follows:

Principal Occupation and Other Directorships	Age at May 6, 2005	Year First Became Director
TED CRUMLEY. Executive Vice President and Chief Financial Officer of OfficeMax Incorporated (distributor of office products) since January 2005; Senior Vice President of OfficeMax Incorporated from November 2004 to January 2005; Senior Vice President and Chief Financial Officer of Boise Cascade Corporation (manufacturer of paper and forest products) from 1994 to 2004; Vice President and Controller of Boise Cascade Corporation from 1990 to 1994; other positions held at Boise Cascade Corporation from 1972 to 1990.	60	1995
CHARLES L. McALPINE. Former President of Arimathaea Resources Inc. (a Canadian gold exploration company) from 1982 to 1992; former President of Campbell Chibougamau Mines Ltd. (a Canadian copper-gold mining company) from 1969 to 1979; Director, First Tiffany Resource Corporation; Director, Goldstake Explorations Inc.; Director, Postec Systems Inc.	71	1989
JORGE E. ORDOÑEZ C. President and Chief Executive Officer, Ordoñez Profesional S.C. (a business and management consulting corporation specializing in mining) since 1988; Director, Fischer-Watt Gold Co., Inc. since 1996; Vice President, Minera Montoro, S.A. de C.V. since 1996; former Chief Executive Officer, Empresas Frisco, S.A. de C.V. from 1981 to 1988; former Chief Executive Officer, Minera Real de Angeles, S.A. de C.V. from 1979 to 1980; former Chief Executive Officer, Alfa Industrias-Div. Minas from 1978 to 1979; recipient of Mexican National Geology Recognition in 1989; elected to Mexican Academy of Engineering in 1990.	65	1994

ELECTION OF DIRECTORS BY PREFERRED SHAREHOLDERS

In accordance with the Certificate of Designations of Preferred Stock which provides that if the Corporation fails to declare and pay or set aside for payment the equivalent of six quarterly dividends, whether or not consecutive, holders of the Preferred Stock shall have the right to elect two directors to the Corporation s Board. On January 1, 2005, the equivalent of seventeen quarterly dividends on the Preferred Stock were not declared and paid or set apart for payment by the Corporation. As a result, pursuant to the Certificate of Designations of Preferred Stock, the holders of the Preferred Stock have the right to elect two members to the Corporation s Board at the Annual Meeting. We have included information for each of the nominees we received from the holders of Preferred Stock by the close of business on February 4, 2005. Each director elected by the holders of Preferred Stock will hold office for a period of three years until his successor has been elected and has qualified, or until his term is earlier terminated in accordance with the Certificate of Designations of Preferred Stock.

Holders of the Corporation s Preferred Stock elected Mr. David J. Christensen and Dr. Anthony P. Taylor in May 2002. Messrs. Christensen and Taylor have extensive background in mining, and the financial and geological industries, which has served them in connection with their representation of preferred shareholders on the Board since May 2002.

The Board recommends that holders of Preferred Stock vote FOR the election of David J. Christensen and Dr. Anthony P. Taylor.

Nominees

The nominees for two director positions for three-year terms, which will expire in 2008 or until their term is earlier terminated in accordance with the Certificate of Designations of Preferred Stock, are as follows:

Principal Occupation and Other Directorships	Age at May 6, 2005	Year First Became Director

DAVID J. CHRISTENSEN. Research analyst with Credit Suisse First Boston (an investment banking firm) from October 2002 to August 2003; Global Coordinator and First Vice President of Merrill Lynch & Co. (an investment banking firm) from 1998 to 2001; Vice President and Precious Metals Equity Analyst with Merrill Lynch & Co. from 1994 to 1998; Portfolio Manager of Franklin Gold Fund and Valuemark Precious Metals Funds for Franklin Templeton Group from 1990 to 1994. Mr. Christensen previously served as a director to the Corporation from May 2002 to October 2002.	43	2003
DAVID S. MILLER. President of General Securities Corp. (an investment firm) since 1982.	57	
THOMAS G. MILLER. Chief Executive Officer of College Park Family Care Center (a multi-specialty medical practice) since 1980.	57	
DR. ANTHONY P. TAYLOR. President, Chief Executive Officer and Director, Gold Summit Corporation (a public Canadian minerals exploration company) since October 2003; Director, Greencastle Resources Corporation since December 2003; President and Director, Caughlin Preschool Co. (a private Nevada corporation that operates preschools) since October 2001; President, Chief Executive Officer and Director, Millennium Mining Corporation (a private Nevada minerals exploration company) from January 2000 to October 2003; Vice President of Exploration, First Point US Minerals from 1997 to 1999; President and Director, Great Basin Exploration & Mining Co., Inc., from 1990 to 1996; various exploration and geologist positions in the mining industry from 1964 to 1990.	63	2002

CERTAIN INFORMATION ABOUT THE BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

Current Members of the Board of Directors

The members of the Board on the date of this Proxy Statement, and the committees of the Board on which they currently serve, are identified below.

