2022 Annual Report

THE CLEAN ENERGY FUTURE: OUR SILVER OPPORTUNITY

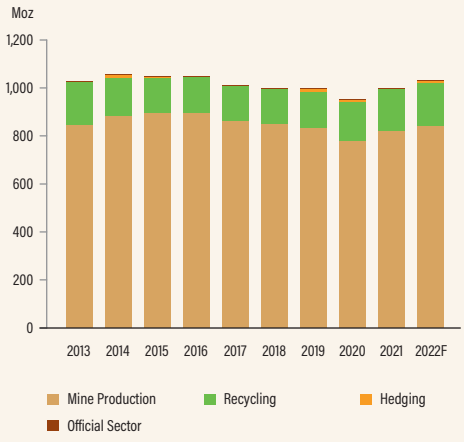
Hecla®
MINING COMPANY

The world is changing. And with that change comes the need to meet new challenges: reduce carbon emissions, improve resource efficiency, promote sustainable development, and transition to clean energy. A strong domestic mining industry is critical to reaching these goals, and Hecla is ready to deliver. With a proud legacy of responsible mining since 1891, we're the oldest mining company on the New York Stock Exchange. Our mines operate in the U.S. and Canada — the safest and most stable jurisdictions in the world — to produce the metals that are essential to the world's clean energy future. And we do it in a manner that's responsible, sustainable, and innovative.

OUR SILVER OPPORTUNITY

With the shift to a decarbonized, renewable economy, the world increasingly needs silver to power clean energy. Given the vital role of silver in green technologies like solar panels, wind turbines, and electric vehicles, demand for silver is expected to outpace supply for many years to come. As the fastest growing established silver company in the world, Hecla is ready to meet this opportunity head-on.

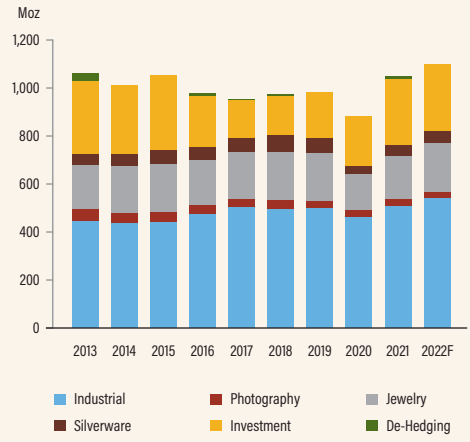
GLOBAL SUPPLY



Source: Metals Focus World Silver Survey 2022

After a disruption that resulted largely from the COVID-19 pandemic, global mine production is recovering.

GLOBAL DEMAND



Source: Metals Focus World Silver Survey 2022

Global silver demand is also recovering from a slump in 2020 to surpass pre-pandemic volumes. In 2021, demand increased 19% to 1.05 Boz — its highest level since 2015.

"I think this is the decade of mining. It's a great time to be in the industry, especially for a silver producer like Hecla. Governments, civil society, and even the environmental community now acknowledge that the world can't reach climate change goals without mining. Silver is a critical part of the clean energy transition, and we believe demand for silver will continue to increase. It presents an amazing opportunity for Hecla due to its silver production in the safest and best jurisdictions in the world."

CATHERINE J. BOGGS, chairperson, board of directors

Hecla Mining Company is the largest silver producer in the United States, operating mines in Alaska, Idaho, and Québec, and developing the Keno Hill mine in the Yukon. The company owns a number of exploration properties and pre-development projects in world-class mining districts throughout North America.

FINANCIAL HIGHLIGHTS

Dollars in thousands except in per-share and per-ounce amounts. Amounts for the years ended December 31.

