

HECLA MINING CO/DE/  
Form POS AM  
June 13, 2008  
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As filed with the Securities and Exchange Commission on June 13, 2008

Registration No. 333-130682

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**POST-EFFECTIVE AMENDMENT NO. 2**

**TO**

**FORM S-4**

**REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

**Hecla Mining Company**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or  
organization)

**1400**  
(Primary Standard Industrial Classification  
Code Number)

**77-0664171**  
(I.R.S. Employer

Identification Number)

6500 North Mineral Drive, Suite 200

Coeur d Alene, Idaho 83815-9408

(208) 769-4100

(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

Philip C. Wolf

Senior Vice President General Counsel

Hecla Mining Company

6500 North Mineral Drive, Suite 200

(208) 769-4100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*with copies to:*

David C. Sienko

Bell, Boyd & Lloyd LLP

70 West Madison Street, Suite 3100

Chicago, Illinois 60602

(312) 807-4382

Charles A. Cleveland, P.S.

316 West Boone Avenue, Suite 660

Spokane, Washington 99201-2353

(509) 326-1029

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: From time to time after this post-effective amendment to this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

This Post-Effective Amendment No. 2 to Registration Statement on Form S-4 (File No. 333-130682) shall hereafter become effective in accordance with the provisions of Section 8(c) of the Securities Act.

#### EXPLANATORY NOTE

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This Post-Effective Amendment No. 2 to Registration Statement Form S-4 (File No. 333-130682) is being filed in accordance with the undertaking of Hecla Mining Company, in Item 22 of Part II of the original registration statement to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired therein, that was not the subject of and included in the registration statement when it became effective.

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**The information in this proxy statement/prospectus is not complete and may be changed. Hecla may not sell these securities until the post-effective amendment to its shelf registration statement filed with the Securities and Exchange Commission, of which this document is a part, is declared effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**Subject to Completion, dated June 13, 2008**

INDEPENDENCE LEAD MINES COMPANY

510 CEDAR ST.

WALLACE, IDAHO 83873

(208) 753-2525

, 2008

Dear Shareholder:

You are cordially invited to attend a special meeting of shareholders of Independence Lead Mines Company ( we , the Company or Independence ) to be held at the Wallace Elks Temple, 419 Cedar Street, Wallace, Idaho 83873, on , 2008 at 11:00 AM local time.

The board of directors of Independence has approved an Asset Purchase Agreement, dated as of February 12, 2008 (the Purchase Agreement ), by and among Hecla Mining Company ( Hecla ) a Delaware Corporation, Hecla Merger Company, a Delaware corporation, which is a direct wholly-owned subsidiary of Hecla, and Independence. Pursuant to the Purchase Agreement, substantially all of the assets of Independence will be acquired by Hecla Merger Company in exchange for 6,936,884 shares of Hecla common stock (the Asset Sale ). We will then distribute the Hecla shares on a pro rata basis to the Company s shareholders, and then liquidate and otherwise dissolve (the Plan of Dissolution ) (collectively the Asset Sale and Plan of Dissolution are referred to as the Independence Reorganization ). The enclosed proxy statement/prospectus provides a summary of the proposed Independence Reorganization and additional related information that you should read carefully.

At the special meeting, you will be asked to consider and vote upon proposals to approve the Independence Reorganization and a proposal to ratify certain prior actions of Independence (the Ratification ) as discussed in the accompanying proxy statement/prospectus. The Ratification is a condition to Hecla s obligation to consummate the Asset Sale. You will also be asked to give Independence s management the discretionary authority to consider and vote upon any procedural matters incident to the conduct of the special meeting, such as postponement or adjournment of the special meeting, including any postponement or adjournment for the purpose of soliciting additional proxies in favor of the proposals to approve the Asset Sale, the Ratification, or the Plan of Dissolution, in the event there are not sufficient votes for approval of these proposals at the special meeting (the Adjournment Proposal ).

Details of the proposed Independence Reorganization and the Ratification are set forth in the accompanying proxy statement/prospectus. For reasons detailed in the proxy statement/prospectus, the board of directors of Independence has determined that the Independence Reorganization and the Ratification are in the best interest of Independence and its shareholders. Accordingly, the board of directors of Independence has approved the Asset Sale and Plan of Dissolution and unanimously recommends that you vote **FOR** the Asset Sale, **FOR** the Ratification, and **FOR** the Plan of Dissolution. In order to help facilitate the Independence Reorganization, the Independence board of directors also unanimously recommends you vote **FOR** the Adjournment Proposal.

Your vote is very important. We cannot complete the Independence Reorganization unless (1) the Asset Sale and the Ratification are approved and adopted by the affirmative vote of the holders of at least a majority of the Independence common shares present at the special meeting (assuming a quorum is present), **and** (2) the Plan of Dissolution is approved and adopted by the affirmative vote of the holders of at least a majority of the Independence common shares outstanding on the record date. If the Ratification is not approved by our shareholders, the Purchase Agreement can be terminated by Hecla, in which case neither Independence nor you will receive any shares of Hecla stock. **Whether or not you plan to attend the special meeting, please complete, sign, date and return the enclosed proxy card as soon as possible.** If you hold your shares in street name, you should instruct your broker how to vote in accordance with your voting instruction card. If you do not

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submit your proxy, instruct your broker how to vote your shares, abstain from voting, or vote in person at the special meeting, it will have the same effect as a vote against the approval of Plan of Dissolution. For all of the other proposals, once a quorum exists, a proposal will pass so long as the votes cast in favor of the proposal exceed the votes cast against it. Therefore, abstaining will not be considered a no vote for any proposal except the Plan of Dissolution proposal.

The accompanying proxy statement/prospectus contains detailed information about the Asset Sale and the Purchase Agreement, the Ratification, the Plan of Dissolution and the Adjournment Proposal, and provides specific information concerning the special meeting. Please review this document carefully. In particular, you should carefully consider the matters discussed under Risk Factors on page 19.

Sincerely yours,

Bernard C. Lannen

President and Chief Executive Officer

**Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the Asset Sale and related transactions described in this proxy statement/prospectus or the Hecla securities to be issued in connection with the Purchase Agreement, or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

*This proxy statement/prospectus is dated \_\_\_\_\_, 2008 and is first being mailed to Independence shareholders on or about \_\_\_\_\_, 2008.*

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**ADDITIONAL INFORMATION**

The accompanying proxy statement/prospectus incorporates by reference important business and financial information about Hecla from documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in the accompanying proxy statement/prospectus by requesting them in writing or by telephone from Hecla at the following address and telephone number:

Hecla Mining Company  
6500 North Mineral Drive, Suite 200  
Coeur d Alene, Idaho 83815-9408  
Attention: Investor Relations  
(208) 769-4100  
<http://www.hecla-mining.com>

In addition, if you have questions about the Asset Sale, the other proposals or the special meeting, or if you need to obtain copies of this proxy statement/prospectus, proxy cards, election forms or other documents incorporated by reference into this proxy statement/prospectus, you may contact OTC Stock Transfer, Inc., Independence s proxy solicitor, at the address and telephone number listed below. You will not be charged for any of the documents you request.

OTC Stock Transfer, Inc.  
231 East 2100 South  
Suite F  
Salt Lake City, Utah 84115  
(801) 485-5555

**If you would like to request documents, please do so by \_\_\_\_\_, 2008 in order to receive them before the special meeting.**

For a more detailed description of the information incorporated by reference in this proxy statement/prospectus and how you may obtain it, see Where You Can Find More Information on page 80.

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INDEPENDENCE LEAD MINES COMPANY

510 CEDAR ST.

WALLACE, IDAHO 83873

(208) 753-2525

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD \_\_\_\_\_, 2008

TO THE SHAREHOLDERS OF INDEPENDENCE LEAD MINES COMPANY:

NOTICE IS HEREBY GIVEN that a special meeting of Independence Lead Mines Company ( we , the Company or Independence ) will be held at the Wallace Elks Temple, 419 Cedar Street, Wallace Idaho, on \_\_\_\_\_ 2008 at 11:00 AM local time for the purpose of considering and voting upon the following proposals (as described in the accompanying proxy statement/prospectus):

1. To consider and vote upon a proposal to approve and adopt the Purchase Agreement, dated as of February 12, 2008, by and among Hecla Mining Company, Hecla Merger Company (a wholly-owned subsidiary of Hecla Mining Company) and Independence Lead Mines Company (the Purchase Agreement ), which provides for the sale of substantially all of the Company s assets to Hecla Merger Company in exchange for 6,936,884 shares of Hecla common stock, which shares would be immediately distributed on a pro rata basis by Independence to you. Pursuant to such pro rata distribution, you will receive 1.2 shares of Hecla common stock for each common share of Independence held by you as of the record date, rounded up to the next whole share. A copy of the Purchase Agreement is attached as Appendix A.
2. To ratify and approve prior actions of the Company (the Ratification ). Proposal 1 is conditioned on Proposal 2 and each is required to consummate the sale of assets to Hecla s subsidiary in exchange for shares of Hecla stock pursuant to the Purchase Agreement (the Asset Sale ).
3. To consider and vote upon the liquidation and dissolution of Independence ( Plan of Dissolution ). A copy of the Plan of Dissolution is attached as Appendix B.
4. To consider and vote upon any procedural matters incident to the conduct of the special meeting, such as postponement or adjournment of the special meeting, including any postponement or adjournment for the purpose of soliciting additional proxies in favor of (i) the proposal to approve and adopt the Asset Sale and pursuant to the terms of the Purchase Agreement, (ii) the Ratification, and/or (iii) the proposal to adopt and approve the Plan of Dissolution, in each case in the event there are not sufficient votes for approval of one or more of the proposals at the special meeting (the Adjournment Proposal ).

These items are more fully described in the attached proxy statement/prospectus, which is hereby made a part of this notice. Only shareholders of record at the close of business on \_\_\_\_\_, 2008 are entitled to notice of and to vote at the special meeting or any adjournments thereof. Shareholders who hold shares in street name may vote through their brokers, banks or other nominees. A list of shareholders eligible to vote at the special meeting will be available for inspection at the special meeting, and at the executive offices of Independence during regular business hours for a period of no less than ten days prior to the special meeting. A majority of the common shares of Independence present at the meeting (assuming a quorum) must be voted in favor of the Asset Sale, the Ratification, and the Adjournment Proposal in order for those proposals to be approved. A majority of the common shares of Independence outstanding on the record date must be voted in favor of the Plan of Dissolution for that proposal to be approved. Therefore, your vote is very important regardless of the number of shares you own. Your failure to vote your shares is the same as voting against the Plan of Dissolution.

Each shareholder, even those who plan to attend the special meeting, is requested to sign, date and return the enclosed proxy card without delay in the enclosed postage-paid envelope. You may revoke your proxy at any time prior to its exercise. Any shareholder present at the special

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meeting or any postponement or adjournment thereof may revoke his or her proxy and vote personally on each matter brought before the meeting.



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The board of directors of Independence recommends that you vote **FOR** the Asset Sale proposal, **FOR** the Ratification proposal, **FOR** the Plan of Dissolution, and **FOR** the Adjournment Proposal.

Under Arizona law, Independence shareholders of record who do not vote in favor of the Asset Sale have the right to exercise dissenter rights and obtain payment in cash of the fair value of their common shares as determined by Independence rather than the shares of Hecla common stock to be delivered under the Purchase Agreement. To exercise your dissenter rights, you must strictly follow the procedures prescribed by Arizona law. These procedures are summarized in the accompanying proxy statement/prospectus. In addition, the text of the applicable provisions of Arizona law is included as Appendix C to the accompanying proxy statement/prospectus.

By order of the Board of Directors

/s/ BERNARD C. LANNEN  
BERNARD C. LANNEN  
President and Chief Executive Officer

\*\*\*\*\*

**IMPORTANT**

**Your vote is very important. Please return your proxy as soon as possible, whether or not you expect to attend the special meeting in person. You may submit your proxy by telephone or by completing, dating and signing the enclosed proxy card and returning it in the enclosed postage prepaid envelope. You may revoke your proxy at any time before the special meeting. If you attend the special meeting and vote in person, your proxy will not be used. Please do not send your share certificates.**

\*\*\*\*\*

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Independence Lead Mines Company is providing this proxy statement/prospectus and accompanying proxy card to you in connection with the solicitation of proxies to be voted at a special meeting of shareholders of Independence and at any adjournment of the special meeting. This proxy statement/prospectus (including the base prospectus in Appendix H, hereto) also constitutes a prospectus of Hecla Mining Company for the shares of Hecla common stock to be issued to Independence Lead Mines Company and its shareholders pursuant to the proposed sale of assets to Hecla's subsidiary and subsequent dissolution of Independence.

