

HECLA MINING CO/DE/
Form S-3ASR
September 12, 2018
Table of Contents

As filed with the Securities and Exchange Commission on September 12, 2018

Registration No. 333- []

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

FORM S-3
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)

Edgar Filing: HECLA MINING CO/DE/ - Form S-3ASR

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)

David C. Sienko, Esq.

General Counsel

Hecla Mining Company

6500 North Mineral Drive, Suite 200

Coeur d Alene, Idaho 83815

(208) 769-4100

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

with copies to:

J. Craig Walker, Esq.

K&L Gates LLP

70 West Madison Street, Suite 3100

Chicago, Illinois 60602

(312) 372-1121

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

Edgar Filing: HECLA MINING CO/DE/ - Form S-3ASR

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, 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(c) 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.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock (par value \$0.25)	1,870,749	\$2.66	\$4,976,192 (1)	\$619.54

(1) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended (Securities Act), based upon the average of the high and low prices of the registrant s common stock reported on the New York Stock Exchange on September 11, 2018.

Table of Contents

PROSPECTUS

Hecla Mining Company

Common Stock

(\$0.25 Par Value)

We have prepared this prospectus to register for resale 1,870,749 shares of common stock of Hecla Mining Company, par value \$0.25 (Common Stock), that we agreed to contribute to the Hecla Mining Company Retirement Plan Trust (the selling shareholder) in a private placement pursuant to a Contribution Agreement entered into on September 12, 2018 between us and the selling shareholder. This prospectus will be used by the selling shareholder to resell the shares from time to time. The shares will be held by U.S. Bank National Association, the trustee of the selling shareholder. We will not receive any of the proceeds from the sale of the shares.

The Common Stock is listed on the New York Stock Exchange under the symbol HL. On September 11, 2018, the last reported sale price per share of the Common Stock, as quoted on the New York Stock Exchange, was \$2.70.

Investing in the shares involves risks. See Risk Factors, beginning on page 7, for a discussion of certain factors that you should consider before deciding to purchase the shares.

Neither the Securities and Exchange Commission (SEC) nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy securities other than those specifically offered hereby or an offer to sell any securities offered hereby in any jurisdiction where, or to any person to whom, it is unlawful to make such offer or solicitation. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus.

The date of this prospectus is September 12, 2018.

Table of Contents

TABLE OF CONTENTS

	Page
<u>INFORMATION REGARDING FORWARD-LOOKING STATEMENTS</u>	1
<u>SUMMARY</u>	4
<u>RISK FACTORS</u>	7
<u>USE OF PROCEEDS</u>	7
<u>SELLING SHAREHOLDER</u>	7
<u>CERTAIN ERISA CONSIDERATIONS</u>	8
<u>DESCRIPTION OF CAPITAL STOCK</u>	10
<u>PLAN OF DISTRIBUTION</u>	13
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	15
<u>INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</u>	15
<u>LEGAL MATTERS</u>	16
<u>EXPERTS</u>	16

Table of Contents

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus (including information incorporated by reference) are forward-looking statements and are intended to be covered by the safe harbor provided for under Section 27A of the Securities Act of 1933 (the Securities Act) and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act). Our forward-looking statements include our current expectations and projections about future production, results, performance, prospects and opportunities, including reserves, resources and other mineralization. We have tried to identify these forward-looking statements by using words such as may, might, will, expect, anticipate, believe, intend, plan, estimate and similar expressions. These forward-looking statements are based on information currently available to us and are expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to a number of risks, uncertainties and other factors that could cause our actual production, results, performance, prospects or opportunities, including reserves, resources and other mineralization, to differ materially from those expressed in, or implied by, these forward-looking statements.