FINANCIAL DATA		2022		2021
Sales	$	718,905	$	807,473
Gross profit	$	116,156	$	217,801
(Loss) income from operations	$	(12,438)	$	83,420
Net (loss) income	$	(37,348)	$	35,095
(Loss) income applicable to common shareholders	$	(37,900)	$	34,543
Basic (loss) income per common share	$	(0.07)	$	0.06
Cash and cash equivalents	$	104,743	$	210,010
Net cash provided by operating activities	$	89,890	$	220,337
Capital expenditures	$	149,378	$	109,048
Adjusted EBITDA [1]	$	217,492	$	278,780
YEAR-END DATA				
Common stock outstanding (in thousands)		599,487		538,139
Common stock dividend (per share)	$	0.0225	$	0.0375
Employees		1,874		1,668
OPERATIONAL DATA				
Silver production (oz.)		14,182,987		12,887,240
Gold production (oz.)		175,807		201,327
Lead production (tons)		48,713		43,010
Zinc production (tons)		64,748		63,617
Total cost of sales – silver	$	349,316	$	310,898
Total cost of sales – gold	$	253,433	$	278,774
Cash cost, after by-product credits, per silver ounce [2]	$	2.06	$	1.37
Cash cost, after by-product credits, per gold ounce [2]	$	1,478	$	1,127
All-in sustaining cost, after by-product credits, per silver ounce [3]	$	11.25	$	9.19
All-in sustaining cost, after by-product credits, per gold ounce [3]	$	1,825	$	1,374

(1) Adjusted EBITDA is a non-GAAP measurement, a reconciliation of which to net income, the most comparable GAAP measure, can be found at the end of this report.

(2) Cash cost, after by-product credits, per silver and gold ounce, are non-GAAP measurements. A reconciliation of which to cost of sales and other direct production costs and depreciation, depletion, and amortization can be found in the *Reconciliation of Cost of Sales and Other Direct Production Costs and Depreciation, Depletion, and Amortization (GAAP) to Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) and All-In Sustaining Cost, Before By-product Credits and All-In Sustaining Cost, After By-product Credits (non-GAAP)* section in the company's Form 10-K.

(3) All-in sustaining cost (AISC), after by-product credits, represents a non-U.S. generally accepted accounting principles (GAAP) measurement, a reconciliation of which to cost of sales and other direct production costs and depreciation, depletion, and amortization, the closest GAAP measurement, can be found in the *Reconciliation of Cost of Sales and Other Direct Production Costs and Depreciation, Depletion, and Amortization (GAAP) to Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) and All-In Sustaining Cost, Before By-product Credits and All-In Sustaining Cost, After By-product Credits (non-GAAP)* section in the company's Form 10-K. AISC, after by-product credits, includes cost of sales and other direct production costs, expenses for reclamation and exploration, and sustaining capital costs at the mine sites. AISC, after by-product credits, for our consolidated silver properties also includes corporate costs for all general and administrative expenses, exploration and sustaining capital which support the operating properties. AISC, after by-product credits, is calculated net of depreciation, depletion, and amortization and by-product credits.

DEAR SHAREHOLDER, Recently, a number grabbed my attention. It takes about 500,000 ounces of silver for every gigawatt of photovoltaic capacity installed. Given that some 220 gigawatts were installed worldwide in 2022, solar cell production required more than 110 million ounces of silver. That's just the solar power industry. The world needs silver and other essential metals to power wind turbines and electric vehicles, and to support other applications too. Which reveals just how critical the mining industry — and silver in particular — is to the world's transition to clean energy.

AN UNPRECEDENTED OPPORTUNITY

It's an exciting time to be a silver miner. There's no question that the world is shifting to a green economy, and the need for silver and other essential metals is growing substantially. According to BloombergNEF, in 2022, for the first time, the world invested as much in renewable energy as it did in fossil fuels. The U.S. Energy Information Administration expects global energy use to increase nearly 50% by 2050, based on projections for economic and population growth. The main source of that new electricity generation will be renewables like solar, wind, geothermal, and hydroelectric — all driven by advancing technology, ambitious climate goals, and the push to replace coal with renewables.

Among these renewables, installed solar capacity alone is projected to more than double by 2030, according to estimates from Bloomberg. That projection would place the demand for silver for solar power at about 250 million ounces, or 20% of the current supply.