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**QUESTIONS AND ANSWERS ABOUT THE INDEPENDENCE REORGANIZATION, THE RATIFICATION, THE  
ADJOURNMENT PROPOSAL, AND THE SPECIAL MEETING**

*The following questions and answers are intended to address briefly some commonly asked questions regarding the proposed sale by Independence of substantially all of its assets to Hecla pursuant to the Purchase Agreement (the **Asset Sale**), the ratification of certain past actions by Independence (the **Ratification**), the dissolution of Independence pursuant to a plan of dissolution (the **Plan of Dissolution**), the authority of Independence to postpone or adjourn the special meeting (the **Adjournment Proposal**) and the special meeting. These questions and answers may not address all questions that may be important to you as an Independence shareholder. To better understand these matters, and for a description of the legal terms governing the sale of Independence's assets to Hecla, you should carefully read this entire proxy statement/prospectus, including the Appendices, as well as the documents that have been incorporated by reference into this proxy statement/prospectus. See **Where You Can Find More Information** on page 80. Unless otherwise indicated or the context requires otherwise, all references in this proxy statement/prospectus to **Independence**, **we** and **us** refers to Independence Lead Mines Company, an Arizona corporation, and its subsidiary; all references in this document to **Hecla** refer to Hecla Mining Company, a Delaware corporation, and its subsidiaries; all references to the **acquisition agreement** or the **Purchase Agreement** refer to the Asset Purchase Agreement, dated as of February 12, 2008, by and among Independence, Hecla, and Hecla Merger Company, a copy of which is attached as Appendix A to this proxy statement/prospectus.*

**Q: Why am I receiving this proxy statement/prospectus?**

A: Independence has agreed to sell substantially all of our assets to Hecla, pursuant to the terms of a Purchase Agreement that is described in this proxy statement/prospectus. We sometimes refer to this transaction throughout this proxy statement/prospectus as the **Asset Sale**. Please see **Proposal 1: To Approve the Asset Sale The Asset Sale** on page 29 of this proxy statement/prospectus and **Proposal 1: To Approve the Asset Sale The Purchase Agreement** on page 43 of this proxy statement/prospectus. A copy of the Purchase Agreement is attached to this proxy statement/prospectus as Appendix A.

In order to complete the Asset Sale Independence shareholders must approve the Purchase Agreement and all other conditions to the Purchase Agreement must be satisfied or waived. Independence will hold a special meeting of its shareholders to obtain this approval.

This proxy statement/prospectus contains important information about the Asset Sale and the Purchase Agreement and the special meeting of the shareholders of Independence, and you should read this proxy statement/prospectus carefully.

Your vote is very important. We encourage you to vote as soon as possible. The enclosed proxy materials allow you to vote your Independence shares without attending the special meeting. For more specific information on how to vote, please see the questions and answers below.

**Q: Why is Independence proposing this transaction to its shareholders?**

A: The board of director of Independence believes that the Asset Sale is in the best interests of the Company and its shareholders and will provide strategic and financial benefits to the shareholders of the Company. On February 12, 2008, the date the Purchase Agreement was executed and the Asset Sale was publicly announced (after the close of trading in Hecla's stock and Independence's shares), the closing price per share of Hecla common stock was \$9.63. This represented a 329% premium over an Independence common share, which closed on the same day at a price per share of \$3.51. To review the reasons for the Asset Sale in greater detail, see **Proposal 1: To Approve The Asset Sale Independence's Reasons for the Asset Sale** on page 30 of this proxy statement/prospectus.

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**Q: How does the board of directors of Independence recommend that its shareholders vote?**

A: The Independence board of directors has determined that the Asset Sale and the Purchase Agreement are advisable, fair to and in the best interests of Independence and its shareholders. Accordingly, the Independence board of directors recommends that you vote **FOR** the proposal to sell substantially all of the Company's assets to Hecla pursuant to the Purchase Agreement. For a more complete description of the recommendation of the Independence board of directors, see **Proposal 1: To Approve the Asset Sale** Independence's Reasons for the Asset Sale on page 30 of this proxy statement/prospectus.

**Q: Am I being asked to vote on anything else?**

A: Yes. The Independence board of directors is asking you to ratify certain prior actions of Independence and approve a Plan of Dissolution contemplated by the Purchase Agreement. The Independence board of directors recommends that you vote **FOR** both of these proposals. See **Proposal 1: To Approve the Asset Sale** on page 29 of this proxy statement/prospectus and **Proposal 2: To Ratify and Approve Past Actions of the Company** on page 66 of this proxy statement/prospectus. You will also be asked to give Independence's management the discretionary authority to consider and vote upon any procedural matters incident to the conduct of the special meeting, such as postponement or adjournment of the special meeting, including any postponement or adjournment for the purpose of soliciting additional proxies in favor of the proposals to approve the Asset Sale, the Ratification, or the Plan of Dissolution, in the event there are not sufficient votes for approval of these proposals at the special meeting. See **Proposal 4: To Authorize Procedural Matters, Including Adjournment of the Special Meeting** on page 70 of this proxy statement/prospectus.

**Q: What will happen in the proposed transaction?**

A: Pursuant to the terms of the Purchase Agreement, Independence will transfer title to substantially all of its assets to Hecla Merger Company, a wholly owned subsidiary of Hecla, and in exchange for the assets of Independence, Hecla will distribute 6,936,884 shares of its common stock to Independence. As soon as possible after the closing of the Asset Sale, Independence will distribute the shares of Hecla stock to Independence's shareholders and Independence will dissolve and liquidate its remaining assets in accordance with Arizona law. We refer to the Asset Sale and the subsequent dissolution, including the pro rata distribution of the Hecla shares to Independence shareholders, as the Independence Reorganization.

**Q: What assets of Independence are being sold in the proposed transaction?**

A: Pursuant to the terms of the Purchase Agreement, Independence will transfer title to substantially all of its assets to Hecla's subsidiary. Those assets include all of the mining claims and real property interests of Independence, the contracts for the DIA area (commonly referred to as the Gold Hunter area), Independence's name, and certain securities owned by Independence. We will retain only nominal assets.

**Q: What consideration will I receive as a result of the Independence Reorganization?**

A: You will not directly receive any consideration from Hecla as part of the Asset Sale. Instead, Hecla will pay 6,936,884 shares of Hecla stock to Independence in exchange for substantially all of our assets. Subsequently, Independence will dissolve. As part of the Plan of Dissolution, the Hecla shares we receive will be distributed to our shareholders on a pro rata basis. For each Independence common share you own, you will receive (assuming you do not exercise dissenters' rights) 1.2 shares of Hecla common stock, rounded up to the next whole share.

**Q: How does Hecla common stock differ from Independence common shares?**

- A Your rights as a Hecla stockholder will be different than your rights as an Independence shareholder. We have included in this proxy statement/prospectus a chart comparing your rights as an Independence shareholder to your rights as a Hecla stockholder. Please see Proposal 1: To Approve the Asset Sale Comparative Rights of Hecla Stockholders and Independence Shareholders beginning at page 55 of this proxy statement/prospectus.



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**Q: Will I be able to freely sell the Hecla shares that I receive as part of the Independence Reorganization?**

A: Yes. The Hecla shares received by you as part of the Independence Reorganization will be freely tradable unless you are an affiliate of Hecla or Independence.

**Q: Will the Hecla common stock be listed for trading on a stock exchange?**

A: Hecla has filed an application to have the Hecla shares issued as part of the Asset Sale approved for listing on the New York Stock Exchange.

**Q: When does Independence expect the transaction to be completed?**

A: Hecla and Independence are working to complete the Asset Sale as quickly as practicable, and we currently expect that it could be completed promptly after the special meeting. We are obligated under the Purchase Agreement to distribute the Hecla shares to you within 10 days after the closing of the Asset Sale.

**Q: What are the material United States federal income tax consequences of the transaction?**

A: For U.S. citizens and residents, Independence expects the Asset Sale and the Plan of Dissolution, considered together as a single integrated transaction, to qualify as a reorganization within the meaning of Section 368(a)(1)(C) of the Internal Revenue Code of 1986, as amended, which we refer to throughout this proxy statement/prospectus as the Code. In that case, Independence shareholders who do not exercise their dissenters' rights generally will not recognize gain or loss on their receipt of shares of Hecla common stock upon Independence's dissolution. Independence shareholders should read the discussion in the section entitled Proposal 1: To Approve the Asset Sale The Purchase Agreement Material United States Federal Income Tax Consequences on page 36 of this proxy statement/prospectus and should consult their own tax advisors as to the United States federal income tax consequences of the Independence Reorganization as well as the effects of state, local and foreign tax laws. In addition, the tax consequences of the dissolution of Independence and of holding Hecla shares by any particular holder will depend on such holder's particular tax circumstances. If you sell the Hecla shares received, the gain or loss on the sale may be capital gain or ordinary income depending on the holding period and whether you are a dealer or have held Independence common stock for investment purposes.

**Q: What vote of Independence shareholders is required to approve the Asset Sale?**

A: Approval of the of the Asset Sale requires the affirmative vote of the holders of a majority of the Independence common shares present, either in person or by proxy, at the special meeting, assuming the presence of a quorum. Only holders of record of Independence common shares at the close of business on \_\_\_\_\_, 2008, which we refer to as the record date, are entitled to notice of and to vote at the special meeting. As of the record date, there were 5,780,737 Independence common shares outstanding and entitled to vote at the special meeting.

**Q: Are any shareholders already committed to vote in favor of the Asset Sale?**

A: Yes. Pursuant to a Shareholder Agreement with Hecla, each of Independence's directors and officers, Bernard C. Lannen, Wayne Schoonmaker, Robert Bunde, and Gordon Berkhaug, have agreed to vote all of the Independence common shares that they directly, indirectly or beneficially own or control at the special meeting in favor of all of the proposals, including the Asset Sale. These shares represent approximately 16.08% of the outstanding Independence common shares as of the date of this proxy statement/prospectus. For a

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more complete description of the Shareholder Agreement, see Proposal 1: To Approve the Asset Sale Shareholder Agreement beginning at page 54 of this proxy statement/prospectus. The Shareholder Agreement is also attached to this proxy statement/prospectus as Appendix D.

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**Q: What vote of Independence shareholders is required to approve the Ratification?**

A: Approval of the Ratification proposal requires the affirmative vote of the holders of a majority of the outstanding Independence common shares present, either in person or by proxy, and entitled to vote at the special meeting, assuming the presence of a quorum. Hecla's obligation to close the Asset Sale under the Purchase Agreement is conditioned upon Independence shareholders approving the Ratification proposal.

**Q: Are any shareholders already committed to vote in favor of the Ratification?**

A: Yes. As discussed above, pursuant to a shareholder agreement with Hecla, each of Independence's directors and officers have agreed to vote all of the Independence common shares that they directly, indirectly or beneficially own or control at the special meeting in favor of all of the proposals, including the ratification of past actions of the Company. These shares represent approximately 16.08% of the outstanding Independence common shares as of the date of this proxy statement/prospectus.

**Q: What vote of Independence shareholders is required to approve the Plan of Dissolution?**

A: Approval of the Plan of Dissolution requires the affirmative vote of the holders of a majority of the Independence common shares outstanding on the record date. Approval of the Plan of Dissolution is a necessary step for you to receive Hecla shares and for the transaction to be a tax-free reorganization under Section 368(a)(1)(C) of the Code. We have also agreed in the Purchase Agreement to dissolve, and would technically be in breach of that agreement if our shareholders do not approve the Plan of Dissolution.

**Q: Are any shareholders already committed to vote in favor of the Plan of Dissolution?**

A: Yes. As discussed above, pursuant to a shareholder agreement with Hecla, each of Independence's directors and officers have agreed to vote all of the Independence common shares that they directly, indirectly or beneficially own or control at the special meeting in favor of all of the proposals, including the dissolution of the Company. These shares represent approximately 16.08% of the outstanding Independence common shares as of the date of the proxy statement/prospectus.

**Q: What will Independence do if there is not a quorum for the Special Meeting?**

A: The Independence board of directors is asking you to authorize Independence management to take procedural actions, including to postpone or adjourn the special meeting to a date not later than \_\_\_\_\_, 2008, if the number of Independence common shares represented and voting at the special meeting is insufficient to approve the Asset Sale, the Ratification, or the Plan of Dissolution under Arizona law. Postponing or adjourning the special meeting to a later date will give us additional time to solicit proxies to vote in favor of the approval of the Asset Sale, the Ratification, and the Plan of Dissolution. The Independence board of directors recommends that you vote FOR the Adjournment Proposal. Approval of this item will only require the affirmative vote of a majority of the shares present at the special meeting. In addition, in the event we unable to obtain shareholder approval of either (or both) the Asset Sale or the Ratification because we are unable to obtain a valid quorum at the special meeting, including any postponement or adjournment thereof, and in the further event that Hecla elects not to terminate the Purchase Agreement, we are obligated to use our best efforts to obtain from the Superior Court of the State of Arizona in the County of Maricopa, an order in form and substance satisfactory to Hecla in its sole discretion, that orders that the transactions contemplated by the Purchase Agreement, including the Asset Sale and the Ratification, be approved by the actions of our shareholders taken at a shareholder meeting, despite there not being a valid quorum under our articles of incorporation, bylaws or Arizona law at such meeting.