Director	Executive Committee	Audit Committee	Compensation Committee	Corp. Gov. and Directors Nominating Committee	Technical
Phillips S. Baker, Jr.	*				*
Arthur Brown ***	**				
David J. Christensen		*			
John E. Clute	*		*	**	
Ted Crumley	*		**	*	
Charles L. McAlpine		**	*	*	*
George R. Nethercutt, Jr.					
Jorge E. Ordoñez C.		*		*	**
Dr. Anthony P. Taylor					*

* Member

** Committee Chairman

*** Chairman of the Board

Committees of the Board of Directors

The standing committees of the Board are the Executive; Audit; Compensation; Corporate Governance and Directors Nominating; and Technical.

During 2004, the Corporation had a Finance Committee, which met once in 2004. The principal functions of the Finance Committee were to develop and set the Corporation s long-term investment policies and to review the performance of the investment managers of the Corporation s pension trusts. In February 2005, the Board terminated the Finance Committee. The Board as a whole or the Executive Committee of the Board will now take on the duties that were previously undertaken by the Finance Committee.

The Board adopted charters for the Audit, Compensation, and Corporate Governance and Directors Nominating Committees. Copies of these charters are available at no charge on the Corporation s website at www.hecla-mining.com under Investor Relations Corporate Governance or by writing to us at Hecla Mining Company, 6500 N. Mineral Drive, Suite 200, Coeur d Alene, Idaho 83815-9408, Attention: Investor Relations.

Executive Committee. The Executive Committee is empowered with the same authority as the Board in the management of the business of the Corporation, except for certain matters enumerated in the Corporation s By-Laws which are specifically reserved to the full Board. The Executive Committee did not meet in 2004.

Audit Committee. The functions of the Audit Committee are described below under the heading Audit Committee Report. Each member of the Audit Committee satisfies the definition of independent director as established in the New York Stock Exchange listing standards and the Securities and Exchange Commission rules. In addition, each member of the Audit Committee is financially literate and the Board has determined that each member of the Audit Committee qualifies as an audit committee financial expert as defined by Securities and Exchange Commission rules. The Audit Committee met three times in 2004. Additionally, the Chairman of the committee met with the Corporation s independent auditors to review the quarterly financial statements throughout the year.

Compensation Committee. The Compensation Committee s principal functions are to recommend compensation levels and programs for the Chief Executive Officer to the independent members of the Board; to recommend compensation levels and programs for all Vice Presidents to the full Board; and to administer the Corporation s stock-based plans. All members of the Compensation Committee are independent within the meaning of the listing standards of the New York Stock Exchange. The Compensation Committee met four times in 2004.

Corporate Governance and Directors Nominating Committee. The Corporate Governance and Directors Nominating Committee considers matters of corporate governance and periodically reviews the Corporation s corporate governance guidelines and procedures consistent with the federal securities laws and New York Stock Exchange regulations. The Corporate Governance and Directors Nominating Committee also reviews any director candidates, including those nominated or recommended by shareholders, identifies individuals qualified to become directors consistent with criteria approved by the Board, and recommends to the Board the director nominees for the next annual meeting of shareholders, any special meeting of shareholders, or to fill any vacancy on the Board. The Corporate Governance and Directors Nominating Committee also reviews the appropriateness of the size of the Board relative to its various responsibilities and recommends committee assignments and committee chairpersons for the standing committees for consideration by the Board. All members of the Corporate Governance and Directors Nominating Committee are independent within the meaning of the listing standards of the New York Stock Exchange. The Corporate Governance and Directors Nominating Committee met two times in 2004.

Technical Committee. The principal function of the Technical Committee is to make recommendations to the Board concerning the advisability of proceeding with the exploration, development, acquisition or divestiture of mineral properties and/or operations. The Technical Committee met once in 2004.

CORPORATE GOVERNANCE

Director Independence

In May 2004, the Board adopted Corporate Governance Guidelines, which, among other things, state that the Board will have a majority of directors who meet the criteria for independence required by the New York Stock Exchange. In determining independence, each year the Board affirmatively determines whether directors have no material relationship with the Corporation. When assessing the materiality of a director s relationship with the Corporation, the Board considers all relevant facts and circumstances, not merely from the director s standpoint, but from that of the persons or organizations with which the director has an affiliation, and the frequency or regularity of the services, whether the services are being carried out at arm s length in the ordinary course of business and whether the services are being provided substantially on the same terms to the Corporation as those prevailing at the time from unrelated parties for comparable transactions. Material relationships can include commercial, banking, industrial, consulting, legal, accounting, charitable and familial relationships. In making these independence determinations, the Board applies the following standards:

A director who is, or has been within the last three years, an employee of the Corporation, or whose immediate family member[1] is, or has been within the last three years, an executive officer[2] of the Corporation may not be deemed independent. Employment as an interim Chairman or Chief Executive

1 Immediate family member means spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than employees) sharing a person s home, but excluding any person who is no longer an immediate family member as a result of legal separation or divorce, or death or incapacitation.

2 Executive officer means an officer within the meaning of Rule 16a-1(f) under the Securities Exchange Act of 1934.

Officer or other executive officer shall not disqualify a director from being considered independent following that employment.