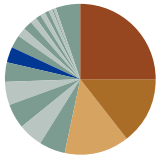
Here's where we see the silver opportunity — while demand is steadily increasing, supply remains relatively fixed. That's because there simply aren't enough mines in the world to generate all the silver to meet rising demand. Most silver companies are already at capacity, and they'll need to expand capacity to fulfill increasing demand. But expansion is a slow process, and to understand why, we need to consider the supply.

PHILLIPS S. BAKER, JR.
president and
chief executive officer

In 2021, the United States ranked as the ninth largest silver-producing country in the world, producing 32.5 million ounces of silver. Source: Metals Focus World Silver Survey 2022

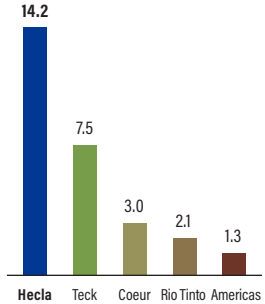
In 2022, Hecla produced 14.2 million ounces, which is estimated to be nearly 50% of U.S. silver production.

2021 WORLD SILVER PRODUCTION
(million ounces)



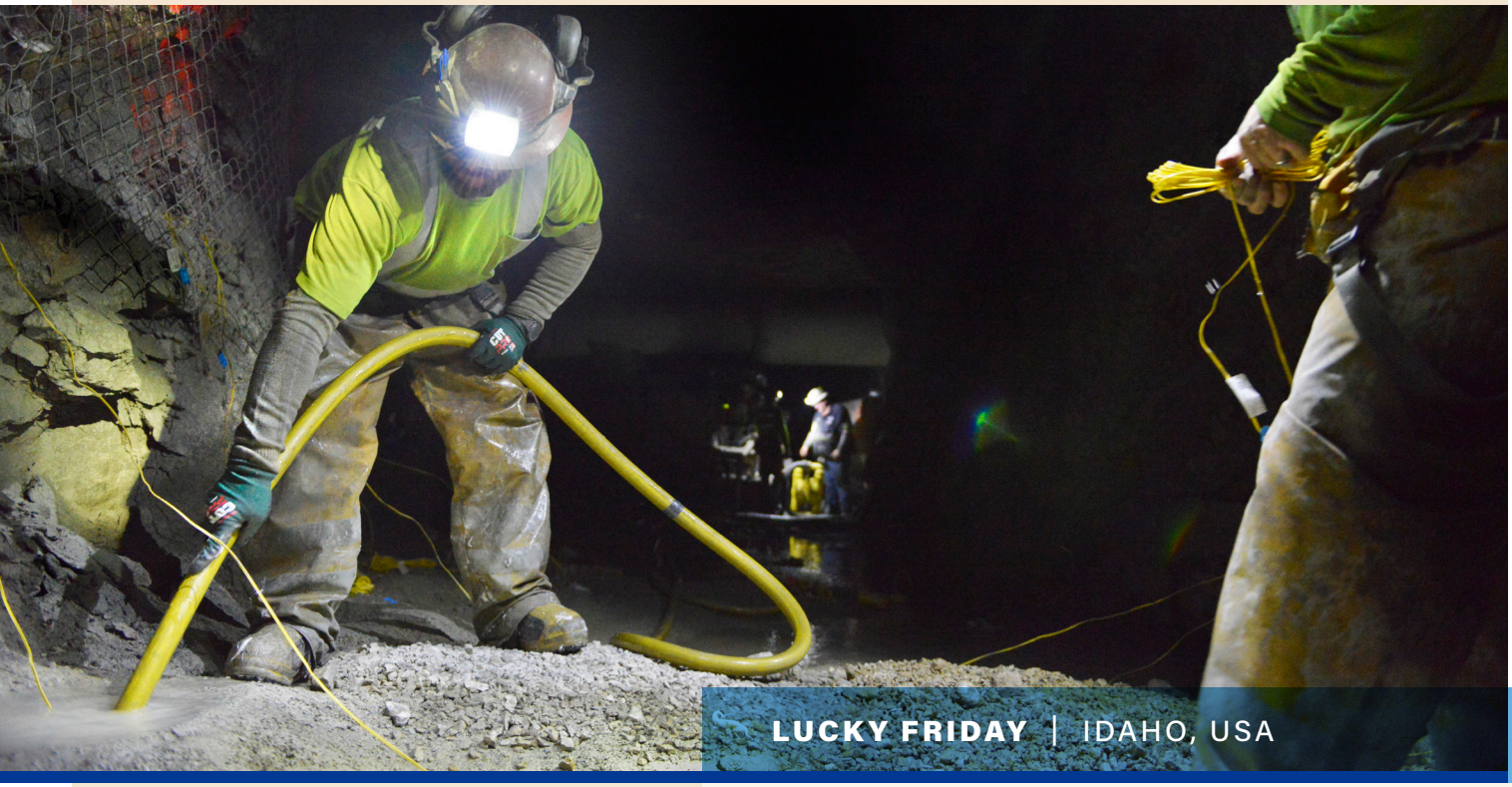
- Mexico 196.7 = 24%
- China 112.9 = 14%
- Peru 107.9 = 13%
- **USA 32.5 = 4%**
- ROW 372.6 = 45%