These risks, uncertainties and other factors include, but are not limited to, those set forth in our Annual Report on Form 10-K for the year ended December 31, 2017, and in other SEC reports and in this document, including the following:

a substantial or extended decline in metals prices would have a material adverse effect on us;

we have had losses that could reoccur in the future;

an extended decline in metals prices, an increase in operating or capital costs, mine accidents or closures, increasing environmental obligations, or our inability to convert exploration potential to reserves may cause us to record write-downs, which could negatively impact our results of operations;

global financial events or developments impacting major industrial or developing countries may have an impact on our business and financial condition in ways that we currently cannot predict;

commodity and currency risk management activities could prevent us from realizing possible revenues or lower costs, or expose us to losses;

our profitability could be affected by the prices of other commodities;

our accounting and other estimates may be imprecise;

our ability to recognize the benefits of deferred tax assets is dependent on future cash flows and taxable income;

returns for investments in pension plans and pension plan funding requirements are uncertain;

mining accidents or other adverse events at an operation could decrease our anticipated production;

our operations may be adversely affected by risks and hazards associated with the mining industry that may not be fully covered by insurance;

our costs of development of new orebodies and other capital costs may be higher and provide less return than we estimated;

our ore reserve estimates may be imprecise;

efforts to expand the finite lives of our mines may not be successful or could result in significant demands on our liquidity, which could hinder our growth;

our ability to market our metals production may be affected by disruptions or closures of smelters and/or refining facilities

our business depends on availability of skilled miners and good relations with employees;

our information technology systems may be vulnerable to disruption which could place our systems at risk from data loss, operational failure, or compromise of confidential information;

Table of Contents

our foreign activities are subject to additional inherent risks;

our operations and properties in Canada expose us to additional political risks;

we may be subject to a number of unanticipated risks related to inadequate infrastructure;

competition from other mining companies may harm our business;

we face inherent risks in acquisitions of other mining companies or properties that may adversely impact our growth strategy;

the recently completed acquisition of Klondex consumed much of our cash;

our future results may suffer if the combined company following the recently completed acquisition of Klondex does not effectively manage its expanded operations;

the acquisition of Klondex has increased our exposure to gold price volatility;

we may be unable to successfully integrate the operations of the properties we acquire, including the Klondex properties;

we may not realize all of the anticipated benefits from our acquisitions, including the proposed acquisition of Klondex;

the Klondex properties and any others we may acquire may not produce as expected and may not generate additional reserves, and may come with liabilities beyond those known at the time of acquisition;

certain of our mines and exploration properties are located on land that is or may become subject to traditional territory, title claims and/or claims of cultural significance by certain Native American tribes, and such claims and the attendant obligations of the federal government to those tribal communities and stakeholders may affect our current and future operations;

the recently completed acquisition of Klondex may expose us to additional environmental hazards and reclamation obligations;

our joint development and operating arrangements may not be successful;

we are currently involved in ongoing legal disputes that may materially adversely affect us;

we are required to obtain governmental and other approvals in order to conduct mining operations;

we face substantial governmental regulation, including the Mine Safety and Health Act (the Mine Act), various environmental laws and regulations and the General Mining Law of 1872 (the 1872 Mining Law);

our operations are subject to complex, evolving and increasingly stringent environmental laws and regulations. Compliance with environmental regulations, and litigation based on such regulations, involves significant costs and can threaten existing operations or constrain expansion opportunities;

we face uncertainty due to a ballot initiative and related legislation regarding salmon in Alaska;

legal challenges could prevent the Rock Creek or Montanore projects from ever being developed;

mine closure and reclamation regulations impose substantial costs on our operations, and include requirements that we provide financial assurance supporting those obligations. These costs could significantly increase;

our environmental obligations may exceed the provisions we have made;

we face risks relating to transporting our products, as well as transporting employees and materials at Greens Creek;

the titles to some of our properties may be defective or challenged;