A director who has received, or who has an immediate family member who has received, during any 12-month period within the last three years, more than $100,000 in direct compensation from the Corporation, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), may not be deemed independent. Compensation received by a director for former service as an interim Chairman or Chief Executive Officer and compensation received by an immediate family member for service as a non-executive employee of the Corporation will not be considered in determining independence under this test.

(i) A director who is, or whose immediate family member is, a current partner of a firm that is the Corporation s external auditor; (ii) a director who is a current employee of such a firm; (iii) a director who has an immediate family member who is a current employee of such a firm and who participates in the firm s audit, assurance or tax compliance (but not tax planning) practice; or (iv) a director who was or whose immediate family member was, within the last three years (but is no longer), a partner or employee of such a firm and personally worked on the Corporation s audit within that time may not be deemed independent.

A director who is, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company, where any of the Corporation s present executive officers at the time serve or served on that company s compensation committee may not be deemed independent.

A director who is a current employee or general partner, or whose immediate family member is a current executive officer or general partner, of an entity that has made payment to, or received payments from, the Corporation for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other entity s consolidated gross revenues, may not be deemed independent.

Pursuant to the Corporation s Corporate Governance Guidelines, the Board undertook its annual review of director independence in February 2005. During this review, the Board considered transactions and relationships between each director or any member of his immediate family and the Corporation and its subsidiaries and affiliates, including relationships, if any, reported under Certain Relationships and Related Transactions. The Board also examined transactions and relationships between directors or their affiliates and members of the Corporation s senior management or their affiliates. As provided in the Corporate Governance Guidelines, the purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent.

As a result of this review, the Board affirmatively determined that David J. Christensen, John E. Clute, Ted Crumley, Charles L. McAlpine, George R. Nethercutt, Jr., Jorge E. Ordoñez C. and Dr. Anthony P. Taylor are independent. Mr. Phillips S. Baker, Jr. is considered an inside director because of his employment as President and Chief Executive Officer of the Corporation. Mr. Brown is considered a non-independent outside director as a result of being the father-in-law of Michael H. Callahan, the Corporation s Vice President Corporate Development, and having held the position of Chief Executive Officer within the last three years.

The full text of the Corporate Governance Guidelines can be found in the Investor Relations Corporate Governance section of the Corporation s website at www.hecla-mining.com, or by writing to us at Hecla Mining Company, 6500 N. Mineral Drive, Suite 200, Coeur d Alene, Idaho 83815-9408, Attention: Investor Relations.

Selection of Nominees for the Board of Directors

Pursuant to the Corporation s Corporate Governance Guidelines, the Board will have a majority of directors who meet the criteria for independence required by the New York Stock Exchange. The Corporate Governance and Directors Nominating Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics that the Board seeks in board members as well as the composition of the Board as a whole, including an annual evaluation of whether members qualify as independent under applicable standards. This evaluation will include the consideration of independence, diversity, age, skills, experience, and industry backgrounds in the context of the needs of the Board and the Corporation, as well as the ability of members (and candidates for membership) to devote sufficient time to perform their duties in an effective manner. Directors are expected to exemplify the highest standards of personal and professional integrity and to constructively challenge management through their active participation and questioning. Directors are expected to immediately inform the Board of any material changes in their circumstances or relationships that may impact their designation by the Board as independent.

The Corporate Governance and Directors Nominating Committee believes that nominees for election to the Board should also possess certain minimum qualifications and attributes. The nominee: (1) must exhibit strong personal integrity, character and ethics, and a commitment to ethical business and accounting practices; (2) must not serve on more than two other public company boards; (3) must not be involved in ongoing litigation with the Corporation or be employed by an entity that is engaged in such litigation; and (4) must not be the subject of any ongoing criminal investigations in the jurisdiction of the United States or any state thereof, including investigations for fraud or financial misconduct.

The Corporate Governance and Directors Nominating Committee will consider persons recommended by shareholders as nominees for election as directors. The Corporation s By-Laws provide that any shareholder who is entitled to vote for the election of directors at a meeting called for such purpose may nominate persons for election to the Board by following the procedures set forth below in the section titled, Provisions of the Corporation s By-Laws with Respect to Shareholder Proposals and Nominations for Election as Directors. Shareholders who wish to submit a proposed nominee to the Corporate Governance and Directors Nominating Committee should send written notice to the Corporate Governance and Directors Nominating Committee Chairman, c/o Michael B. White, Corporate Secretary, Hecla Mining Company, 6500 N. Mineral Drive, Suite 200, Coeur d Alene, Idaho 83815-9408, within the time period set forth below in the section titled, Provisions of the Corporation s By-Laws with Respect to Shareholder Proposals and Nominations for Election as Directors. Such notification should set forth all information relating to such nominee required to be disclosed in solicitations of proxies for elections of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the Exchange Act), including the nominee s written consent to being named in the Proxy Statement as a nominee and to serving as a director if elected; the name and address of the shareholder or beneficial owner making the nomination or on whose behalf the nomination is being made; and the class and number of shares of the Corporation owned beneficially and of record by such shareholder or beneficial owner. The Corporate Governance and Directors Nominating Committee will consider shareholder nominees on the same terms as nominees selected by the Corporate Governance and Directors Nominating Committee.