2022 U.S. SILVER PRODUCTION
(million ounces)



"At Lucky Friday, we've had conscious, self-funded, sustainable growth and innovation. That innovation means that the mine is safer and more efficient, so we can operate at our best, both now and in the future. We are proud to be part of the green future, and we're conscious to mine responsibly. That's a win, not just for Lucky Friday, but for everyone."

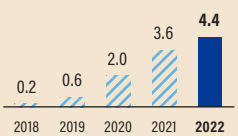
CARLOS AGUIAR, vice president — general manager, Hecla Limited



LUCKY FRIDAY | IDAHO, USA

Using the Underhand Closed Bench mining method, a miner packs explosives into pre-drilled holes in the stope floor.

SILVER PRODUCTION
(Moz Ag)



*strike March 2017 to January 2020

2022 REVENUE BY METAL
21% of Total Revenue

PROVEN & PROBABLE RESERVES
17-Year Reserve Plan

74.6
Moz Ag

468
Ktons Pb

200
Ktons Zn

Hecla leads the industry in adopting new technologies to maximize efficiency and productivity, minimize our environmental footprint, and ensure the health and safety of our employees. The cornerstone of that innovation is the Underhand Closed Bench (UCB) method, which has enabled Lucky Friday to set records in production and throughput. This 80-year-old mine is positioned for continued long-term value, with high grade ore that is supported by the success of the UCB method and the #4 Shaft — which reaches 9,600 ft below the surface and provides access to the highest-grade ore in the mine's history. Thanks to Hecla's ongoing commitment to growth and innovation, Lucky Friday is expected to remain a flagship asset, with at least 17 years of reserve life ahead.

Last year, 1.2 billion ounces of silver were produced worldwide last year. Approximately 800 million ounces came from mines, and the rest were from recycling and above-ground stocks. Of the 800 million ounces from mines, about two-thirds came from mines that mainly produce another metal — like gold, copper, lead, or zinc — where silver is just a by-product. Only the remaining third came from primary silver producers, among which, the largest silver mine produced just 40 million ounces. What's more, there are no major projects on the horizon that will contribute significantly to mine supply. Silver deposits, especially primary silver deposits, are rare.

The world's transition to renewable sources of energy requires more silver. That silver may come from new mines or existing ones, but both will need higher silver prices for investment. We expect silver to perform in the long-term, and to perform well. The key is to take advantage of rising silver prices by leveraging growth and longevity in stable jurisdictions.

MEETING THE OPPORTUNITY

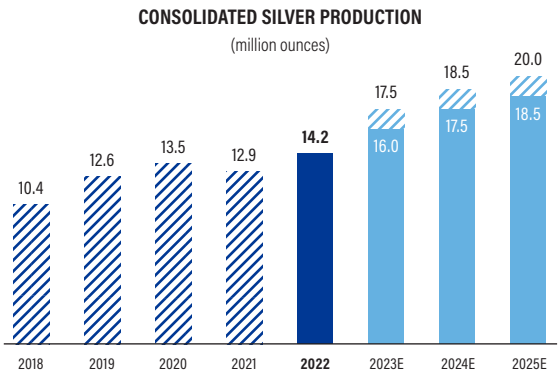
As a 132-year silver producer with a continuous commitment to silver, Hecla is uniquely positioned to meet this unprecedented opportunity. We're the largest silver producer in the United States, and with our recent acquisition of Keno Hill in the Yukon, we're on the path to becoming the largest silver producer in Canada as well.