**Q: Are there any risks to me in approving the Independence Reorganization?**

A: Yes. You should carefully review the section entitled Risk Factors on page 19 of this proxy statement/prospectus.

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**Q: What happens if the Independence Reorganization is not completed?**

A: If the Independence Reorganization is not approved by the Independence shareholders or the Asset Sale does not occur for any other reason, neither Independence nor our shareholders will receive any shares of Hecla stock. Instead, Independence will remain an independent public company and Independence's common shares will continue to be quoted on the National Quotation Bureau Pink Sheets (the Pink Sheets). Further, if the Asset Sale does not occur under specified circumstances, we may be required to pay Hecla a termination fee and reimburse Hecla for its expenses incurred under the Purchase Agreement as described under the section entitled Proposal 1: To Approve the Asset Sale The Purchase Agreement Termination Fees and Expenses on page 52.

**Q: Am I entitled to dissenters' rights?**

A: Yes, but only for Proposal 1 dealing with the Asset Sale. Under the Arizona Business Corporation Act, holders of Independence common shares who do not vote for the Asset Sale have the right to demand payment and receive cash for the fair value of their shares as determined by the Company upon consummation of the transactions contemplated by the Purchase Agreement, but only if they comply with all requirements of Arizona law, which are summarized in this proxy statement/prospectus, and set forth in detail in Appendix C. The amount determined by Independence to be the fair value of the dissenters' shares could be more than, the same as, or less than the amount an Independence shareholder would be entitled to receive as a result of the Asset Sale and as part of the Plan of Dissolution. Any holder of Independence common shares intending to exercise its dissenters' rights, among other things, must submit a written demand for payment to Independence prior to the vote on the approval of the Asset Sale, and must not vote or otherwise submit a proxy in favor of the Asset Sale. Failure to follow exactly the procedures specified under Arizona law will result in the loss of dissenters' rights. Because of the complexity of the Arizona law relating to dissenters' rights, if you are considering exercising your dissenters' right, we encourage you to seek the advice of your own legal counsel. For a full description of dissenters' rights, see Proposal 1: To Approve the Asset Sale Dissenters' Rights on page 41 of this proxy statement/prospectus and Appendix C included herein.

**Q: What happens if I sell my Independence shares before the special meeting?**

A: The record date for the special meeting is earlier than the date of the special meeting and the date that the Independence Reorganization is expected to be completed. If you transfer your Independence shares after the record date but before the special meeting, you will retain your right to vote at the special meeting, but will have transferred the right to receive the consideration in the Plan of Dissolution. In order to receive Hecla shares, you must hold your shares through completion of the Independence Reorganization.

**Q: When and where will the special meeting of Independence shareholders be held?**

A: The special meeting will be held at the Wallace Elks Temple, 419 Cedar Street, Wallace, Idaho, on \_\_\_\_\_, 2008, at 11:00 AM local time.

**Q: Who can attend and vote at the special meeting?**

A: All Independence shareholders of record as of the close of business on the record date are entitled to receive notice of and to vote at the special meeting.

**Q: What should I do now in order to vote on the proposals being considered at the special meeting?**

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- A: Independence shareholders as of the record date may vote by proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope. If you hold Independence common shares in street name, which means that your shares are held of record by a broker, bank or other nominee, please refer to the voting instruction form used by your broker, bank or other nominee to see how to vote your shares.

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Additionally, you may also vote in person by attending the special meeting. If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in street name, and you wish to vote at the special meeting, you must bring a proxy from the record holder of the shares authorizing you to vote at the special meeting. Whether or not you plan to attend the special meeting, you should submit your proxy card or voting instruction form as described in this proxy statement/prospectus.

### **Q: Do I need to send in my Independence share certificates?**

A: No. You should not send in your Independence share certificates. There is no reason to do so. The certificates for the shares of Hecla common stock will be sent to you at the last address reflected on our records by our transfer agent and your shares of Independence stock will be cancelled when Independence is dissolved.

### **Q: What will happen if I abstain from voting or fail to vote?**

A: Your abstention or failure to vote or to instruct your broker, bank or other nominee to vote if your shares are held in street name (referred to as a broker non-vote ) will have the same effect as a vote against the proposal to approve the Plan of Dissolution. Your abstention or broker non-votes on the Asset Sale, Ratification, or Adjournment proposals will not have the same effect as a vote against those proposals.

### **Q: What will happen if I sign my proxy without specifying my voting preference?**

A: If you submit a signed proxy without specifying the manner in which you would like your shares to be voted, your shares will be voted FOR the Asset Sale proposal, FOR the Ratification proposal, FOR the Plan of Dissolution, and FOR the Adjournment Proposal.

### **Q: Can I change my vote after I have delivered my proxy?**

A: Yes. If you are a holder of record, you can change your vote at any time before your proxy is voted at the special meeting by:

delivering a signed written notice of revocation to the Secretary of Independence;

signing and delivering a new, valid proxy bearing a later date; or

attending the special meeting and voting in person, (your attendance alone will not revoke your proxy).

If your shares are held in street name, you must contact your broker, bank or other nominee to change your vote.

### **Q: What should I do if I receive more than one set of voting materials for the special meeting?**

A: You may receive more than one set of voting materials for the special meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction forms. For example, if you hold your shares in more than one

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brokerage account, you will receive a separate voting instruction form for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. For each and every proxy card and voting instruction form that you receive, please vote as soon as possible by completing, signing, dating and returning the enclosed proxy card in the postage-prepaid envelope enclosed for that purpose.



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**Q: Who can help answer my questions?**

A: If you have any questions about the Asset Sale or the Purchase Agreement, the Ratification, or the Plan of Dissolution, or how to submit your proxy, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card or voting instructions, you should contact:

Independence Lead Mines Company

510 Cedar St.

Wallace, Idaho 83873

(208) 753-2525

Attention: Secretary

Proxy Soliciting Agent:

OTC Stock Transfer, Inc.

231 East 2100 South

Suite F

Salt Lake City, Utah 84115

(801) 485-5555

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**SUMMARY**

The following is a summary that highlights information contained in this proxy statement/prospectus. This summary may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement/prospectus, including the attached Appendices and the documents referred to or incorporated by reference into this proxy statement/prospectus. Please see the section entitled "Where You Can Find More Information" on page 80 of this proxy statement/prospectus. Where appropriate, we have included page references parenthetically to direct you to more complete descriptions of the topics presented in the summary.

**The Companies**

*Independence Lead Mines Company* (page 71)

5410 Cedar St.

Wallace, Idaho 83873

Telephone Number: (208) 753-2525

Independence was organized in the State of Arizona on September 16, 1929. It is qualified as a foreign corporation in the State of Idaho. The Company's principal business is ownership and operation of 15 patented, 13 unpatented mining claims and a sliver of land. This claim group is situated Northwest of Hecla's Lucky Friday Mine in the Coeur d'Alene Mining District, Shoshone County Idaho. Pursuant to an agreement dated February 8, 1968, among Hecla, Day Mines, Inc. ( Day ), Abot Mining Company ( Abot ) and Independence (the Unitization Agreement ), the Eastern portion of the Company's property (approximately five-eighths of the total area of the property) was unitized with certain adjoining and nearby properties owned by Day and Abot into a unitized area, consisting of 55 claims, (known as the DIA Area ). Subsequently, under a second agreement also dated February 8, 1968, (the Lease Agreement ), Hecla leased the DIA Area for a period of fifty (50) years, subject to a 30-year extension. The Lease Agreement provides that all costs and expenses incurred in the exploration, development and operation of the DIA Area are to be paid by Hecla subject to the right of Hecla to be reimbursed for such costs and expenses, together with all advance royalties paid, out of any future net profits realized from the operation of the DIA Area. After recovery of Hecla's costs and expenses and amounts paid as advance royalties, and the establishment of a three-month working capital reserve, 18.52% of the net profit royalties are to be paid to Independence and the rest to Hecla. Until Hecla commences to pay net profit royalties and during such period as the Lease Agreement is in effect, Hecla is obligated to pay an advance royalty to Independence of \$750 per month subject to increase to \$1,500 when production for the DIA Area exceeds 2,000 tons per month.

*Hecla Mining Company*

6500 N. Mineral Drive

Suite 200

Coeur d'Alene, Idaho 83815-9408

Telephone Number: (208) 769-4100

Hecla has provided precious and base metals to the U.S. economy and worldwide since its incorporation in 1891. Hecla discovers, acquires, develops, produces, and markets silver, gold, lead and zinc. In doing so, Hecla intends to manage its business activities in a safe, environmentally responsible and cost-effective manner.

Hecla produces both metal concentrates, which are sold to custom smelters, and unrefined gold bullion bars (doré), which may be sold as doré or further refined before sale to precious metals traders. Hecla is organized and managed into four segments that encompass four operating units and significant exploration interests:

The Lucky Friday unit;

The Greens Creek unit;

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The La Camorra unit and various exploration activities in Venezuela; and

The San Sebastian unit and various exploration activities in Mexico.

*Hecla Merger Company*

6500 N. Mineral Drive

Suite 200

Coeur d Alene, Idaho 83815-9408

Telephone number: 208-769-4100

Hecla Merger Company, a Delaware Company, is a wholly-owned subsidiary of Hecla. It conducts no operations or business other than to acquire substantially all of the assets of Independence and to assume certain specifically enumerated liabilities of Independence pursuant to the Purchase Agreement.

**The Independence Reorganization** (pages 29; 69)

Pursuant to the terms of the Purchase Agreement, Independence will transfer title to substantially all of its assets, principally its patented and unpatented mining claims, to Hecla Merger Company, a wholly owned subsidiary of Hecla. In exchange for the assets of Independence, Hecla will pay 6,936,884 shares of its common stock to Independence. Subsequently, Independence will dissolve if approved by Independence's shareholders and as a part of its dissolution, make a pro rata distribution of the Hecla common stock to the shareholders of Independence. The Asset Sale pursuant to the Purchase Agreement and the Plan of Dissolution, together, are sometimes referred to herein as the Independence Reorganization. The Purchase Agreement is attached as Appendix A to this proxy statement/prospectus. The Plan of Dissolution is attached as Appendix B to this proxy statement/prospectus.

**Purchase Agreement Consideration** (page 43)

In exchange for the sale of our assets to Hecla, we will receive 6,936,884 shares of Hecla common stock. As part of the Plan of Dissolution, we will distribute those Hecla shares to you on a pro rata basis, at the ratio of 1.2 Hecla shares for each Independence common share you own, rounded up to the next whole share. For a full description of the consideration to be paid by Hecla, see Proposal 1: To Approve the Asset Sale The Purchase Agreement Consideration on page 43 of this proxy statement/prospectus.

**Our Reasons for the Transaction** (pages 30; 34)

The board of directors of Independence has unanimously determined that the terms of the Asset Sale and the Purchase Agreement and the transactions contemplated thereby are fair to and in the best interests of Independence shareholders. The board of directors of Independence believes Hecla's acquisition of the mining assets of Independence combined with the financial and management expertise of Hecla will provide substantial financial and strategic benefits to the shareholders of Independence. For those shareholders who do not wish to retain Hecla common stock, the Independence Reorganization provides a significantly superior price and market liquidity compared to the price and market for Independence shares prior to the execution of the Purchase Agreement. At June 11, 2008, the closing price of Hecla common stock was \$8.27.

Hecla has determined that the Asset Sale is in its and its stockholders best interest because it will insure that Hecla receives all future revenues from its Lucky Friday Mine, and will also increase Hecla's land holdings in Idaho. To review the reasons for the Asset Sale in greater detail, see the section entitled Proposal 1: To Approve the Asset Sale Independence's Reasons for the Asset Sale on page 30 and Hecla's Reasons for Purchasing the Assets of Independence on page 34.

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### **Independence Shareholders Meeting; Vote Required** (page 25)

The special meeting of Independence shareholders will be held on \_\_\_\_\_, 2008 at 11:00 AM, local time, at the Wallace Elks Temple, 419 Cedar Street, Wallace, Idaho 83873. At the special meeting, you will be asked to approve the sale of our assets to Hecla pursuant to the Purchase Agreement, to ratify the prior actions of the Company, and to adopt a Plan of Dissolution pursuant to which the Company will dissolve and distribute the Hecla shares to its shareholders. You will also be asked to approve procedural matters, such as granting us the right to postpone or adjourn the special meeting in order to solicit additional proxies in favor of the proposals to be voted on at the special meeting.

Only holders of record of Independence common shares at the close of business on \_\_\_\_\_, 2008, the record date, are entitled to notice of and to vote at the special meeting. As of the record date, there were 5,780,737 Independence common shares outstanding and entitled to vote at the special meeting.

Approval of the Asset Sale, the Ratification, and the Adjournment proposals require the affirmative vote of the holders of a majority of the outstanding Independence common shares present, either in person or by proxy, at the special meeting and entitled to vote.