Table of Contents

the price of our stock has a history of volatility and could decline in the future;

our series B preferred stock has a liquidation preference of \$50 per share or \$7.9 million;

we may not be able to pay common or preferred stock dividends in the future;

our existing stockholders are effectively subordinated to the holders of our Senior Notes;

additional issuances of equity securities by us would dilute the ownership of our existing stockholders and could reduce earnings per share;

the issuance of additional shares of our preferred or common stock in the future could adversely affect holders of common stock;

if a large number of shares of our common stock are sold in the public market, the sales could reduce the trading price of our common stock and impede our ability to raise future capital;

the provisions in our Restated Certificate of Incorporation, our Bylaws and Delaware law could delay or deter tender offers or takeover attempts;

our level of debt could impair our financial health and prevent us from fulfilling our obligations under our existing and future indebtedness;

if we cannot meet the New York Stock Exchange (the NYSE) continued listing requirements, the NYSE may delist our common stock;

we may be unable to generate sufficient cash to service all of our indebtedness and meet our other ongoing liquidity needs and may be forced to take other actions to satisfy our obligations under our indebtedness, which may be unsuccessful;

the terms of our debt impose restrictions on our operations;

our Senior Notes are structurally subordinated to all liabilities of our non-guarantor subsidiaries;

our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly;

key terms of the Senior Notes will be suspended if the Senior Notes achieve investment grade ratings and no default or event of default has occurred and is continuing;

we may be unable to repurchase Senior Notes in the event of a change of control as required by the indenture;

federal and state fraudulent transfer laws may permit a court to void the Senior Notes or any of the guarantees, and if that occurs, holders of the Senior Notes may not receive any payments on the notes;

our credit ratings may not reflect all risks associated with an investment in our Senior Notes; and

a lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements. Projections and other forward-looking statements included in this prospectus have been prepared based on assumptions, which we believe to be reasonable, but not in accordance with United States generally accepted accounting principles (GAAP) or any guidelines of the SEC. Actual results may vary, perhaps materially. You are strongly cautioned not to place undue reliance on such projections and other forward-looking statements. All subsequent written and oral forward-looking statements attributable to Hecla Mining Company or to persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Except as required by federal securities laws, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents

SUMMARY

The following summary is qualified in its entirety by reference to the more detailed information and consolidated financial statements appearing elsewhere or incorporated by reference in this prospectus, as well as the other materials filed with the SEC that are considered to be part of this prospectus. For a more complete understanding of our company and this offering and before making any investment decision, you should read this entire prospectus, including Risk Factors and the financial information and the notes thereto included and incorporated by reference herein. Unless otherwise stated or the context otherwise requires, in this prospectus, we, us, our, Hecla or the Company refers to Hecla Mining Company and its subsidiaries.

Hecla Mining Company and our subsidiaries have provided precious and base metals to the U.S. economy and worldwide since 1891. We discover, acquire, develop, produce, and market silver, gold, lead and zinc. In doing so, we intend to manage our business activities in a safe, environmentally responsible and cost-effective manner.

We produce lead, zinc and bulk concentrates, which we sell to custom smelters, and unrefined gold bullion bars (doré), which may be sold as doré or further refined before sale to precious metals traders. We are organized and managed into five segments that encompass our operating units: the Greens Creek unit, the Lucky Friday unit, the Casa Berardi unit, the San Sebastian unit, and the Nevada unit.

On July 20, 2018, Hecla acquired the outstanding common shares of Klondex Mines Ltd. for approximately US\$153 million and 75 million shares of Hecla common stock. Klondex is a gold and silver mining company with three producing mineral properties, all located in the State of Nevada.

Table of Contents

The map below shows the locations of our operating units and our exploration and pre-development projects, as well as our corporate offices located in Coeur d Alene, Idaho and Vancouver, British Columbia.

Hecla Mining Company Information

Our principal executive offices are located at 6500 N. Mineral Drive, Suite 200, Coeur d Alene, Idaho, 83815-9408 and our telephone number is (208) 769-4100. Our website is www.hecla-mining.com. The information contained on our website is not part of this prospectus and is not incorporated into this prospectus by reference.

Table of Contents

The Shares

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus. For a more detailed description of the shares, see Description of Capital Stock.