Independent Director Sessions

The independent directors meet separately from the other directors in regularly scheduled meetings, without the presence of management directors or executive officers of the Corporation, except to the extent the independent directors request the attendance of any executive officers. In May 2004, the independent members of the Board appointed Mr. David J. Christensen to preside over the meetings of the independent directors. Mr. Christensen is an independent director as defined in the New York Stock Exchange listing standards. As presiding director, Mr. Christensen s duties include chairing independent director sessions of the Board, conferring with the Corporation s Chairman of the Board and Chief Executive Officer on board meeting schedules, agendas and other matters, facilitating the flow of information to the Board and any other duties assigned by the independent members of the Board.

Board Meetings During 2004

It is the Corporation s policy that all directors are expected, absent compelling circumstances, to prepare for, attend and participate in all board and applicable committee meetings and each annual meeting of the shareholders. Our Board held five meetings during fiscal year 2004. Each of our directors attended all of the meetings of our Board and all of the meetings of the committees of the Board upon which each served during our fiscal year 2004, except Mr. Jorge E. Ordoñez C., who did not attend two Board meetings and Mr. Ted Crumley, who was unable to attend one Board meeting.

Code of Business Conduct and Ethics

The Corporation has adopted a Code of Business Conduct and Ethics, which applies to all directors, officers and employees. In addition, the Corporation has adopted a Code of Ethics that applies to its Chief Executive Officer (our principal executive officer), Chief Financial Officer (our principal financial officer) and principal accounting officer or controller. The text of both documents can be found in the Investor Relations section of our website at www.hecla-mining.com under Corporate Governance. A copy of both documents may also be obtained by writing to us at Hecla Mining Company, 6500 N. Mineral Drive, Suite 200, Coeur d Alene, Idaho 83815-9408, Attn: Investor Relations.

Director Communications

Shareholders or other interested parties wishing to communicate with the presiding director or with the non-management directors as a group, may do so by delivering or mailing the communication in writing to: Presiding Director, c/o Corporate Secretary, Hecla Mining Company, 6500 N. Mineral Drive, Suite 200, Coeur d Alene, Idaho 83815-9408. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Corporation s internal auditor and handled in accordance with procedures established by the Audit Committee with respect to such matters. From time to time, the Board may change the process by means of which shareholders may communicate with the Board or its members. Please refer to the Corporation s website at www.hecla-mining.com for any changes in this process.

12

AUDIT COMMITTEE REPORT

Membership and Role of the Audit Committee

The Audit Committee consists of Messrs. Charles L. McAlpine (Chairman), David J. Christensen, and Jorge E. Ordoñez C. Mr. Joe Coors, Jr. resigned from the Board on February 4, 2005, to pursue other matters. At the time of Mr. Coors resignation, he was a member of the Audit Committee. Each member of the Audit Committee satisfies the definition of independent director as established in the New York Stock Exchange listing standards and Securities and Exchange Commission rules. In addition, each member of the Audit Committee is financially literate and the Board has determined that each member of the Audit Committee qualifies as an audit committee financial expert as defined by Securities and Exchange Commission rules.

The Audit Committee s principal functions are to assist the Board in fulfilling its oversight responsibilities, and to specifically review: (i) the integrity of the Corporation s financial statements; (ii) the independent auditor s qualifications and independence; (iii) the performance of the Corporation s system of internal audit function and the independent auditor; and (iv) the Corporation s compliance with laws and regulations, including disclosure controls and procedures. During 2004, the Audit Committee worked with management, the Corporation s internal auditors and the Corporation s independent auditors to address Sarbanes-Oxley Section 404 internal control requirements. The Audit Committee also appoints the Corporation s independent auditors. The Audit Committee met three times in 2004. Additionally, the Chairman met with the Corporation s independent auditors to review the quarterly financial statements throughout the year.

The Board adopted a written charter for the Audit Committee on February 25, 2004, and operated under that charter during the 2004 fiscal year. You can obtain a copy of the charter in the Investor Relations section of www.hecla-mining.com under Corporate Governance or by writing to us at Hecla Mining Company, 6500 N. Mineral Drive, Suite 200, Coeur d Alene, Idaho 83815-9408, Attention: Investor Relations.

Review of the Corporation s Audited Financial Statements for the Fiscal Year Ended December 31, 2004

The Audit Committee has reviewed and discussed the audited financial statements of the Corporation for the fiscal year ended December 31, 2004, with the Corporation s management. The Audit Committee has discussed with BDO Seidman, LLP, the Corporation s independent auditor, matters required to be discussed by Statement of Auditing Standards No. 61 (Communications with Audit Committees), as amended.

The Audit Committee has also received written disclosures and a letter from BDO Seidman, LLP, required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee has discussed the independence of BDO Seidman, LLP, with that firm.

Based on the Audit Committee s review and discussions noted above, the Audit Committee recommended to the Board that the Corporation s audited financial statements be included in the Corporation s Annual Report on Form 10-K for the fiscal year ended December 31, 2004, for filing with the Securities and Exchange Commission.