Approval of the Plan of Dissolution requires the affirmative vote of the holders of a majority of the Independence common shares outstanding on the record date.

### **Recommendation of the Board of Directors of Independence** (page 27)

The board of directors of Independence has determined that the Independence Reorganization, which includes the Asset Sale and the Plan of Dissolution, is advisable, and fair to and in the best interests of, Independence and its shareholders, and recommends that you vote **FOR** the Asset Sale, **FOR** the Ratification, **FOR** the Plan of Dissolution, and **FOR** the Adjournment Proposal.

### **Opinion of Independence's Financial Advisor** (page 32 and Appendix E)

Independence's financial advisor, Public Securities, Inc., delivered an opinion to the Independence board of directors that, as of the date of the fairness opinion and based upon and subject to various qualifications and assumptions described in its opinion, the consideration to be received by Independence and subsequently distributed to its shareholders pursuant to the Purchase Agreement is fair, from a financial point of view, to the holders of Independence's common shares.

The full text of the written opinion of Public Securities, dated January 15, 2008, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with its opinion, is attached to this proxy statement/prospectus as Appendix E. Public Securities provided its opinion for the information and assistance of the Independence board of directors in connection with its consideration of the Asset Sale and the Purchase Agreement. The opinion of Public Securities is not a recommendation as to how you should vote at the special meeting. We encourage you to read the opinion, which is attached as Appendix E, and the section **Proposal 1: To Approve the Asset Sale Opinion of Independence's Financial Advisor** on page 32 carefully and in its entirety.

### **Ownership of Hecla Following the Independence Reorganization**

Hecla will issue 6,936,884 million shares of its common stock to Independence as payment for the assets of Independence. After the dissolution of Independence, former Independence shareholders are thereby expected to own, in the aggregate, approximately 5% of the then-outstanding shares of Hecla common stock (on a non-diluted basis).

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### **Share Ownership of Independence Directors and Executive Officers (page 77)**

As of the record date, the directors and executive officers of Independence and their affiliates beneficially owned and were entitled to vote 929,719 Independence common shares, which represents approximately 16.08% of the Independence common shares outstanding on that date. Concurrently with the execution and delivery of the Purchase Agreement, on February 12, 2008, Independence's officers and directors entered into a shareholder agreement with Hecla with respect to those 929,719 Independence shares. The Shareholder Agreement requires the directors and officers of Independence to vote in favor of each of the proposals to be voted upon at the special meeting. For more information regarding the shareholders agreement, see Proposal 1: To Approve the Asset Sale The Shareholder Agreement on page 54 of this proxy statement/prospectus. The form of shareholder agreement is attached to this proxy statement/prospectus as Appendix D.

### **Listing of Hecla Common Stock and Delisting and Deregistration of Independence Common Shares (page 42)**

The shares of Hecla common stock received by you will be registered with the Securities and Exchange Commission, which means that unless you are an affiliate of Hecla or Independence (Independence's directors and officers), you will be able to freely sell the Hecla shares. Hecla has filed an application to have the shares of Hecla stock to be issued to you as part of the Plan of Dissolution approved for listing on the New York Stock Exchange; however, we cannot assure you that such shares will be approved for listing. If the Independence Reorganization is completed, Independence common shares will no longer be quoted on the Pink Sheets and Independence will be deregistered under the Securities Exchange Act of 1934, and Independence will then no longer file periodic reports with the Securities and Exchange Commission.

### **Conditions to Completion of the Asset Sale (page 49)**

A number of conditions must be satisfied by Independence and Hecla before the Asset Sale will be completed. These include, among others:

the approval of the Asset Sale and the Ratification proposals by Independence shareholders;

the effectiveness of Hecla's registration statement on Form S-4 filed with the Securities and Exchange Commission and of which this proxy/prospectus is a part of, and there being no pending or threatened stop order relating thereto;

the absence of any law or order that prevents the consummation of the Asset Sale; and

authorization of the Hecla shares for listing on the New York Stock Exchange.

Each of Hecla and Independence may waive the conditions to the performance of its respective obligations under the Purchase Agreement (other than the approval by Independence shareholders) and complete the Asset Sale even though one or more of these conditions has not been met. Neither Independence nor Hecla can give any assurance that all of the conditions to the Asset Sale will be either satisfied or waived or that the Asset Sale will occur.

### **Regulatory Matters**

The Asset Sale is subject to compliance with federal securities laws and Arizona and Delaware laws. Hecla and Independence expect to make all required filings under applicable U.S. securities laws, the New York Stock Exchange, and the Arizona Corporation Commission.

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### **Independence is Prohibited from Soliciting Other Offers** (page 47)

The Purchase Agreement contains detailed provisions that prohibit Independence, its subsidiary and their respective officers, directors and representatives from taking any action to solicit or engage in discussions or negotiations with any person or group with respect to a Takeover Proposal, as defined in the Purchase Agreement, including (a) a merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving a direct or indirect acquisition of Independence; (b) the acquisition (including by way of tender or exchange offer) in any manner, directly or indirectly, of over 20% of (i) Independence shares then outstanding or (ii) the consolidated total assets (based on fair market value) of Independence; or (c) the assignment of any substantial portion of Independence's existing contractual rights relating to Hecla or the Lucky Friday Mine or any real estate or mining right, prospect, or property.

The Purchase Agreement does not, however, prohibit the board of directors of Independence from considering and recommending to Independence's shareholders an unsolicited Takeover Proposal from a third party if specified conditions are met.

### **Termination of the Purchase Agreement and Termination Fee** (page 50)

Under circumstances specified in the Purchase Agreement, either Hecla or Independence may terminate the Purchase Agreement. Subject to the limitations set forth in the Purchase Agreement, the circumstances generally include if:

Hecla and Independence mutually agree to terminate the Purchase Agreement;

any law prohibits or makes illegal the consummation of the Asset Sale;

any order of any governmental entity is entered enjoining the parties from consummating the Asset Sale and such order has become final and nonappealable;

Independence shareholders do not approve the Asset Sale or Ratification proposal and adopt the Purchase Agreement at the special meeting or the Asset Sale has not been consummated within 6 months from February 12, 2008.

Hecla may also terminate the Purchase Agreement if certain triggering events identified in the Purchase Agreement occur. These triggering events generally relate to the obligations of the board of directors of Independence to maintain its recommendation of the approval of the Asset Sale and the obligations of Independence regarding the solicitation or acceptance of competing proposals.

Under circumstances specified in the Purchase Agreement, Independence may terminate the Purchase Agreement to enter into a definitive agreement for a superior proposal, but only if it has complied with its obligations regarding the solicitation of competing proposals and has paid Hecla the termination fee described below.

In addition to paying a \$1.25 million termination fee under the circumstances described above, Independence has also agreed to pay Hecla \$1.25 million as a termination fee if Independence terminates the Purchase Agreement upon a change of recommendation by its board of directors in connection with a superior offer.

Either party may also terminate the Purchase Agreement if the other party breaches any of its covenants, agreements, representations or warranties set forth in the Purchase Agreement such that the conditions to the terminating party's obligation to effect the Asset Sale would not be satisfied at the time of termination and the breach is not cured, or curable, within 30 days after the terminating party delivers written notice of the breach to the other party.

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### **Material United States Federal Income Tax Consequences** (page 36)

Independence expects the Independence Reorganization, including the transfer of substantially all of Independence's assets in exchange for shares of Hecla stock, distribution of the Hecla stock to Independence shareholders, and dissolution of Independence, considered together as a single integrated transaction, to qualify as a reorganization within the meaning of Section 368(a)(1)(C) of the Code. In that case, Independence shareholders who do not perfect their dissenters' rights generally will not recognize either gain or loss on the transaction. If the dissolution of Independence is not approved by the shareholders, you will be taxed on any gain you receive with respect to any Hecla shares you receive.

Independence has received the opinion of Randall & Danskin, P.S. that, more likely than not, the Independence Reorganization, including the transfer of substantially all of the assets of Independence to Hecla solely in exchange for Hecla common stock and the assumption by Hecla of certain specifically enumerated liabilities of Independence and the pro rata distribution of Hecla shares to Independence's shareholder pursuant to the Plan of Dissolution, taken together and treated as an integrated transaction, will qualify as a tax-free reorganization described in Section §368(a)(1)(C) of the Code. We encourage you to read the opinion, which is attached as Appendix G. In addition, you should also read the discussion in the section entitled "Proposal 1: To Approve the Asset Sale Material United States Federal Income Tax Consequences" on page 36 of this proxy statement/prospectus and consult your own tax advisors as to the United States federal income tax consequences of the Independence Reorganization, as well as the effects of state, local and foreign tax laws.

### **Accounting Treatment** (see page 41)

In accordance with accounting principles generally accepted in the United States, Hecla will account for the Asset Sale using the purchase method of accounting for business combinations.

### **Comparison of Rights of Hecla Stockholders and Independence Shareholders** (page 55)

Currently, as a shareholder of Independence, your rights are currently governed by Independence's articles of incorporation, bylaws and Arizona law. If the Independence Reorganization is completed, and the Hecla shares are distributed to you, you will become a Hecla stockholder, and your rights will be governed by Hecla's certificate of incorporation, its bylaws and Delaware law. As a result, you will have different rights as a Hecla stockholder than you had as an Independence shareholder. Independence intends to dissolve after distribution of the Hecla common stock.

### **Dissenters' Rights** (page 41 and Appendix C)

Under the Arizona Business Corporation Act, holders of Independence common shares who do not vote for the Asset Sale proposal, have the right to exercise statutory dissenters' rights and receive cash for the fair value of their shares as determined by Independence, but only if they comply with all requirements of Arizona law, which are summarized in this proxy statement/prospectus. The amount Independence estimates to be the fair value of the dissenters' shares could be more than, the same as, or less than the amount an Independence shareholder would otherwise be entitled to receive under the terms of the Purchase Agreement. Any holder of Independence common shares intending to exercise his dissenters' rights, among other things, must submit written notice of the shareholder's intent to demand payment for his shares prior to the vote on the Asset Sale proposal and must not vote or otherwise submit a proxy in favor of the Asset Sale proposal. Failure to follow exactly the procedures specified under Arizona law will result in the loss of dissenters' rights. Because of the complexity of the Arizona law relating to dissenters' rights, if you are considering exercising your dissenters' right, we encourage you to seek the advice of your own legal counsel. We encourage you to read the relevant provisions of the Arizona Business Corporation Act included in Appendix B.



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**Markets and Market Prices** (page 18)

Hecla common stock is traded on the New York Stock Exchange under the ticker symbol HL.

On February 12, 2008, the last trading day before the public announcement of the proposed reorganization, the closing price per share of Hecla common stock was \$9.63. At such closing price, the aggregate value of the Hecla common stock to be received in the Independence Reorganization would be \$66,802,192. Independence's closing price on such date was \$3.51 and its aggregate market value was \$20,290,386. On June 11, 2008, the most recent trading day for which prices were available prior to the mailing of this proxy statement/prospectus, the closing price per share of Hecla common stock was \$8.27. At such closing price, the aggregate value of the Hecla common stock to be received in the Asset Sale would be \$63,125,644. On July 16, 2007, the date on which Independence and Hecla first discussed the purchase price of 1.2 Hecla shares for each share of Independence, the closing price per share of Hecla common stock was \$9.13, and the closing price of Independence shares was \$5.00.

**Risk Factors** (page 19)

In evaluating the Independence Reorganization, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled Risk Factors on page 19 of this proxy statement/prospectus.

**Table of Contents****SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF HECLA**

The selected historical financial data of Hecla for each of the years ended December 31, 2007, 2006, 2005, 2004, and 2003 have been derived from the audited consolidated financial statements of Hecla incorporated by reference in this proxy statement/prospectus. You should read the following information together with Hecla's consolidated financial statements, the notes related thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Hecla's Annual Report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference in this proxy statement/prospectus.