Issuer	Hecla Mining Company
Securities Offered	1,870,749 shares of Common Stock of Hecla Mining Company, par value \$0.25.
National Securities Exchange	All of our currently outstanding shares of common stock are listed on the New York Stock Exchange under the symbol HL.
Use of Proceeds	We will not receive any cash proceeds from the sale by the selling shareholder of the shares.
Registration Rights	We have filed a shelf registration statement, of which this prospectus is a part, under the Securities Act, relating to the resale of the shares. We will use our reasonable best efforts to keep the shelf registration statement continuously effective until the earlier of the date when all securities covered by the shelf registration statement have been sold and the fifth anniversary of the Contribution Agreement.
Selling Shareholder	The shares are being sold by the Hecla Mining Company Retirement Plan Trust, which is the funding vehicle for the Hecla Mining Company Retirement Plan, a tax-qualified employee benefit pension plan sponsored by the Company.
Risk Factors	Investing in the shares involves substantial risks. You should carefully consider the risk factors included under Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which is incorporated by reference in this prospectus, and any subsequent Quarterly Reports on Form 10-Q, each of which is also incorporated by reference in this prospectus.

Table of Contents

RISK FACTORS

An investment in our common stock involves a significant degree of risk. You should carefully consider the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2017, and in any subsequently filed Quarterly Report on Form 10-Q, each of which are incorporated herein by reference, before you decide to purchase any of our common stock. The risks incorporated herein by reference, any of which could materially and adversely affect our business, financial condition, cash flows and results of operations, are the material risks of which we are currently aware; however, they may not be the only risks that we may face. Any of these risks could materially and adversely affect our business, financial condition, results of operations and cash flows. In that case, you may lose all or part of your investment.

USE OF PROCEEDS

We will not receive any proceeds from the sale of the shares by the selling shareholder. Accordingly, the sale of the shares by the selling shareholder will not result in any change in our capitalization. We are filing this registration statement to register for resale up to 1,870,749 shares of Common Stock so as to allow the Hecla Mining Company Retirement Plan Trust (Retirement Trust or selling shareholder), which is the funding vehicle for the Hecla Mining Company Retirement Plan (Retirement Plan) to resell, from time to time, the shares contributed to the Retirement Trust.

SELLING SHAREHOLDER

We have prepared this prospectus to facilitate the sale by the selling shareholder, from time to time, in the aggregate, of up to 1,870,749 shares of Common Stock, which it acquired pursuant to a Contribution Agreement between the Company, the selling shareholder and U.S. Bank National Association, as trustee of the selling shareholder. In connection with the Contribution Agreement, we entered into a Registration Rights Agreement with the selling shareholder, pursuant to which we agreed to use our reasonable commercial efforts to cause the registration statement to be declared effective and to maintain its effectiveness until the earliest of (i) the date on which all of the shares covered by this prospectus are sold, and (ii) the fifth anniversary of the date of the Contribution Agreement. This prospectus is part of the registration statement filed in satisfaction of our obligations.

The Contribution Agreement and the Registration Rights Agreement are included as exhibits to the registration statement of which this prospectus is a part, and the descriptions of such agreements contained in this prospectus are qualified by reference to those exhibits.

The registration of the resale of these shares does not necessarily mean that the selling shareholder will sell all or any of the shares registered by the registration statement of which this prospectus forms a part. The selling shareholder may offer and sell all or any portion of the shares covered by this prospectus and any applicable prospectus supplement from time to time but are under no obligation to offer or sell any such shares. Because the selling shareholder may sell, transfer or otherwise dispose of all, some or none of the shares covered by this prospectus, we cannot determine the number of shares that will be sold, transferred or otherwise disposed of by the selling shareholder or the amount or percentage of shares that will be held by the selling shareholder upon termination of any particular offering. The selling shareholder currently owns a total of 2,819,797 shares of Common Stock.

The selling shareholder may be deemed to be an underwriter as defined in the Securities Act. Any profits realized by the selling shareholder may be deemed to be underwriting commissions.