Hecla is also the fastest growing established silver company in the world. In 2018, we produced 10.4 million ounces of silver. In 2022, we produced 14.2 million ounces — or 40% more. In 2023, we expect to produce as much as 17 million ounces, and we're on the path to be at 20 million by 2025.

It's remarkable, really. Our projections were to produce 17-20 million ounces of silver by 2024, but we're on track to meet that projection a year early. In addition to this growth, our mines are extraordinarily long-lived. I would anticipate that all four of our mines will produce for the next 20-plus years, including Keno Hill, which is expected to come online in the third quarter.

A worker monitors production at the Lucky Friday mill.

In 2022, Hecla achieved record mill throughput at all three of our operating properties. With the acquisition of Keno Hill, we expect our silver production to increase by another 35% over the next two years.



STRATEGIC GROWTH

But Hecla isn't just growing. We're growing with *purpose*. That means acquiring the right assets at the right time — like our acquisition of Alexco in September of 2022. Alexco's property at Keno Hill is an asset we've been interested in since 2007, but we waited for the right timing and fit to make the acquisition. We did our due diligence and had our people on site almost every day for two months. Therefore, we believe the mine will perform in line with our expectations.

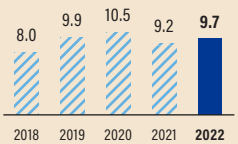
"Greens Creek ended the year with impressive numbers. We set tonnage records daily, monthly, quarterly, and yearly. It was the best throughput we've ever had, and it just goes to show the real potential here."

BRIAN ERICKSON, vice president — general manager, Hecla Greens Creek

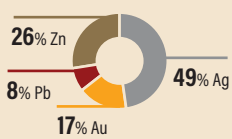
GREENS CREEK | ALASKA, USA

Technology is a valuable tool for overseeing operations in the mill control room.

SILVER PRODUCTION
(Moz Ag)



2022 REVENUE BY METAL
47% of Total Revenue



PROVEN & PROBABLE RESERVES
13-Year Reserve Plan

116.9 Moz Ag	935 Koz Au
265 Ktons Pb	695 Ktons Zn

One of the largest and lowest-cost primary silver mines in the world, Greens Creek has 35 years of strong free cash flow generation supported by steady production and stable costs. With its low-cost structure and high grade ore, the mine generates significant margins and has produced $1.9 billion in free cash flow since 1987. Throughput has grown 20% since Hecla purchased the remaining 70% of the mine in 2008. Even as efficiency and throughput increase, mining responsibly remains a top priority. As the only mine in the United States allowed to operate inside a federally protected natural monument, Greens Creek has a safety and environmental record that's among the best in the world. Virtually everything we do prioritizes the care and protection of this exceptional part of Alaska.

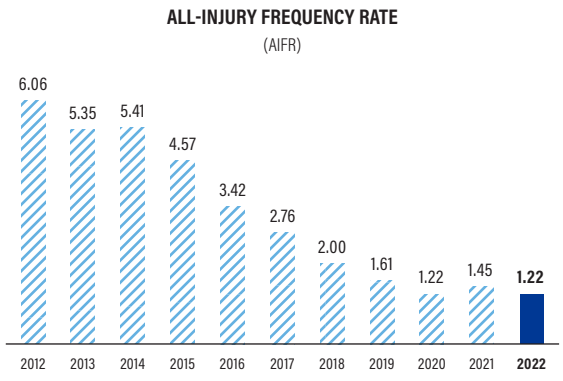
The result is that we got a lot for what we paid. It was a big transaction for us — not in terms of price, but in terms of potential: Keno Hill is one of the highest-grade silver mines in the world. For a little more than $200 million, Hecla got an 88-square-mile land package in a historic mining district, where the First Nation of the Na-Cho Nyak Dun and the Yukon government are supportive of mining. We also acquired a mill, a camp with all the infrastructure, and a starting ramping system to access those deposits. Therefore, we don't anticipate a large capital program to bring the mine into full and consistent production by the end of 2023.