Appointment of Auditors

The Audit Committee has appointed the firm of BDO Seidman, LLP, as the Corporation s independent auditor for fiscal year 2005. BDO Seidman, LLP, has served as the Corporation s independent auditor since 2001. Representatives of BDO Seidman, LLP, are expected to be present at the Annual Meeting with the opportunity to make statements and respond to appropriate questions from shareholders present at the meeting. Under the Sarbanes-Oxley Act of 2002, the Audit Committee has the sole authority to appoint the independent auditors for the Corporation. Therefore, the Corporation is not submitting the selection of BDO Seidman, LLP, to our shareholders for ratification.

March 14, 2005

Charles L. McAlpine, Chairman
David J. Christensen
Jorge E. Ordoñez C.

AUDIT FEES

Audit and Non-Audit Fees

The following table represents fees for professional audit services rendered by BDO Seidman, LLP, for the audit of the Corporation s annual financial statements for the years ended December 31, 2004, and December 31, 2003, and fees for other services rendered by BDO Seidman, LLP, during those periods.

	2004	**2003**
Audit Fees	$ 513,650	$ 234,885
Audit Related Fees	77,313	72,050
Tax Fees	41,024	27,503
All Other Fees	-0-	-0-
Total	$ 631,987	$ 334,438

Audit Fees. Annual audit fees relate to services rendered in connection with the annual audit of the Corporation s consolidated financial statements, quarterly reviews of financial statements included in the Corporation s quarterly reports on Form 10-Q, and fees for SEC registration statement services. The increase in annual audit fees for 2004 from 2003 resulted from BDO Seidman s review of the Corporation s internal control procedures under the Sarbanes-Oxley rules.

Audit Related Fees. Audit related fees consisted principally of fees for audits of financial statements of employee benefit plans, as well as due diligence services for potential acquisitions and consultation on accounting standards or transactions.

Tax Fees. Tax services consisted of fees for tax consultation and tax compliance services, which included preparation of tax returns for our Venezuelan and Mexican subsidiaries, tax planning and miscellaneous tax research.

All Other Fees. There were no other fees.

The Audit Committee considers whether the provision of these services is compatible with maintaining BDO Seidman s independence, and has determined such services for fiscal years 2004 and 2003 were compatible. All of the fees were pre-approved. None of the fees above were approved pursuant to the *de minimis* exception to the pre-approval requirements. All of the services described above were approved by the Audit Committee pursuant to paragraph (c)(7)(i)(B) of Rule 2-01 of Regulation S-X under the Exchange Act, to the extent that rule was applicable during fiscal years 2004 and 2003.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Auditor

The Audit Committee is responsible for appointing, setting compensation and overseeing the work of the independent auditor. The Audit Committee has established a policy regarding pre-approval of all audit and non-audit services provided by the independent auditor. On an ongoing basis, management communicates specific projects and categories of services for which advance approval of the Audit Committee is requested. The Audit Committee reviews these requests and advises management if the Audit Committee approves the engagement of the independent auditor for specific projects. On a periodic basis, management reports to the Audit Committee regarding the actual spending for such projects and services compared to the approved amounts. The Audit Committee may also delegate the ability to pre-approve audit and permitted non-audit services to a subcommittee consisting of one or more Audit Committee members, provided that any such pre-approvals are reported on at a subsequent Audit Committee meeting.

COMPENSATION OF DIRECTORS

Directors who are employees of the Corporation receive no additional compensation for their services as directors. During 2004, each nonemployee member of the Board was paid the following: (i) a retainer of $3,000 per calendar quarter; (ii) $2,000 for each director s meeting attended; and (iii) $1,000 for attending any meeting of any Committee of the Board. The Corporation reimburses all reasonable expenses incurred by both employee and nonemployee directors in connection with such meetings.

In light of the additional duties and responsibilities associated with serving on the Board and each of the committees, effective January 1, 2005, the directors fees were increased as follows: (i) a retainer of $5,000 per calendar quarter; (ii) $3,000 for each director s meeting attended; and (iii) an additional $1,000 per meeting to the chairman of each committee.

In March 1995, the Corporation adopted the Hecla Mining Company Stock Plan for Nonemployee Directors (the Director s Stock Plan), which became effective following shareholder approval on May 5, 1995. The Director s Stock Plan was amended July 18, 2002, and February 25, 2004. The Director s Stock Plan terminates July 17, 2012, and is subject to termination by the Board at any time. During 2004, each nonemployee member of the Board was credited with 1,950 shares of the Corporation s Common Stock under the terms of the Director s Stock Plan. These shares are held in a grantor trust, the assets of which are subject to the claims of the Corporation s creditors, until delivered under the terms of the plan. Delivery of the shares from the trust occurs upon the earliest of: (i) death or disability; (ii) retirement from the Board; (iii) a cessation of the director s service for any other reason; (iv) a Change in Control of the Corporation (as defined); or (v) at the election of the director at any time, provided, however, that shares must be held in the trust for at least two years prior to delivery. Subject to certain restrictions, directors may elect delivery of the shares on such date or in annual installments thereafter over 5, 10 or 15 years. The maximum number of shares of Common Stock which may be credited pursuant to the Stock Plan for Nonemployee Directors is 1,000,000. See Amendment to Stock Plan for Nonemployee Directors for a description of the Stock Plan for Nonemployee Directors.