The Company's Retirement Committee, to which the Company's Board of Directors has delegated responsibility for the investment of the assets of the Retirement Trust, has appointed GreatBanc Trust Company

Table of Contents

(Investment Manager) to serve as an investment manager and independent fiduciary to the Retirement Trust with respect to the assets of the Retirement Trust consisting of common stock of the Company (Company Common Stock Account). The trustee and custodian of the assets of the Retirement Trust is U.S. Bank National Association (Trustee). The Investment Manager will exercise its independent discretionary judgment in connection with retention, acquisition and disposition of Company stock held in the Company Common Stock Account in accordance with the requirements of part 4 of Title I of ERISA.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase and holding of the shares by employee benefit plans that are subject to Title I of the United States Employee Retirement Income Security Act of 1974 (ERISA), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Internal Revenue Code (the Code) or provisions under any other federal, state, local, non-U.S. or other laws, rules or regulations that are similar to such provisions of ERISA or the Code (collectively, Similar Laws), and entities whose underlying assets are considered to include plan assets of any such plan, account or arrangement (each, a Plan).

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an ERISA Plan) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the shares of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are parties in interest, within the meaning of ERISA, or disqualified persons, within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of shares by an ERISA Plan with respect to which the issuer or the selling shareholder is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

Because of the foregoing, the shares should not be purchased by any person investing plan assets of any Plan, unless such purchase will not constitute a non-exempt prohibited transaction under ERISA and the Code or similar violation of any applicable Similar Laws.

In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions (PTCEs) that may apply to the acquisition and holding of the shares. These class exemptions include, without limitation,

Table of Contents

PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts, and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction, and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Under ERISA Section 408(e) there is a statutory exception from the prohibited transaction rules for contributions of qualifying employer securities. A qualifying employer security includes stock of the plan sponsor, provided that immediately following the acquisition of the stock (i) the plan does not hold more than 25 percent of the issued and outstanding shares of the plan sponsor and (ii) at least 50 percent of the issued and outstanding shares of such stock is held by parties that are independent of the plan sponsor. In addition, the following requirements must be met: (i) the plan's acquisition of the employer securities must be for adequate consideration, (ii) no commissions may be charged with respect to the acquisition, and (iii) immediately after the acquisition of employer securities, the fair market value of all employer securities held by the plan cannot exceed 10 percent of the fair market value of all plan assets.

Representation

Accordingly, by acceptance of a share, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the shares constitutes assets of any Plan or (ii) the purchase of the shares or the holding of the shares by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or a similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the shares (and holding the shares) on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such transactions and whether an exemption would be applicable to the purchase and holding of the shares.

Purchasers of the shares have the exclusive responsibility for ensuring that their purchase and holding of the shares complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or Similar Laws.

Table of Contents**DESCRIPTION OF CAPITAL STOCK**

The following summary is not complete. You should refer to the applicable provisions of our Restated Certificate of Incorporation, as amended, and our Bylaws, as amended, and to Delaware corporate law for a complete understanding of the terms and rights of our common and preferred stock.

Common Stock

We are authorized to issue 750,000,000 shares of common stock, \$0.25 par value per share, of which 477,012,806 shares of common stock were outstanding as of September 10, 2018. All of our currently outstanding shares of common stock are listed on the New York Stock Exchange under the symbol HL.

Subject to the rights of the holders of any outstanding shares of preferred stock, each share of common stock is entitled to: (i) one vote on all matters presented to the stockholders, with no cumulative voting rights; (ii) receive such dividends as may be declared by the Board of Directors out of funds legally available therefor; and (iii) in the event of our liquidation or dissolution, share ratably in any distribution of our assets.

Holders of shares of common stock do not have preemptive rights or other rights to subscribe for unissued or treasury shares or securities convertible into such shares, and no redemption or sinking fund provisions are applicable. All outstanding shares of common stock are fully paid and nonassessable.