At Keno Hill, we have nearly 50 million ounces in reserves and more than eight years of projected production ahead of us, which we expect to extend as we drill on identified resources. With a plan to start production sometime in the third quarter of 2023, we expect to produce more than 2.5 million ounces of silver. Further, given Keno Hill's geographic proximity to Greens Creek in Alaska, we are considering synergies between the two operations, including the integration of people, equipment, and supplies over time.

RECORD YEAR IN OPERATIONS

In many aspects, 2022 was an outstanding year for operations. After the acquisition of Alexco, our silver reserves are the highest they've ever been. Now, we have the largest primary silver reserve base not only in the U.S. but in Canada as well. We've had record-breaking throughput at all our operations, and we achieved it with an All-Injury Frequency Rate of 1.22 for the year. That's the lowest rate we've seen since implementing the National Mining Association's CORESafety initiative in 2012. This exceptional performance highlights the continuing culture of innovation at our 132-year-old company and sets up the kind of production growth that can meet the silver opportunity.

Hecla tracks safety performance using the All-Injury Frequency Rate, with a goal of reducing safety incidents and improving upon the previous year's performance. We have achieved an 80% reduction since inception, and we are 42% lower than the national average.



Utilizing a mechanized rock bolter, a miner anchors bolts in a stope wall to support excavation at Greens Creek.

At Greens Creek, we reached a record throughput of 2,500 tons per day (tpd) in the fourth quarter, and we expect to achieve 2,600 tpd over the next year or two. The mill can handle this increase without significant capital investment because we've maximized our infrastructure and workforce experience. Our skilled employees are a key reason that the mill can run at a higher rate and maintain the same recoveries. It's proof that mining isn't built around the geology alone, but the team's collective and broad skill sets as well.

The 80-year-old Lucky Friday mine in Idaho has been transformed by the new deep-vein mining method that Hecla pioneered. Since we started using the Underhand Closed Bench (UCB) method in early 2020, we've seen amazing results. In that time,

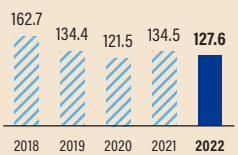
"We have a team that's skilled and experienced. Many have been with us for 10 to 15 years or more, and that gives us stability. No one takes shortcuts. They're working hard to make sure that the mine has as long a future as possible. The crew is invested and involved in finding ways to extend our mine resources through exploration. That's great for the future of Casa Berardi."

SYLVAIN LESSARD, vice president — general manager, Casa Berardi

CASA BERARDI | QUÉBEC, CANADA

Routine maintenance on a mechanized rock bolter.

GOLD PRODUCTION
(Koz Au)



2022 REVENUE BY METAL
33% of Total Revenue

PROVEN & PROBABLE RESERVES
13-Year Reserve Plan

1.6
Moz Au

During its 28 years in operation, Casa Berardi has produced 2.9 million ounces of gold. Since Hecla acquired the mine in 2013, it has been at the forefront of innovation, adding automated hoisting and autonomous haulage trucks to transport ore to the hoist on a dedicated underground drift. Mill optimization has increased throughput 144% since the acquisition. A tight labor market and an increasing cost structure due to inflationary pressures, and smaller stopes with lower underground grades have been challenging for the mine in the past year. However, as we continue to innovate and improve the mine, exploration will be a key focus, highlighted by the significant potential at depth and on the property's 30-kilometer exploration strike length along the Casa Berardi fault.

production at Lucky Friday has increased an astounding 115%. As the mine goes deeper, the grades get better — which strengthens my belief that Lucky Friday's best days are ahead of it.