COMPENSATION OF EXECUTIVE OFFICERS

Report of the Compensation Committee on Executive Compensation

Overall Policy

The Compensation Committee is charged with considering specific information and making recommendations to the full Board with respect to compensation matters. Only the independent members of the Board approve all compensation matters for the Corporation s Chief Executive Officer. Certain stock-based compensation matters for the Corporation s executive officers rest in the sole discretion of the Compensation Committee. The Compensation Committee is comprised of three independent directors who are appointed annually by the Corporation s Board. The Compensation Committee s consideration and recommendations regarding executive compensation are guided by a number of factors including overall corporate performance and total return to shareholders. The overall objectives of the Corporation s executive compensation package are: to attract and retain the best possible executive talent; to motivate the Corporation s executives to achieve goals consistent with the

Corporation s business strategy; to provide an alignment between executive and shareholder interests through stock-based plans; and finally, to provide a compensation package that recognizes an executive s individual contributions in addition to the Corporation s overall business results.

The Compensation Committee periodically reviews the Corporation s executive compensation program. The Compensation Committee met four times in 2004 to consider various components of the executive compensation program. In making recommendations concerning executive compensation, the Committee reviews reports published by independent compensation consultants assessing compensation programs and reviews the Corporation s executive compensation, corporate performance, stock price appreciation and total return to shareholders against a peer group of public corporations made up of the Corporation s competitors for executive talent. Because most executive skills and expertise are transferable between industries and

business segments, the Compensation Committee believes the Corporation s competitors for executive talent are not limited to those companies included in the peer group established for comparing shareholder returns. Thus, the Corporation s peer group used for compensation analysis includes, but is not limited to, the peer group identified in the Performance Graph shown on page 19. The Compensation Committee periodically reviews the correlation between the Corporation s performance and its executive compensation in the context of, and in comparison to, the compensation programs of other companies.

The Compensation Committee recommends compensation levels and programs for the Chief Executive Officer to the independent members of the Board and recommends compensation levels and programs for all Vice Presidents (executive officers as used in this report) to the full Board.

The key elements of the Corporation s executive compensation consist of base salary, annual cash/stock performance payments and long-term performance programs, including stock-based grants. The Compensation Committee s policies with respect to each of these elements, including the basis for the compensation awarded to Mr. Baker, are discussed below. In addition, while the elements of compensation described below are considered separately, the Compensation Committee takes into account the full compensation package afforded by the Corporation to each individual executive, including deferred compensation, pension benefits, supplemental retirement benefits, severance plans, insurance and other benefits, as well as the elements described below. While the Committee takes into consideration all the performance and other factors listed below in setting base salaries, the Committee s deliberations are essentially subjective, and no set quantitative formula determines the base salary level of any of the executive officers. The Corporation adopted a short-term performance payment plan in 1994, which utilizes performance against both quantitative and qualitative targets to determine an executive s eligibility for annual performance payments in addition to base salary. In 2003, the Corporation also adopted a long-term performance plan, which provides for performance payments to executive officers if certain performance targets are met or exceeded over multiple periods.

The Committee analyzed the potential impact on the Corporation s executive compensation program of Section 162(m) of the Internal Revenue Code and the regulations thereunder, which generally disallow deductions for compensation in excess of $1 million per year to the five most highly compensated executives of a public company. Based upon its analysis, the Committee expects that all compensation payable pursuant to its compensation program now in effect will be deductible.

Base Salaries

Base salaries for new executive officers are initially determined by evaluating the responsibilities of the position held and the experience of the individual, and by reference to the competitive marketplace for executive talent, including a comparison to base salaries for comparable positions at other companies including those in the peer group.

Annual salary adjustments, which are made in May of each year for a 12-month period from June 1 to May 31, are determined by evaluating the performance of the Corporation and of each executive officer, and also taking into account new responsibilities for any particular executive officer. In the case of executive officers who are responsible for a particular business unit, such unit s financial, operating, cost containment and productivity results are also considered by the Committee. The Compensation Committee, where appropriate, also considers other corporate performance measures, including changes in productivity, cost control, safety, environmental awareness and improvements in relations with government officials, regulators, suppliers and employees. The Compensation Committee places a premium on cost containment and productivity for gold, silver and other commodities produced by the Corporation, because the prices for these commodities are established by international markets. Base salaries for certain executive officers were increased commencing June 1, 2004, based upon the considerations described above.

Although the Compensation Committee was satisfied with Mr. Baker s individual performance, based upon a comparison of base salaries of chief executive officers of the new peer group companies and the performance of the Common Stock, the Board did not increase Mr. Baker s base salary in 2004. For 2004, Mr. Baker s annual salary was $325,000.