	2007	2006	2005	2004	2003
Sales of products	\$ 222,622	\$ 218,895	\$ 110,161	\$ 130,826	\$ 116,353
Income (loss) before cumulative effect of change in accounting principle(1)	\$ 53,197	\$ 69,122	\$ (25,360)	\$ (6,134)	\$ (7,088)
Net income (loss)	53,197	69,122	(25,360)	(6,134)	(6,016)
Preferred stock dividends(2,3)	(1,024)	(552)	(552)	(11,602)	(12,154)
Income (loss) applicable to common shareholders	\$ 52,173	\$ 68,570	\$ (25,912)	\$ (17,736)	\$ (18,170)
Basic and diluted income (loss) per common share	\$ 0.43	\$ 0.57	\$ (0.22)	\$ (0.15)	\$ (0.16)
Total assets	\$ 650,737	\$ 346,269	\$ 272,166	\$ 279,448	\$ 278,195
Accrued reclamation & closure costs	\$ 106,139	\$ 65,904	\$ 69,242	\$ 74,413	\$ 70,048
Noncurrent portion of debt	\$	\$	\$ 3,000	\$	\$ 2,341
Cash dividends paid per common share	\$	\$	\$	\$	\$
Cash dividends paid per Series B preferred share(3)	\$ 3.50	\$ 3.50	\$ 18.38	\$	\$
Common shares issued and outstanding	121,456,837	119,828,707	118,602,135	118,350,861	115,543,695
Mandatory Convertible Preferred shares issued and outstanding	2,012,500				
Shareholders of record	6,598	6,815	7,568	7,853	8,203
Employees	871	1,155	1,191	1,417	1,074

- (1) In 2003, we adopted SFAS No. 143 "Accounting for Asset Retirement Obligations," which resulted in a positive cumulative effect of a change in accounting principle of \$1.1 million.
- (2) During the years ended December 31, 2004 and 2003, we entered into various agreements to acquire Series B preferred stock in exchange for newly issued shares of common stock as follows:

	Year ended December 31,	
	2004	2003
Number of shares of Series B preferred stock exchanged for shares of common stock	306,961	288,625
Number of shares of common stock issued	2,436,098	2,183,719
Non-cash preferred stock dividend incurred in exchange (millions of dollars)(a)	\$ 10.9	\$ 9.6

- (a) The non-cash 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.



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- (3) As of December 31, 2004, we had not declared or paid a total of \$2.3 million of Series B preferred stock dividends. As the dividends are cumulative, they are reported in determining the income (loss) applicable to common stockholders, but are excluded in the amount reported as cash dividends paid per preferred share. The \$2.3 million in cumulative, undeclared dividends were paid in July 2005. A \$0.875 per share dividend was declared on the 157,816 outstanding Series B preferred shares in December 2004, and paid in January 2005, and additional dividends totaling \$0.4 million were declared and paid during 2005. A total of \$2.9 million in dividends paid during 2005 are included in the amount reported as cash dividends paid per preferred share for 2005, and \$0.6 million in dividends declared during 2005 were included in the determination of loss applicable to common stockholders. During 2006 and 2007, \$0.6 million in dividends were declared and paid.

**SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF INDEPENDENCE**

The selected historical financial data of Independence for each of the years ended December 31, 2007, 2006, 2005, and 2004 have been derived from the audited consolidated financial statements of Independence included elsewhere in this proxy statement/prospectus. The selected historical financial data for the year ended December 31, 2003 have been derived from the unaudited consolidated financial statements of Independence, none of which have been included in this proxy statement/prospectus. You should read the following information together with Independence's consolidated financial statements, the notes related thereto and the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this proxy statement/prospectus.

	2007	2006	2005	2004	2003 (Unaudited)
<b>Income Statement Data:</b>					
Revenue	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Expenses	319,048	78,353	85,310	265,633	146,746
Other income (expense)	7,514	4,988	(46)	(198)	687
Income (loss) from continuing operations	\$ (311,354)	\$ (73,365)	\$ (85,356)	\$ (265,831)	\$ (145,485)
<b>Per Share Data:</b>					
Income (loss) from continuing operations					
Basic	\$ (0.06)	\$ (0.01)	\$ (0.02)	\$ (0.06)	\$ (0.03)
Weighted-average common shares outstanding:					
Basic	5,450,319	5,051,683	4,768,399	4,456,226	4,181,357
<b>Balance Sheet Data (at end of period):</b>					
Total assets	\$ 180,383	\$ 191,207	\$ 176,306	\$ 77,171	\$ 3,208,133
Total liabilities	\$ 480,458	\$ 449,748	\$ 433,982	\$ 412,491	\$ 392,000
Stockholders' equity	\$ (300,075)	\$ (258,541)	\$ (257,676)	\$ (335,320)	\$ 2,812,739

**Table of Contents****COMPARATIVE PER SHARE DATA**

We have summarized below certain comparative per share data of Hecla and Independence on a historical basis and combined per share data on an unaudited pro forma basis after giving effect to the Asset Sale. You should read this data along with the historical consolidated financial statements and the related notes of Hecla incorporated by reference into this proxy statement/prospectus and of Independence that are included elsewhere in this proxy statement/prospectus. We have presented the pro forma per share data for illustrative purposes only. This unaudited pro forma combined per share data does not necessarily indicate the operating results that would have been achieved had the mergers been in effect as of the beginning of the periods presented, or the results of operations or financial position that we will experience in the future.

	<b>As of and for the Year Ended December 31, 2007</b>	<b>Three Months Ended March 31, 2008</b>
<b>Hecla Historical Per Share Data</b>		
Income per basic and diluted share from continuing operations	\$ 0.43	\$ 0.10
Cash dividends paid per common share		
Cash dividends paid per Series B preferred share	\$ 3.50	\$ 0.875
Cash dividends paid per share of mandatory convertible preferred		\$ 1.625
Book value per share	\$ 4.06	\$ 4.23
<b>Independence Historical Per Share Data</b>		
Income (loss) per basic and diluted share from continuing operations	\$ (0.06)	\$ (0.017)
Cash dividends per common share		
Book value per share	\$ (0.05)	\$ (0.07)
<b>Hecla Unaudited Pro Forma Combined</b>		
Unaudited pro forma per Hecla share:		
Income per basic and diluted share from continuing operations	\$ 0.41	\$ 0.09
Book value per share	\$ 4.35	\$ 4.51
<b>Unaudited Pro Forma Independence Equivalents(1)</b>		
Unaudited pro forma per Independence common share:		
Income per basic and diluted share from continuing operations	\$ 0.49	\$ 0.11
Book value per share	\$ 5.22	\$ 5.41

- (1) The unaudited pro forma Independence equivalent per share amounts are calculated by multiplying the Hecla unaudited pro forma combined per share amounts by the exchange ratio of 1.2 shares of Hecla common stock for each Independence common share, which represents the consideration paid by Hecla to Independence as part of the Asset Sale.

**Table of Contents****COMPARATIVE PER SHARE MARKET PRICE DATA**

Independence's common shares are traded in the Pink Sheets under the symbol ILDS. Hecla's common stock is listed and traded on the New York Stock Exchange under the symbol HL. The following table sets forth, for the calendar quarters indicated, the high and low sales prices per share of Independence common shares as reported in the Pink Sheets and the high and low sales prices of Hecla common stock as reported on the New York Stock Exchange, in each case, as adjusted for all stock splits or stock dividends. In addition, the table also sets forth the high and low sales prices per share of Hecla common stock on the New York Stock Exchange and Independence common shares in the Pink Sheets on (1) February 12, 2008, the last trading day prior to public announcement of the Purchase Agreement and the proposed acquisition, (2) June 11, 2008, the most recent date for which prices were practicably available prior to the date of this proxy statement/prospectus, and (3) the last trading date before agreement on the purchase price for Independence's assets of 6,936,884 shares of Hecla stock.

	Independence Lead Mines Company		Hecla Mining Company	
	HIGH	LOW	HIGH	LOW
<i>For the quarterly period ended:</i>				
<b>2006</b>				
March 31, 2006	\$ 1.01	\$ 0.64	\$ 6.89	\$ 3.93
June 30, 2006	\$ 1.99	\$ 0.70	\$ 7.09	\$ 4.05
September 30, 2006	\$ 1.80	\$ 1.45	\$ 6.65	\$ 4.77
December 31, 2006	\$ 3.50	\$ 1.50	\$ 7.95	\$ 4.90
<b>2007</b>				
March 31, 2007	\$ 5.75	\$ 3.30	\$ 9.21	\$ 6.36
June 30, 2007	\$ 5.00	\$ 3.60	\$ 9.89	\$ 7.47
September 30, 2007	\$ 5.25	\$ 2.50	\$ 9.80	\$ 6.58
December 31, 2007	\$ 4.00	\$ 2.50	\$ 12.57	\$ 8.18
<b>2008</b>				
March 31, 2008	\$ 12.90	\$ 2.26	\$ 12.79	\$ 8.05
<i>Miscellaneous dates:</i>				
February 12, 2008	\$ 3.51	\$ 3.51	\$ 10.30	\$ 9.57
June 11, 2008	\$ 9.10	\$ 8.80	\$ 8.49	\$ 8.24

The market value of the Hecla common stock to be issued in exchange for substantially all of the assets of Independence upon the completion of the Asset Sale will not be known at the time Independence shareholders vote on the proposal to adopt the Asset Sale. The above tables show only historical comparisons. Because the market prices of Hecla common stock and Independence common shares will likely fluctuate prior to the completion of the Independence Reorganization, these comparisons may not provide meaningful information to you in determining whether to vote in favor of the Asset Sale and the Plan of Dissolution. You are encouraged to obtain current market quotations for Hecla's common stock and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus in considering whether to approve the Asset Sale. See [Where You Can Find More Information](#) on page 80.

**Table of Contents****RISK FACTORS**

In addition to the other information included or incorporated by reference in this proxy statement/prospectus, you should carefully consider the matters described below in evaluating whether to approve the sale by Independence of substantially all of its asset to Hecla (the **Asset Sale** ), ratify the past actions of Independence (the **Ratification** ), and the dissolution of Independence (the **Plan of Dissolution** ), and, therefore, your related investment in Hecla common stock. References to **we**, **us** and **our** refer to Independence Lead Mines Company and our subsidiary.

**Risks Relating to the Proposed Transaction**

***The number of shares of Hecla common stock that you will receive upon completion of the Independence Reorganization will be based upon a fixed exchange ratio.***

The number of shares of Hecla common stock to be received by Independence as part of the Asset Sale is fixed at 6,936,884. As a result, as part of the Plan of Dissolution, you will receive 1.2 shares of Hecla common stock in exchange for each Independence share you own. This is a fixed exchange ratio that will not adjust as a result of any change in the market price of Hecla common stock or Independence shares between the date of this proxy statement/prospectus and the date you receive shares of Hecla stock, or for any other reason. The market price of the Hecla common stock will likely be different on the date you receive Hecla shares than it is today because of changes in the business, operations or prospects of Hecla, market reactions to the Independence Reorganization, general market and economic conditions, and other factors. In addition to the approval of Independence shareholders, completion of the Independence Reorganization is subject to the satisfaction of other conditions that may not occur until some time after the special meeting, such as approval of the listing of the Hecla shares on the New York Stock Exchange. You are urged to obtain current market quotations for Hecla common stock and Independence common shares. See **Summary Comparative Per Share Market Price** on page 18.

***Independence will be subject to business uncertainties and contractual restrictions while the Independence Reorganization is pending.***

Uncertainty about the effect of the Independence Reorganization on the business of Independence may have an adverse effect on us, and consequently on Hecla. The Purchase Agreement restricts us from making certain acquisitions and taking other specified actions without the consent of Hecla until the Asset Sale occurs. These restrictions may prevent us from pursuing attractive business opportunities that may arise prior to the completion of the Asset Sale. Please see the section entitled **Proposal 1: To Approve the Asset Sale The Purchase Agreement Covenants and Agreements** on page 45 of this proxy statement/prospectus for a description of the restrictive covenants applicable to Independence.

***The Independence Reorganization may not qualify as a tax-free reorganization for United States Federal Income Tax purposes.***

The Independence Reorganization is intended to qualify as a **Type C reorganization** for United States federal income tax purposes under which you would generally not recognize gain or loss upon the receipt of shares of Hecla common stock as part of Hecla's acquisition of Independence's assets and the subsequent dissolution of Independence. If the Independence Reorganization is consummated but fails to be treated as a **reorganization** for federal income tax purposes, the Independence Reorganization will be taxable to Independence and you. Reorganization treatment depends on numerous factors, including factors beyond our control, such as the number of shares owned by Independence shareholders who effectively exercise their dissenters' rights. If the Independence Reorganization does not qualify as a reorganization, you would generally be taxed on any gain you realize upon the receipt of shares of Hecla common stock in exchange for your shares of Independence. The Purchase Agreement does not include a condition relating to the tax-free treatment of the Independence Reorganization.

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*The shares of Hecla common stock to ultimately be received by you as a result of the Independence Reorganization will have different rights from the Independence common shares you currently own.*

Following completion of the Independence Reorganization, you will no longer be a shareholder of Independence, an Arizona corporation, but will instead be a stockholder of Hecla, a Delaware corporation. There will be important differences between your current rights as an Independence shareholder and the rights to which you will be entitled as a stockholder of Hecla. You may conclude that your rights as a Hecla stockholder are more limited than your current rights as an Independence shareholder. See Proposal 1: To Approve the Asset Sale Comparative Rights of Hecla Stockholders and Independence Shareholders on page 55 of this proxy statement/prospectus for a discussion of the different rights associated with Hecla common stock.