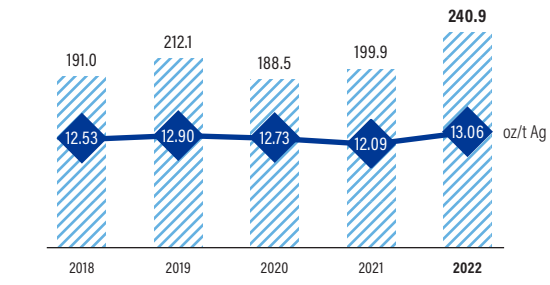
Lucky Friday set a new record in throughput of nearly 1,000 tpd, and the mine is on the path to reaching 1,200 tpd. To move that much ore, we're adding another hoist for materials and equipment. It should be completed by the third quarter of 2023.

Not only has production increased at Lucky Friday, but safety has as well. Since implementing the UCB approach, the mine has had the best safety record in its history. This new method makes the mine safer for our crews because it protects them with an engineered paste fill overhead — like the roof in a building — and de-stressed ground underfoot, due to the blasting.

In recognition of this innovation, the Lucky Friday mine received the 2022 Robert E. Murray Innovation Award from the industry's top technical organization, the Society for Mining, Metallurgy, and Exploration. The UCB method represents just the latest chapter in Hecla's long history of innovation. There will be more to come.

Casa Berardi, our gold mine, continues to be a key operation in our portfolio and supports our commitment to silver. In 2022, the mill set new records in throughput. Of the 176,000 ounces of gold we produced last year, 128,000 ounces came from Casa Berardi. This year, we'll focus on exploration for replacing production and expanding high-grade underground reserves. Gold production is important to Hecla because it produces less volatility in periods when gold outperforms silver and lowers our exposure to smelter costs.

Hecla has the largest silver reserves in the United States and with the acquisition of Keno Hill, we now have the highest-grade and largest primary silver reserves in Canada as well.



With all our operations, exploration remains a key aspect of our future growth. Hecla's suite of exploration projects gives us a lot of optionality. While we're scaling back exploration in 2023, we still expect to invest around $30 million, which will primarily happen around our existing properties at Greens Creek and Casa Berardi, as well as Keno Hill.

A SUSTAINABLE FUTURE

As the demand for responsibly sourced metals grows, Hecla will continue to deliver. We have the best silver mines in the world's premier jurisdictions, where political and geographical risks are low. The metals we produce — silver, gold, zinc, and lead — are essential to almost every industry and consumer product available today, from electric cars and smartphones to x-rays and antibacterials. We remain dedicated to delivering these essential metals in a way that's socially and environmentally responsible, and our industry has noticed.

Hecla monitors water quality through sampling, quality analysis, and audits. Here, a worker is collecting water samples at Casa Berardi.

"Retention has improved since the acquisition, and I don't think that's a coincidence. Alexco took the project as far as they could take it. Hecla acquired it with many more resources — both financial and technical — which add stability to the project. The workforce sees that. Employees want stability, and we've been able to provide that through the acquisition."

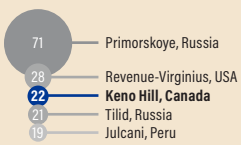
WAYNE ZIGARLICK, vice president — general manager, Keno Hill

KENO HILL | YUKON, CANADA

An underground haul truck passes the preserved portal to the Hector Mine, which produced more than 95 million ounces of silver in the past.

SILVER GRADE
(oz/t Ag)

*global mining operations



SILVER RESERVES GROWTH
(Moz Ag)

*Hecla acquisition Q3 2022

PROVEN & PROBABLE RESERVES
8-Year Reserve Plan

49.5 Moz Ag	13 Koz Au
53 Ktons Pb	49 Ktons Zn

In 2022, Hecla acquired the Alexco Resource Corp., which includes the Keno Hill Silver Project in the Yukon. This 88-square-mile land package is located in a highly prospective and top-rated jurisdiction, where the First Nation of the Na-Cho Nyak Dun and the Yukon government are supportive of mining. It offers significant opportunities for exploration and a long mine life with one of the highest-grade silver deposits in the world. Keno Hill has the potential to become Canada's largest silver producer. As a fully permitted property with infrastructure that includes a 440 ton per day mill and on-site camp facility — as well as a skilled workforce — it isn't expected to require significant capital outlay to reach full production by the end of the year.