In May 2003, the Compensation Committee set the compensation for Mr. Brown s continuing services from June 1, 2003, through May 31, 2004, at $25,000 per month. The monthly payment was paid in shares of the Corporation s Common Stock at the end of each month determined by dividing the average closing price of the Corporation s Common Stock for each month of service into the $25,000 amount. During 2004, Mr. Brown continued his duties as Chairman of the Board. In May 2004, the Compensation Committee set the compensation for Mr. Brown s continuing services from June 1, 2004, through May 31, 2005, at $8,333.33 per month. The monthly payment is to be paid in shares of the Corporation s Common Stock at the end of each month determined by dividing the average closing price of the Corporation s Common Stock for each month of service into the $8,333.33 amount. Mr. Brown was credited with 26,680 shares of the Corporation s Common Stock from January 1, 2004, through December 31, 2004, under the terms of the Key Employee Deferred Compensation Plan.

Annual Performance Payment

In 1994, the Corporation adopted a short-term performance payment plan based on the recommendation of the Compensation Committee. Under the plan, executive officers (seven in 2004) were eligible for annual cash payments based upon a formula established in the plan covering the calendar year 2004 and generally described below. The Compensation Committee, based on recommendations of the Corporation s senior management, established targeted quantitative and qualitative goals for corporate performance. For 2004, corporate performance quantitative goals included total gold and silver production, production costs per ounce for silver and gold, cost containment, environmental costs, capital expenditures and resource development goals. Corporate qualitative goals included, among other goals, a successful investor relations program, acquisitions, positive stock performance and completion of a preferred stock exchange.

The Chief Executive Officer s performance payment for 2004 was based solely on corporate performance. The other executive officers performance payments were based 60% upon corporate performance with 40% based upon individual performance. A performance payment pool was targeted based on the annual cash and stock-based salary equal to 60% for the Chief Executive Officer and 40% for each Vice President.

The Board reviews with management performance on a quarterly basis. At the Compensation Committee meeting following the performance year, the actual performance results are compared against the targeted quantitative and qualitative performance goals. The Compensation Committee reviews and recommends individual performance payments for all eligible executives to the Board, and in case of the Chief Executive Officer, to the independent members of the Board. For 2004, the Compensation Committee recommended to the Board and the Board approved the payment of annual performance bonuses in cash to all non-CEO executives. Some executives elected to defer their bonus compensation pursuant to the Key Employee Deferred Compensation Plan. For 2004, Mr. Phillips S. Baker, Jr., the Corporation s President and Chief Executive Officer, the independent members of the Board approved a bonus payment comprised of $102,000 in cash. For the named executive officers, the amounts are set forth in the Summary Compensation Table under Annual Compensation Bonus.

Long-Term Performance Plan

The Corporation s long-term performance payment plan is comprised of successive multiple year plans, which are established annually. The plans establish certain performance targets, which include increased production levels, increased mineral reserves and resources and cash flow with metals prices being fixed for the period. At the end of each period, performance is reviewed against the plan targets. The first performance period set at three-years under the long-term performance payment plan will end in 2005, and thus no payments were made to executive officers under this plan in 2004.

Stock-Based Grants

The Corporation uses two current stock-based compensation plans, which are intended to give the Corporation a competitive advantage in attracting, retaining and motivating its officers and key employees, and provide incentives more directly linked to the performance of the Corporation s businesses and increases in shareholder value.

In May 1995, the shareholders of the Corporation approved the Corporation s 1995 Stock Incentive Plan, which provides for a variety of stock-based grants to the Corporation s officers and key employees, including the individuals whose compensation is detailed in this Proxy Statement. Stock options granted in 2004 to the five named executive officers are also summarized in the Summary Compensation Table under Long-Term Compensation Awards Securities Underlying Options.

In 2004, Mr. Baker was granted nonstatutory stock options to purchase 120,000 shares of Common Stock at the market price of the Common Stock on the date of the grant under the 1995 Stock Incentive Plan. As of December 31, 2004, Mr. Baker owned 128,609 shares of Common Stock and held options to purchase an additional 420,000 shares under the 1995 Stock Incentive Plan. In addition, as of December 31, 2004, Mr. Baker held 306,327 stock options under the Corporation s Key Employee Deferred Compensation Plan.

The Key Employee Deferred Compensation Plan (Plan) was approved by the shareholders in July 2002 and permits each participant to defer eligible compensation and/or cash incentive compensation that is payable in the form of shares of the Corporation s Common Stock, in cash, or in the form of discounted stock options, to the date or dates selected by the participant or on such other date or dates specified in the Plan. Amounts deferred by the five named executives in 2004 are summarized in the Deferred 2004 Compensation Table and under Long-Term Compensation Awards Securities Underlying Options in the Summary Compensation Table.

During 2004, the Corporation had the 1987 Nonstatutory Stock Option Plan (the 1987 Plan) which was approved by the shareholders in 1987 and provided that stock options may be granted to the Corporation s officers and key employees, including the individuals whose compensation is detailed in this Proxy Statement. The right to grant options under this plan expired in February 1997. All options previously granted under the 1987 Plan were granted at the fair market value of the stock on the date of the grant. All outstanding options granted under the 1987 Plan expired on February 11, 2005.