*Failure to complete the Asset Sale could negatively impact the stock prices and future business and financial results of Hecla and Independence.*

If the Asset Sale is not completed, the ongoing businesses of Hecla or Independence may be adversely affected and Hecla and Independence will be subject to several risks, including the following: (i) Independence is required, under certain circumstances, to pay Hecla a termination fee of \$1.25 million and to reimburse Hecla for its expenses under the Purchase Agreement; (ii) Independence and Hecla paying certain costs relating to the Purchase Agreement, such as legal, accounting, financial advisor and printing fees; and (iii) the focus of management of each of the companies on the Asset Sale instead of on pursuing other opportunities that could be beneficial to the companies, in each case, without realizing any of the benefits of having the Asset Sale completed. In addition, if the Asset Sale is not consummated, Hecla and Independence may experience negative reactions from the financial markets.

*The market price of Hecla common stock could decline as a result of the large number of shares that will become eligible for sale upon completion of the Independence Reorganization.*

As part of the Plan of Dissolution, we will distribute to our shareholders the 6,936,884 shares of Hecla common stock we received in connection with the Asset Sale. The majority of these shares will be immediately eligible for resale without restriction. The market price of Hecla's common stock could decline as a result of these sales or the perception that these sales could occur.

**Risk Factors Relating to Hecla and Independence**

Hecla's businesses are and will be subject to the risks described above relating to the Independence Reorganization. In addition, Hecla is, and will continue to be, subject to the risks described in Part I, Item 1A in Hecla's Annual Report on Form 10-K for the year ended December 31, 2007, and in Part II, Item 1A in Hecla's Quarterly Report on Form 10-Q for the period ended March 31, 2008, each as filed with the Securities and Exchange Commission and incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information on page 80 for the location of information incorporated by reference into this proxy statement/prospectus.

Independence's business is and will be subject to the risks described above relating to the Independence Reorganization. In addition, Independence is, and will continue to be, subject to the risks described below, until the Independence Reorganization is completed.



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### **Independence Risk Factors**

The business, operations, and financial condition of Independence are subject to various risks. We urge you to consider the following risk factors:

***Independence is dependent on closing the Asset Sale with Hecla to avoid bankruptcy.***

On February 12, 2008, we entered into a Purchase Agreement with Hecla whereby Hecla will acquire substantially all of our assets in exchange for 6,936,884 shares of Hecla's common stock. We will then dissolve and liquidate our assets, as part of which Hecla shares will be distributed to our shareholders on the basis of 1.2 shares of Hecla stock for every Independence share held. We are currently in litigation with Hecla over Hecla's operation of the Lucky Friday Mine under the agreement covering the DIA project. Hecla holds various judgments against us in the amount of \$30,463 plus interest. If the Asset Sale is not completed, it is possible Hecla could force us into bankruptcy or seize our assets to satisfy their judgments. There is also a termination fee of \$1.25 million, together with Hecla's costs, that we might have to pay if the Asset Sale is not completed under certain circumstances. If the Asset Sale is not closed, then our shareholders face the possibility of loss of their investment.

***We have a very limited income and resources and expect losses to continue for at least the next three years.***

Our only continuing source of funds is an advance royalty of \$1,500 per month received from Hecla, which may not be sufficient to sustain our operations. Any additional funds required would have to come from the issuance of debt or the sale of our common stock. There is no guarantee that funds would be available from either source. If we are unsuccessful in raising additional funds, we may be forced to go out of existence.

***We have a history of net losses. We expect to continue to incur net losses, and we may not achieve or maintain profitability. Independent auditors have expressed substantial uncertainties for our continuation as a going concern.***

We have incurred net losses each year since 2004, including net losses of approximately \$311,534 for the year ended December 31, 2007; \$73,365 for the year ended December 31, 2006; \$85,356 for the year ended December 31, 2005; and \$265,831 for the year ended December 31, 2004. As of December 31, 2007, we had an accumulated deficit of \$7,123,925. The time required for us to reach profitability is highly uncertain. We may not achieve profitability on a sustained basis, if at all.

Our financial statements for the year ended December 31, 2007 were audited by our independent certified public accountants, whose report includes an explanatory paragraph stating that the financial statements have been prepared assuming we will continue as a going concern and that we have incurred operating losses since inception that raise substantial doubt about our ability to continue as a going concern.

We believe that there is substantial doubt about our ability to continue as a going concern due to our total accumulated deficit of \$7,123,925 as of December 31, 2007. Net losses may continue for at least the next several years. The presence and size of these potential net losses will depend, in part, on the rate of growth, if any, in our revenues and on the level of our expenses. The cost of insurance coverage and regulatory compliance continues to escalate with little near term relief expected. With disclosure requirements imposed by the Sarbanes-Oxley Act, audit committee requirements, increasing audit and legal costs, and the need to obtain Directors and Officers insurance to attract qualified directors, we will need to generate revenues of at least \$100,000 per year based upon current gross margin and operating expenses to achieve profitability. Even if we do increase our revenues and achieve profitability, we may not be able to sustain profitability.

***We will need additional funds in the future, which may not be available to us. If we do not secure additional financing, we may be unable to develop or enhance our business, take advantage of future opportunities or respond to competitive pressures.***

We require substantial working capital to fund our business. We need at least \$8,000 in funds each month to operate. We have had significant operating losses and negative cash flow from operations. Additional financing

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may not be available when needed on favorable terms or at all. Our capital requirements depend on several factors, including the price of metals, the competitive marketplace, and other factors.

### ***Our operations are dependent on fluctuating metals prices over which we have no control.***

The profitability of mining operations is directly related to the market price of the metals being mined. The market price of base and precious metals such as lead, zinc, silver, and gold fluctuate widely and is affected by numerous factors beyond the control of any mining company. These factors include expectations with respect to the rate of inflation, the exchange rates of the dollar and other currencies, interest rates, global or regional political, economic or banking crises, and a number of other factors. If the market price of silver should drop dramatically, the value of the Company's DIA properties could also drop dramatically; and the Company might not be able to recover its investment in those properties.

### ***Because of the inherent dangers involved in mining operations, there is a risk that we may incur liability or damages as we conduct our business.***

Conducting mining operations involves numerous hazards. As a result, we may become subject to liability for such hazards, including pollution, cave-ins, and other hazards against which we cannot insure or against which we may elect not to insure. Incurring any such liabilities may have a material adverse effect on our financial position.

### ***Investment in our shares is subject to wide fluctuations because it is a Penny Stock .***

Our shares are traded in the Pink Sheets and we are commonly referred to as a penny stock . The Securities and Exchange Commission has adopted regulations that define penny stock to include common stock that has a market price of less than \$5.00 per share, subject to certain exceptions. For most of the past five years, our shares have traded below \$5.00 per share. Trading in penny stocks is often thin and characterized by wide fluctuations in trading prices due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common shares for reasons unrelated to operating performance.

### ***We may not be able to maintain the quotation of our common stock in the Pink Sheets, which would make it more difficult to dispose of our common shares.***

Our common stock is quoted in the Pink Sheets maintained by Financial Industry Regulatory Authority (FINRA). We cannot guarantee that it will always be available for Pink Sheet quotations. Although an established securities market with an interdealer quotation system, the Pink Sheets are not an issuer listing service or exchange. The Pink Sheets do not have any listing requirements, per se, to be eligible for quotation, nor do they require issuers to remain current in their filings with the Securities and Exchange Commission. Moreover, the Pink Sheets are not a stock exchange, and trading of securities on the Pink Sheets is often more sporadic than the trading of securities listed on a stock exchange like the New York Stock Exchange. Accordingly, shareholders may have difficulty reselling any of the shares. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for our common shares will be subject to market trends generally, notwithstanding our potential success in delineating mineral resources.

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**INFORMATION REGARDING FORWARD-LOOKING STATEMENTS**

Some of the statements included in this proxy statement/prospectus and the other public filings incorporated by reference herein constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements of expectations, beliefs, plans, objectives, assumptions or future events or performance. Words or phrases such as may, will, could, anticipate, believe, should, estimate, expect, intend, plan, predict, project, will like, or similar expressions identify forward-looking statements.

Forward-looking statements include the information concerning possible or assumed future results of operations of Hecla after completion of the Asset Sale as set forth in this proxy statement/prospectus, including under Proposal 1: To Approve the Asset Sale Independence's Reasons for the Asset Sale, Opinion of Independence's Financial Advisor, and Hecla's Reasons for the Asset Sale. These statements and other forward-looking statements included in this proxy statement/prospectus and the other public filings incorporated by reference herein are not historical facts but instead represent only our expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve risks and uncertainties, many of which are beyond Hecla's and Independence's control, that could cause actual results or outcomes to differ materially from those expressed. These factors include the specific risk factors identified and discussed under the caption Risk Factors on pages 19 through 22 of this proxy statement/prospectus. In addition to other factors and matters discussed elsewhere in this prospectus or incorporated by reference, some important factors that could cause our actual results or outcomes to differ materially from those discussed in forward-looking statements include:

metals prices and price volatility;

amount of metals production;

costs of production;

mining risks and hazards;

risks inherent in foreign operations;

remediation, reclamation, and environmental costs;

the results or settlements of pending litigation;

cash flow;

currency fluctuations and currency exchange regulations;

reserve estimates;

project development risks;

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changes in, and compliance with, environmental laws and policies;

financial or regulatory accounting principles or policies imposed by governing bodies;

our ability to obtain financing for working capital, construction costs and the repayment of any future maturing debt;

capital market conditions, including interest rate fluctuations and capital availability;

new federal, state and local laws that could have adverse effects on operating results;

legal and regulatory proceedings and issues;

the impact of any acquisitions or dispositions of operations, assets, entities, or mining properties;

employee workforce factors, including strikes, work stoppages and the loss of key executives; and

general political, economic and financial market conditions.

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Hecla's and Independence's expectations, beliefs and projections are expressed in good faith and are believed by us to have a reasonable basis including, without limitation, our examination of historical operating trends, data contained in records and other data available from third parties, but there can be no assurance that our expectations, beliefs or projections will be achieved or accomplished.

Any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by law, Hecla and Independence undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for us to predict all such factors, nor can we assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

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**THE SPECIAL MEETING**

**General**

The special meeting will be held at the Wallace Elks Temple, 419 Cedar Street, Wallace Idaho, on 2008 at 11:00 AM local time.

This proxy statement/prospectus is being furnished by the board of directors of Independence Lead Mines Company, an Arizona corporation (the Company or Independence ), to the Company s common shareholders in connection with the solicitation by the Company s board of directors of proxies to be voted at the special meeting of shareholders of the Company to be held on , 2008 and any adjournment thereof for the purposes set forth in the accompanying Notice of the Special Meeting. This proxy statement/prospectus is first being mailed to shareholders on or about , 2008.

THE BOARD OF DIRECTORS OF INDEPENDENCE HAS UNANIMOUSLY DETERMINED THAT THE SALE OF THE COMPANY S ASSETS TO HECLA, RATIFICATION OF PAST ACTIONS OF THE COMPANY, AND THE PLAN OF DISSOLUTION ARE ADVISABLE AND FAIR TO, AND IN THE BEST INTERESTS OF, INDEPENDENCE AND ITS SHAREHOLDERS, AND RECOMMENDS A VOTE FOR EACH OF THE PROPOSALS.

**Matters to be Considered at the Special Meeting**

*Approval of Sale of Assets to Hecla*

At the special meeting, shareholders entitled to vote will be asked to consider and approve the sale of substantially all of the Company s assets to a subsidiary of Hecla Mining Company in exchange for 6,936,884 shares of Hecla common stock and the assumption of certain specifically enumerated liabilities, pursuant to an Asset Purchase Agreement, dated February 12, 2008, by and among the Company, Hecla, and a subsidiary of Hecla (hereinafter the Purchase Agreement ). See Proposal 1: To Approve the Asset Sale.

*Ratification of Prior Actions of the Company*

At the special meeting, shareholders entitled to vote will be asked to ratify and confirm all of the past actions taken by the Company that, under the Arizona law, may have required the consent of the Company s shareholders, including, but not limited to: (i) amending the Company s articles of incorporation to increase the number of authorized shares from 5,000,000 to 10,000,000, as the Company attempted to do at a special shareholders meeting held on or about September 23, 2005, (ii) all issuances of common shares in excess of 5,000,000 shares, and (iii) the election of the Company s board of directors at every purported annual meeting of the Company s shareholders held between 1998 and 2007. See Proposal 2: To Ratify and Approve Prior Actions of the Company.

*Approval of Plan of Dissolution*

At the special meeting, shareholders entitled to vote (see Record Date for the Special Meeting and Voting Rights ) will be asked to consider and approve a Plan of Dissolution to liquidate and dissolve the Company under Arizona law, in order to clarify the tax-free nature of the Independence Reorganization from the standpoint of the Company and you. As part of the dissolution, shareholders of Independence will receive their pro rata portion of the Hecla stock received by the Company in exchange for the sale of its assets. See Proposal 3: Approval of the Plan of Dissolution.