In September 2011 and February 2012, our Board of Directors adopted a common stock dividend policy that has two components: (1) a dividend that links the amount of dividends on our common stock to our average quarterly realized silver price in the preceding quarter, and (2) a minimum annual dividend of \$0.01 per share of common stock, in each case payable quarterly, when declared. The following table summarizes the common stock dividends declared by our Board of Directors under the policy described above for the years 2015, 2016 and 2017 and the first six months of 2018:

Declaration date	(A) Silver-price- linked component per share	(B) Minimum annual component per share	(C) Special dividend per share	(A+B+C) Total dividend per share	Total dividend amount (in millions)	Month of payment
February 17, 2015	\$	\$ 0.0025	\$	\$ 0.0025	\$ 0.9	March 2015
May 6, 2015	\$	\$ 0.0025	\$	\$ 0.0025	\$ 0.9	June 2015
August 6, 2015	\$	\$ 0.0025	\$	\$ 0.0025	\$ 0.9	September 2015
November 3, 2015	\$	\$ 0.0025	\$	\$ 0.0025	\$ 0.9	December 2015
February 20, 2016	\$	\$ 0.0025	\$	\$ 0.0025	\$ 0.9	March 2016
May 4, 2016	\$	\$ 0.0025	\$	\$ 0.0025	\$ 1.0	June 2016
August 3, 2016	\$	\$ 0.0025	\$	\$ 0.0025	\$ 1.0	September 2016
November 4, 2016	\$	\$ 0.0025	\$	\$ 0.0025	\$ 1.0	December 2016
February 21, 2017	\$	\$ 0.0025	\$	\$ 0.0025	\$ 1.0	March 2017
May 4, 2017	\$	\$ 0.0025	\$	\$ 0.0025	\$ 1.0	June 2017
August 3, 2017	\$	\$ 0.0025	\$	\$ 0.0025	\$ 1.0	September 2017
November 7, 2017	\$	\$ 0.0025	\$	\$ 0.0025	\$ 1.0	December 2017

Edgar Filing: HECLA MINING CO/DE/ - Form S-3ASR

February 14, 2018	\$	\$ 0.0025	\$	\$ 0.0025	\$ 1.0	March 2018
May 9, 2018	\$	\$ 0.0025	\$	\$ 0.0025	\$ 1.0	June 2018
August 24, 2018	\$	\$ 0.0025	\$	\$ 0.0025	\$ 1.0	August 2018

Because the average realized silver prices for all periods in 2015, 2016 and 2017 and the first six months of 2018 were below the minimum threshold of \$30, according to the policy no silver-price-linked component was declared or paid. Prior to 2011, no dividends had been declared on our common stock since 1990. The declaration and payment of common stock dividends is at the sole discretion of our Board of Directors.

Table of Contents

Preferred Stock

Our Restated Certificate of Incorporation authorizes us to issue 5,000,000 shares of preferred stock, par value \$0.25 per share. The preferred stock is issuable in series with such voting rights, if any, designations, powers, preferences and other rights and such qualifications, limitations and restrictions as may be determined by our Board of Directors. The Board may fix the number of shares constituting each series and increase or decrease the number of shares of any series. As of September 11, 2018, 157,816 shares were outstanding, all of which were shares of Series B preferred stock. All of the shares of our Series B preferred stock are listed on the New York Stock Exchange under the symbol HL PB.

Ranking

The Series B preferred stock ranks senior to our common stock and any shares of Series A junior participating preferred stock (none of which have ever been issued) with respect to payment of dividends, and amounts due upon liquidation, dissolution or winding up.

While any shares of Series B preferred stock are outstanding, we may not authorize the creation or issuance of any class or series of stock that ranks senior to the Series B preferred stock as to dividends or amounts due upon liquidation, dissolution or winding up without the consent of the holders of 66 2/3% of the outstanding shares of Series B preferred stock and any other series of preferred stock ranking on a parity with the Series B preferred stock as to dividends and amounts due upon liquidation, dissolution or winding up, voting as a single class without regard to series.

Dividends

Series B preferred stockholders are entitled to receive, when, as and if declared by the Board of Directors out of our assets legally available therefor, cumulative cash dividends at the rate per annum of \$3.50 per share of Series B preferred stock. Dividends on the Series B preferred stock are payable quarterly in arrears on October 1, January 1, April 1 and July 1 of each year (and, in the case of any undeclared and unpaid dividends, at such additional times and for such interim periods, if any, as determined by the Board of Directors), at such annual rate. Dividends are cumulative from the date of the original