Conclusion

The Corporation s executive compensation is comprised of base salary, annual cash/stock performance payments and long-term performance programs, including stock-based grants. The Compensation Committee intends to continue the policy of relating a portion of executive compensation to corporate performance, including stock-based remuneration, which aligns the executive officers with shareholders, recognizing that the ups and downs of the business cycle, from time to time, may result in an imbalance for a particular period. The Compensation Committee adjusts for factors such as these, which are beyond an executive s control, by exercising its qualitative judgment rather than employing strict quantitative formulas.

March 14, 2005

Ted Crumley, Chairman
John E. Clute
Charles L. McAlpine

18

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee are set forth in the preceding section. There are no members of the Compensation Committee who were officers or employees of the Corporation or any of its subsidiaries during the fiscal year; formerly were officers of the Corporation or any of its subsidiaries; or had any relationship otherwise requiring disclosure under the proxy rules promulgated by the Securities and Exchange Commission.

COMPARISON OF FIVE-YEAR CUMULATIVE TOTAL SHAREHOLDER RETURN[1]
DECEMBER 1999 THROUGH DECEMBER 2004

Hecla Mining, S&P 500, S&P 500 Gold Index, and Peer Group[2]

Date	Hecla Mining	S&P 500	S&P 500 Gold Index	Peer Group
December 1999	$100.00	$100.00	$100.00	$100.00
December 2000	$ 32.00	$ 90.89	$ 82.35	$ 56.57
December 2001	$ 60.16	$ 80.14	$ 93.46	$ 87.07
December 2002	$323.84	$ 62.47	$118.26	$161.42
December 2003	$530.56	$ 80.35	$198.98	$275.14
December 2004	$373.12	$ 89.07	$182.70	$249.23

1 Total shareholder return assuming $100 invested on December 31, 1999, and reinvestment of dividends on quarterly basis.

2 Peer Group: Agnico-Eagle Mines Ltd., Bema Gold Corporation, Cambior, Inc., Coeur d Alene Mines Corp., Pan American Silver Corp.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

To the knowledge of the Corporation, as of March 10, 2005, the only beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act) of more than five percent (5%) of the Corporation s Common Stock entitled to vote at the Annual Meeting is shown in the table below:

Title of Class	Name & Address of Beneficial Owner	Amount & Nature of Beneficial Ownership(1)	Percent of Class
Common	Royce & Associates, LLC	17,077,300	14.42%

Title of Class	Name & Address of Beneficial Owner	Amount & Nature of Beneficial Ownership(1)	Percent of Class
	1414 Avenue of the Americas New York, NY 10019		

---

(1) Security ownership information for the beneficial owner is taken from statements filed with the Securities and Exchange Commission pursuant to Sections 13(d), (f) and (g) of the Exchange Act, and information made known to the Corporation.

The following table presents certain information regarding the number and percentage of the shares of Common Stock and Preferred Stock beneficially owned by each current director, director nominee and executive officer of the Corporation and by all current directors and executive officers as a group, as of March 10, 2005. On that date, all of such persons together beneficially owned an aggregate of approximately 2.1% of the outstanding shares of the Corporation s Common Stock and less than 1% of the outstanding shares of the Corporation s Preferred Stock. Except as otherwise indicated, the directors, nominees and officers have sole voting and investment power with respect to the shares beneficially owned by them.

Beneficial Ownership Table

Name of Beneficial Owner	Title of Class	Shares Beneficially Owned		Percentage(1)
		Number	Nature	
Ian Atkinson		-0-	Direct	
Vice President Exploration		40,000	Vested Options(2)	
and Strategy		-0-	KEDCP Options(3)	
	Common	40,000		*
	Preferred	-0-		*
Phillips S. Baker, Jr.		128,609	Direct	
President and Chief Executive		420,000	Vested Options(2)	
Officer		306,327	KEDCP Options(3)	
	Common	854,936		*
	Preferred	-0-		*
Arthur Brown		155,520	Direct(4)	
Chairman		615,000	Vested Options(2)	
		60,100	KEDCP Stock(5)	
	Common	830,620		*
	Preferred	-0-		*
Michael H. Callahan		33,131	Direct(6)	
Vice President Corporate		35,000	Vested Options(2)	
Development		76,240	KEDCP Options(3)	

		Shares Beneficially Owned		
	Common	144,371		*
	Preferred	-0-		*

		Shares Beneficially Owned		
Name of Beneficial Owner	**Title of Class**	**Number**	**Nature**	**Percentage[1]**
Ronald W. Clayton		-0-	Direct	
Vice President North		35,000	Vested Options[2]	
American Operations		18,367	KEDCP Options[3]	
	Common	53,367		*
	Preferred	-0-		*
David J. Christensen		12,368	Direct	
Director		1,950	Indirect[7]	
	Common	14,318		*
	Preferred	-0-		*
John E. Clute		300	Direct	
Director		22,463	Indirect[7]	
	Common	22,763		*
	Preferred	-0-		*
Ted Crumley		4,000	Direct	
Director		22,002	Indirect[7]	
	Common	26,002		*
	Preferred	-0-		*
Thomas F. Fudge, Jr.		32,889	Direct	
Vice President Operations		130,500	Vested Options[2]	