*Adjournment Proposal*

We are also asking you to consider and vote upon a proposal to grant Independence management the discretionary authority to postpone or adjourn the special meeting to a later date or dates, in order to enable the Independence board of directors to solicit additional proxies in favor of the other proposals to be voted upon at

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the special meeting, and to vote upon such other business as may properly come before the special meeting, or any adjournment or postponement of the special meeting. We are not aware of any business to be acted upon at the special meeting other than the proposals set forth in this proxy statement/prospectus. If, however, other matters incident to the conduct of the special meeting are properly brought before the special meeting, or any adjournment or postponement of the special meeting, the persons named as proxies will vote in accordance with their best judgment with respect to those matters. If you vote **AGAINST** the sale of assets proposal, the proxies are not authorized to vote for any adjournments, postponements, continuations or rescheduling of the meeting, including for the purpose of soliciting additional proxies, unless you so indicate by marking the appropriate box on the proxy card. See **Proposal 4: To Authorize Procedural Matters, Including Adjournment of the Special Meeting.**

### **Record Date for the Special Meeting and Voting Rights**

The close of business on \_\_\_\_\_, 2008 has been fixed as the record date for determination of the shareholders entitled to notice of, and to vote at, the special meeting. As of the record date, there were issued and outstanding 5,780,737 common shares entitled to vote. The holders of record on the record date of the shares entitled to be voted at the special meeting are entitled to cast one vote per share on each matter submitted to a vote at the special meeting.

### **Quorum; Required Votes; Abstentions and Broker Non-Votes**

The presence, in person or by proxy, of the holders of a majority of the outstanding common shares of Independence entitled to vote at the special meeting is necessary to constitute a quorum. Broker non-votes are not counted as present or represented for purposes of establishing a quorum for the transaction of business. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Once a share is deemed to be present at the meeting (whether in person or by proxy), such shares are present for quorum purposes, even if a shareholder abstains from voting.

The required vote of Independence shareholders to approve the Asset Sale and the Ratification is a majority of the votes present at the special meeting, assuming a quorum. However, the proposal to approve the Plan of Dissolution requires the affirmative vote of a majority of the common shares of Independence outstanding on the record date. Because the required vote of Independence shareholders to approve the Plan of Dissolution is based upon the number of common shares of Independence outstanding on the record date, rather than upon the shares actually voted, the failure by the holder of any such shares to submit a proxy or vote in person at the special meeting, including abstentions and broker non-votes, will have the same effect as a vote against the approval of the Plan of Dissolution. The Adjournment Proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Independence common shares present, either in person or by proxy, and entitled to vote at the special meeting. Abstentions from voting on the Adjournment Proposal will have the same effect as a vote against the Adjournment Proposal. Broker non-votes will have no effect on the outcome of the vote on the Adjournment Proposal.

### **Proxies; Solicitation of Proxies**

Common shares of Independence which are entitled to be voted at the special meeting and which are represented by properly executed proxies, received and not revoked prior to the special meeting, will be voted in accordance with the instructions indicated in such proxies. If no instructions are indicated, such shares will be voted: (1) FOR the approval of the Asset Sale; (2) FOR the Ratification; (3) FOR the approval of the Plan of Dissolution; and (4) FOR the Adjournment Proposal.

If you hold Independence common shares in street name, it means that your shares are held of record by a broker, bank or other nominee. In that case you must complete, sign, date and return the voting instruction form sent by your broker, bank or nominee to the record holder of your shares with instructions on how to vote your

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shares. Please refer to the voting instruction form used by your broker, bank or other nominee to see if you may submit voting instructions using the Internet or telephone.

You may also vote your shares in person at the special meeting. If you attend the special meeting, you may submit your vote in person, and any proxies that were previously submitted by you will be superseded by the vote that you cast at the special meeting.

If your shares are held in street name and you wish to vote in person at the special meeting, you must bring a proxy from the record holder of the shares authorizing you to vote at the special meeting.

Independence and Hecla will each bear one-half of the costs and expenses relating to the solicitation of proxies, including the costs of preparing, printing and mailing this proxy statement/prospectus and accompanying material to shareholders, subject to the general limitation in the Purchase Agreement that under no circumstances will Hecla be liable to pay more than the lesser of (i) 50% of the aggregate amount of the Company's expenses incurred in connection with the sale of assets to Hecla or (ii) \$100,000 of the Company's expenses incurred in connection with the sale of assets to Hecla. In addition to the solicitation of proxies by use of the mails, the directors and officers of Independence, without additional compensation, may solicit proxies personally or by telephone or telegram or facsimile or electronic mail from some shareholders if proxies are not received promptly. The Company may, upon request, reimburse the transfer agent, brokerage houses and other persons representing beneficial owners of shares for their expenses in forwarding proxy materials to such beneficial owners. If it becomes necessary to make a second distribution of proxy cards and reminder notices to brokers and nominees of shareholders and/or to shareholders, there would be additional charges. Independence has retained OTC Stock Transfer, Inc. to aid in the solicitation of proxies. OTC Stock Transfer will receive a fee for its services of approximately \$5,000 and reimbursement of certain expenses.

### **Recommendation of the Independence Board of Directors**

The board of directors of Independence has reviewed and considered the terms and conditions of the Asset Sale and the Purchase Agreement. Based on its review, the board of directors of Independence has unanimously approved and has determined that the Asset Sale and the Purchase Agreement are advisable, fair to and in the best interests of Independence and its shareholders. Accordingly, your board of directors recommends that you vote FOR the approval of the Asset Sale. Additionally, in order for the Asset Sale to be consummated, the Company must receive the approval of its shareholder ratifying certain prior actions of the Company. Therefore, your board of directors recommends that you vote FOR the Ratification. Further, in order for the sale of assets to Hecla and subsequent distribution to you of Hecla shares to be tax-free, the dissolution of the Company must be approved by our shareholders. Therefore your board of directors recommends that you vote FOR the adoption of the Plan of Dissolution. Finally, your board of directors recommends that you vote FOR the Adjournment Proposal, if necessary, which, among other things, will enable the Company to postpone or adjourn the special meeting in order to solicit additional proxies if there are not sufficient votes to approve any of the proposals to be voted upon at the special meeting.

In considering these recommendations, you should be aware that some Independence directors and officers have interests in the Ratification proposal that are different from, or in addition to, those of Independence shareholders generally. See the section entitled Proposal 2: To Ratify and Approve Prior Actions of the Company Interests of Officers and Directors on page 68 of this proxy statement/prospectus.

### **Voting by Independence's Officers and Directors**

As of the record date, the officers and directors of Independence, namely Bernard C. Lannen, Wayne Schoonmaker, Robert Bunde, and Gordon Berkhaug, collectively beneficially owned and were entitled to vote an aggregate of 929,719 Independence common shares, which represents approximately 16.08% of the Independence common shares outstanding on that date. Concurrently with the execution and delivery of the Purchase Agreement, on February 12, 2008, Hecla entered into a shareholder agreement with Bernard C. Lannen,



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Wayne Schoonmaker, Robert Bunde, and Gordon Berkhaug, pursuant to which among other things, each of them agreed to vote all of their shares for the approval of the Asset Sale pursuant to the terms of the Purchase Agreement. For more information regarding the voting agreement, see Proposal 1: To Approve the Asset Sale The Shareholder Agreement on page 54 of this proxy statement/prospectus and the shareholder agreement, which is attached to this proxy statement/prospectus as Appendix D.

**Revocability of Proxies**

You may revoke and change your vote at any time prior to the special meeting by:

executing and returning a proxy bearing a later date;

giving written notice of revocation to the Secretary of the Company; or

attending the Special Meeting and voting in person or delivering instruction to the Company via email and with written confirmation. A proxy is not revoked by the subsequent death or incompetence of the maker unless, before the authority granted thereunder is exercised, written notice of such death or incompetence is received by the Company from the executor or administrator of the estate or from a fiduciary having control of the shares represented by such proxy. If your shares are held in the name of a bank, broker or other nominee, you may change your vote by submitting revised voting instructions to that person.

**Assistance**

If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact Independence's Corporate Secretary at (208) 753-2525 or our proxy solicitor, at the address and telephone number listed below. You will not be charged for any of the documents you request.

OTC Stock Transfer, Inc.

231 East 2100 South

Suite F

Salt Lake City, Utah 84115

(801) 485-5555

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**PROPOSAL 1:**

**TO APPROVE THE ASSET SALE**

This section of the proxy statement/prospectus describes material aspects of the proposed sale of substantially all of Independence's assets to a subsidiary of Hecla. While we believe that the description covers the material terms of the Asset Sale, this summary may not contain all the information that is important to you. You should therefore carefully read this entire proxy statement/prospectus and the other documents, including the Purchase Agreement attached as Appendix A, we refer to and incorporate by reference for a more complete understanding of the Asset Sale.

**THE ASSET SALE**

**Structure of the Asset Sale**

If the Independence shareholders adopt and approve the sale of the Company's assets to Hecla, and all other conditions in the Purchase Agreement are satisfied, Hecla Merger Company, a wholly-owned subsidiary of Hecla, will acquire substantially all of the assets of Independence in exchange for 6,936,884 shares of Hecla common stock and the assumption by Hecla Merger Company of certain specifically enumerated liabilities of Independence. Under the Purchase Agreement, Independence is required to distribute the shares of Hecla stock it receives to its shareholders, pro rata according to the amount of Independence shares they own, and then dissolve. We currently anticipate that we will complete the Asset Sale on or about \_\_\_\_\_, 2008.

**Background of the Asset Sale**

Independence and Hecla began discussions in March, 2007, continuing until the Purchase Agreement was executed on February 12, 2008.

In March 2007, Hecla began considering approaching Independence and gauging their interest in a business combination in order to maximize Hecla's stockholder value in light of the strong cycle in the silver market.

Hecla's Lucky Friday Mine had experienced annual profits in 2005 and 2006, and Hecla had reduced the balance of its unrecouped DIA costs from \$42.8 million in February 2006 to \$26.7 million in February 2007. In addition, Hecla was studying the feasibility of one or two additional shafts at the Lucky Friday Mine. The additional shafts would require a significant capital expenditure, but would allow Hecla to increase production and extend the mine life.

During early March 2007, Hecla extended to Independence's directors an offer to tour the Lucky Friday Mine on March 29, 2007, which was to be followed by a meeting to discuss the future plans for exploration, development, and operations of the mine. Independence's board members Bernard Lannen and Wayne Schoonmaker attended both the tour and meeting along with Frank Antonioli who attended on behalf of two Independence board members. At the end of the tour and meeting, Wayne Schoonmaker indicated that Independence would be interested in additional discussions about the two companies.

In May 2007, Independence president, Bernard Lannen, attended Hecla's annual meeting and visited with Hecla's Vice President of Silver Valley Business Development, Mike Callahan.

In June 2007, Mike Callahan began discussions with Independence president, Bernard Lannen, to express Hecla's potential interest in a transaction where Hecla would acquire Independence.

On July 16, 2007, Bernard Lannen informed Mike Callahan that the board of directors of Independence were willing to proceed with a transaction where Hecla would pay no less than 1.2 Hecla shares per share of Independence. On July 16, 2007, the closing price per share of Hecla common stock was \$9.13. At such closing

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price, the aggregate market value of the Hecla common stock to be received at a 1.2 to 1 ratio would be \$63,333,750. Independence's closing price on such date was \$5.00 and its aggregate market value was \$28,903,685.

In August 2007, the Hecla board of directors was apprised of the possible purchase of Independence.

In September 2007, the parties began due diligence. During this time the parties determined a merger was not in the best interest of the parties, and that an asset purchase was the preferred structure.

On October 2, 2007, Hecla and Independence signed a confidentiality agreement.

On January 23, 2008, Hecla's board of directors approved the Asset Sale, including the purchase price for the assets of Independence (6,936,884 shares of Hecla common stock).

On February 12, 2008, Independence's board of directors approved the Asset Sale, including the purchase price for the assets of Independence.

On February 12, 2008, the Purchase Agreement was executed.

### **Independence's Reasons for the Asset Sale**

In evaluating the proposed sale of the Company's assets pursuant to the Purchase Agreement, our management considered criteria such as the value of the assets of Hecla and the anticipated business operations of Hecla in comparison with our limited operations and other opportunities presented to us. Based on this criteria, our management determined that the Asset Sale was in the best interest of our shareholders.

The Independence directors believe that the sale of substantially all of Independence's assets and subsequent dissolution in accordance with the terms of the Purchase Agreement, is in the best interests of Independence and its shareholders as a whole and recommend that Independence shareholders vote in favor of the Asset Sale and Plan of Dissolution proposals. In reaching its determination to recommend approval and adoption of the Asset Sale and the Purchase Agreement, the board of directors of Independence consulted with the Company's legal and financial advisors and considered various factors, including the following:

The value of the consideration to be received by Independence shareholders pursuant to the Purchase Agreement, including that the implied consideration of \$14.34 per share (calculated using the closing trading price of Hecla common shares on December 7, 2007 of \$11.95 per share, which was the last trading day prior to the Independence board meeting to approve the Purchase Agreement in principle, and assuming a 1.2 ratio of Hecla shares to Independence shares) represented a significant premium over the market prices at which Independence shares had previously traded, including a premium of approximately:

- i 428% over the closing price of Independence common shares of \$3.35 per share on December 7, 2007, the last trading day prior to the Independence board meeting to approve the Purchase Agreement in principle.
- i 344% over \$4.00, which was the closing price of Independence common shares on November 9, 2007, which was thirty days prior to the Independence board meeting to approve the Purchase Agreement in principle.
- i 219% over \$5.00 which was the closing price of Independence common shares on July 16, 2007, the date on which Hecla indicated it would consider paying 1.2 Hecla shares per share of Independence.
- i 320% over \$3.65 which was the closing price of Independence common shares on February 11, 2008, the day before the Purchase Agreement was executed.



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- i 329% over \$3.51 which was the closing price of Independence common shares on February 12, 2008, the date when Independence executed the Purchase Agreement and the day before the Asset Sale was publicly announced.

The Independence board's analysis and understanding of the business, operations, financial performance, financial condition, earnings and future prospects of Independence on a stand-alone basis, and its assessment, based on such analysis and understanding, that the Asset Sale would be more favorable to Independence and its shareholders than remaining an independent public company in light of the potential risks and uncertainties associated with Independence continuing to operate on a stand-alone basis. Those risks and uncertainties included those relating to Independence's ability to survive as a going concern in light of lack of significant revenue sources, and the potential impact on Independence of declining liquidity.

The Independence board's belief, after reviewing the Company's potential strategic alternatives to the proposed transaction with Hecla, including a merger or other strategic transaction with a third party, and taking into account preliminary discussions with the Company's financial advisor Public Securities, Inc., after the initial contact by Hecla, that it was unlikely that another party would make or accept an offer to engage in a transaction with Independence that would be more favorable to Independence and its shareholders than the Purchase Agreement with Hecla, see "Background of the Asset Sale" on page 29).

The opinion of Public Securities, delivered orally to the board of directors of Independence on December 10, 2007, which was subsequently confirmed by delivery of a written opinion dated January 15, 2008, which provides that, as of the date of such opinion and based on and subject to the assumptions, qualifications and limitations described in the opinion, the consideration to be paid to the shareholders of Independence as part of the Independence Reorganization was fair, from a financial point of view, to such holders. A copy of the written opinion of Public Securities, dated January 15, 2008, which discusses the procedures followed, assumptions made, matters considered and the limitations of the reviews undertaken by Public Securities in connection with its opinion, is attached as Appendix E to this proxy statement/prospectus. You are urged to read the Public Securities opinion in its entirety. See "Opinion of Independence's Financial Advisor" on page 32.

The Independence board's familiarity with the business of Hecla and assessment of the intrinsic value of Hecla common stock relative to its recent historical trading prices and the fact that the sale of assets pursuant to the Purchase Agreement will offer Independence shareholders the opportunity to participate in the potential growth of a larger combined company that is expected to (i) offer a diversified product mix with leading market positions in the mining industry; (ii) have broad geographic mining operations with strong recurring revenues, (iii) have what is perceived as leading international and domestic mining operations and (v) have substantial cash flows from operations, making the combined company well-positioned to accelerate growth both internally and through acquisitions.

The provisions of the Purchase Agreement that allow the Independence board to change its recommendation that Independence shareholders vote in favor of the approval of the Asset Sale, if the board determines in good faith that the failure to change its recommendation could reasonably be determined to be inconsistent with its fiduciary duties under applicable law.

The ability of Independence to specifically enforce the Purchase Agreement or pursue damages against Hecla in the event of any breach by Hecla.

The fact that because the purchase price for Independence's assets is a fixed number of shares of Hecla common stock, Independence's shareholders will have the opportunity to benefit from any increase in the trading price of Hecla common stock between the announcement of the Purchase Agreement and the completion of the Asset Sale.

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In addition, the Independence board was aware of and considered the interests that certain of its members and executive officers may have with respect to the Purchase Agreement that differ from, or are in addition to, the interests of shareholders of Independence generally, as described in **Interests of Certain Persons in the Asset Sale** on page 34, which the board of directors of Independence considered as being neutral in its evaluation of the proposed transaction.

The foregoing discussion of the information and factors considered by the board of directors of Independence is not exhaustive, but we believe it includes all the material factors considered by the board. In view of the wide variety of factors considered in connection with its evaluation of the Asset Sale and the complexity of these matters, the board of directors of Independence did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative or specific weight or values to any of these factors. Rather, the board viewed its position and recommendation as being based on an overall analysis and on the totality of the information presented to and factors considered by it. In addition, in considering the factors described above, individual directors may have given different weights to different factors. After considering this information, all members of the board of directors of Independence unanimously approved the Asset Sale and the Purchase Agreement, and recommended that Independence shareholders approve and adopt the Asset Sale and the Purchase Agreement.

### **Opinion of Independence's Financial Advisor**

Public Securities, Inc. has acted as financial advisor to Independence in connection with the Asset Sale and the Purchase Agreement. In connection with their engagement, Independence requested that Public Securities evaluate the fairness, from a financial point of view, of the Asset Sale and the Purchase Agreement to Independence shareholders. Public Securities delivered a written opinion to the directors of Independence on January 15, 2008, to the effect that, as of that date and based upon and subject to the assumptions, considerations and limitations set forth in their opinion, their work described below, their experience as investment bankers and other factors they deemed relevant, the Asset Sale and the Purchase Agreement was fair, from a financial point of view, to the shareholders of Independence.

The Public Securities opinion to the Independence board was among the many factors taken into consideration by the board in making its decision to recommend that the Independence shareholders approve the Asset Sale and the Purchase Agreement. The terms of the Purchase Agreement were determined through negotiations between Independence and Hecla, and were approved by the Independence board. Although Public Securities provided financial advice to the directors of Independence during the course of negotiations, the decision to propose the Asset Sale and the Purchase Agreement, and to agree to the terms of the Purchase Agreement, was solely that of the Independence board.

In connection with its opinion, Public Securities:

reviewed the financial terms and conditions of the Asset Sale;

analyzed certain publicly available historical business and financial information relating to Independence and Hecla;

reviewed various financial forecasts and other data provided to Public Securities by Independence relating to its business and financial forecasts and other data obtained by Public Securities regarding Hecla relating to its business, including forecasts and other data after giving effect to the Asset Sale;

held discussions with members of the senior management of Independence with respect to the businesses and prospects of Independence;

reviewed public information with respect to certain other companies in lines of business Public Securities believed to be generally relevant in evaluating the businesses of Independence and Hecla, respectively;

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reviewed the financial terms of certain business combinations involving companies in lines of business Public Securities believed to be generally relevant in evaluating the business of Independence;

reviewed historical stock prices and trading volumes of Independence's common shares and Hecla's common stock;

conducted such other financial studies, analyses and investigations as Public Securities deemed appropriate; and

Public Securities reviewed the following documents of Independence:

i Form 10-KSB filed April 2, 2007

i Form 8-K filed on April 25, 2007

i Form 8-K filed on May 14, 2007

i Form 10-QSB filed May 15, 2007

i Form 10-QSB filed August 14, 2007

i Form 8-K filed on August 31, 2007

i Form 10-KSB filed October 22, 2007

i Form 10-QSB filed November 14, 2007

i Geological Report of S. H. Stan Huff dated November 23, 2007

i The original agreements between Hecla Mining Company, Day Mines, Inc., Independence Lead Company and Abot Mining Company dated February 8, 1968

i Summary of Hecla's DIA Gold Hunter Progress Reports from the Company's website

Public Securities also reviewed the following documents filed by Hecla:

i Form 10-K filed March 16, 2007

## Edgar Filing: HECLA MINING CO/DE/ - Form POS AM

- i Form 8-K filed on March 19, 2007
  
- i Form 8-K filed on March 27, 2007
  
- i Form 8-K filed on April 20, 2007
  
- i Form 8-K filed on May 2, 2007
  
- i Form 10-Q filed on May 9, 2007
  
- i Form 8-K filed on August 8, 2007
  
- i Form 10-Q filed on August 8, 2007
  
- i Form 8-K filed on September 14, 2007
  
- i Form 8-K filed on November 8, 2007
  
- i Form 10-Q filed on November 9, 2007
  
- i Form 8-K filed on December 6, 2007

Additionally, Public Securities reviewed such other reports regarding market issues, comparisons, historic market valuations and such other items it deemed appropriate.

The full text of the opinion of Public Securities, which sets forth the assumptions made, general procedures followed, matters considered and limitations on the review undertaken by Public Securities is attached to this Proxy Statement and prospectus as Appendix E. You are urged to read the opinion carefully and in its entirety.



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Public Securities has consented to the inclusion of their opinion and this summary of their opinion and financial advice in this proxy statement/prospectus. In giving such consent, Public Securities does not concede that it comes within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 (the Securities Act), or the rules and regulations of the Securities and Exchange Commission thereunder, nor does it concede that it is an expert within the meaning of the term expert as used in the Securities Act or the rules and regulations of the Securities and Exchange Commission thereunder with respect to any part of the registration statement on Form S-4 of which this proxy statement/prospectus forms a part.

### **Hecla's Reasons for Purchasing the Assets of Independence**

The Hecla board of directors, in reaching its decision to approve the Asset Sale and the Purchase Agreement and the transactions contemplated by the Purchase Agreement, considered the following factors:

if the transaction is consummated, Hecla will receive 100% of the future profits of the Lucky Friday Mine; and

the transaction will help Hecla consolidate its land position in the area adjacent its Lucky Friday Mine.

Since 1958, Hecla has owned and operated the Lucky Friday unit, a deep underground silver, lead and zinc mine located in the Coeur d'Alene Mining District in northern Idaho. During 1991, Hecla discovered several mineralized structures containing some high-grade silver ores in an area known as the Gold Hunter property, approximately 5,000 feet northwest of the then existing Lucky Friday workings. This discovery led to the development of the Gold Hunter property on the 4900 level. Hecla currently controls the Gold Hunter property under certain agreements with Independence, that entitles it, as operator, to an 81.48% interest in the net profits from operations from the Gold Hunter property. After Hecla has recouped its costs to explore, develop, and operate the property, Independence had the right to elect, within two years, to take a participating interest in the property. If Independence did not take a participating interest, it would be entitled to an 18.52% net profits interest. As of December 31, 2007, unrecouped costs totaled approximately \$14.7 million. Hecla's ability to recoup those costs and the projected timing of such event depends on future metal prices and Hecla's level of capital investment. Hecla is currently studying the level of capital expenditures necessary for continued production from the Gold Hunter property. If the transaction between Hecla and Independence is consummated, all of Independence's rights under any agreement with Hecla will cease.

### **Interests of Certain Persons in the Asset Sale**

#### *Directors and Officers Shareholdings*

When considering the recommendation of the Independence board, you should be aware that some of Independence's directors and executive officers have interests in the Asset Sale and the Purchase Agreement that are different from, or in addition to, your interests as shareholders.

Independence's current directors and executive officers beneficially own an aggregate of 929,719 Independence common shares, representing 16.08% of Independence's issued and authorized shares. In connection with the transactions contemplated by the Purchase Agreement, directors and officers will be treated the same as all other shareholders with respect to the common shares they own. Accordingly, they will receive 1.2 shares of Hecla common stock for each Independence share they own as part of the Plan of Dissolution. In aggregate, it is anticipated that the Company's shares held by Independence's directors and officers will entitle them to receive approximately 1,115,662 shares of Hecla common stock in connection with the Asset Sale and the Plan of Dissolution, representing less than 1% of the outstanding common stock of Hecla after giving effect to the Asset Sale. The Company's directors and officers have indicated their intention to vote their Independence shares in favor of the Asset Sale and the Purchase Agreement. They are also required to do so pursuant to a Shareholder Agreement, dated February 12, 2008, among Bernard C. Lannen, Wayne C. Schoonmaker, Gordon Berkhaug, and Robert Bunde, Hecla, and Hecla Merger Company. The Shareholder Agreement is governed by the laws of the State of Delaware. See Shareholder Agreement.

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As affiliates of Independence for purposes of Rule 145 under the Securities Act, Independence's directors and executive officers may sell their Hecla shares only in accordance with Rule 145, which imposes a 90-day holding period after completion of the Plan of Dissolution with respect to their Hecla shares, and after such period, they will also be subject to the volume, manner of sale limitations and/or other limitations described in Rule 144 under the Securities Act until dates specified thereby.

This proxy statement/prospectus does not cover resales of shares of Hecla common stock received by any affiliate of Hecla or Independence upon completion of the Independence Reorganization, and no such affiliate is authorized to make any use of this proxy statement/prospectus in connection with any resale.

*Ratification of Past Actions of the Company*

The Purchase Agreement requires, among other conditions, that the shareholders of the Company ratify the past actions of Independence for the period 1998 through the present. During that period of time, any meeting of the Company's shareholders and any documents executed, forms filed, and actions undertaken by Independence may have been invali