I'm proud that Hecla was recently awarded the 2022 Environmental and Sustainability Excellence Award for the San Sebastian mine in Durango State, Mexico. This award from the American Exploration and Mining Association recognizes Hecla's commitment to the highest environmental and sustainability standards. After years of high-grade production at San Sebastian from open pits, our team was able to backfill the pits, restoring the land to its prior setting and community use.

So, it's not just *what* we mine that matters, but *how* and *where* we mine it too. While most of the world's silver is produced in China, Mexico, and Peru, Hecla mines responsibly in the United States and Canada. We produce 40% of the silver mined in the United States, and by 2024 we expect to produce 40% of Canada's silver as well. There is extraordinary value in producing silver in these countries, where the rule of law gives us the confidence to operate our mines with integrity for generations. By ensuring both sustainability and supply chain stability, a strong domestic mining industry will be critical to powering the energy future of the United States and Canada.

LOOKING AHEAD

Following the impacts of COVID-19, the world was presented with new challenges in 2022 — slowing economic growth and rising inflation. Despite these challenges, gold and silver have done relatively well. While the prices haven't gone up, they also haven't declined as much as other investment classes. Inflation has continued to be a headwind across the industry. Generally, the prices of our by-products have been higher, and therefore we've seen our silver costs stay fairly flat on a cost-per-ounce basis.

These challenges present new opportunities. As a 132-year company, Hecla has been through these kinds of cycles before, and we're in a position of strength to navigate them again. Success isn't measured by share price alone. It's measured by a strong culture, consistent leadership, dedicated employees, and healthy communities. That's what defines who we are, and it's what helps us keep our promises to our shareholders, year after year.

Finally, I'm back to where I started this letter — with the mining company that can deliver the metals that are essential to powering our green economy. As the world moves toward a clean energy future, Hecla remains steadfast in its commitment to meet the highest environmental and sustainability standards, minimize the impact of our operations on the environment, and respect and support the communities where we live and work.

And *that*, I believe, is the greatest opportunity of all.

At Keno Hill, a worker analyzes core samples from exploration efforts in the mine.

Phillips S. Baker, Jr.
president and chief executive officer
March 20, 2023

"A lot of mining companies are hoping to achieve net zero emissions by 2030 or later. But because of our small environmental footprint and low emissions, we're able to be at net zero today."

ROB BROWN, vice president of corporate development and sustainability

FOSTERING SUSTAINABILITY

Reclamation activities at the San Sebastian Mine in Durango, Mexico included filling the open pits and returning the land to community agricultural use.

HECLA CHARITABLE FOUNDATION
contributions since 2009

$4.1 million
towards health, youth, education, and community activities

PATHWAYS PROGRAM AND UNIVERSITY OF ALASKA'S SOUTHEAST CENTER FOR MINING TRAINING
contributions since 2012

$1.2 million
towards education, training, and workforce development programs

HECLA-QUEBEC GLOBAL DEVELOPMENT FUND (UQAT FOUNDATION)
contributions since 2009

$1.9 million
towards education, training, and workforce development programs

Throughout 132 years of operation, Hecla's focus has been on responsible mining practices. That's because our responsibilities go beyond producing essential metals to the importance of making a positive impact on the environments where we live and work. All our sites implement programs to reduce energy consumption and our carbon footprint, while maintaining local water quality. We lead the industry in low emission silver production, with the highest ratio of silver ounces produced per metric ton of green house gas emissions. Company-wide, Hecla has already achieved net zero on direct and indirect carbon emissions. Additionally, we're committed to responsible energy consumption. In 2021, 94% of the electricity used in our mines was line power, with 69% generated by renewable hydropower.

2022 Form 10-K Financials
Hecla®
MINING COMPANY

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

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2022
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ___ to ___

Commission file No. 1-8491

HECLA MINING COMPANY
(Exact name of registrant as specified in its Charter)

Delaware	**77–0664171**
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.
6500 N. Mineral Drive, Suite 200 **Coeur d'Alene, Idaho**	**83815-9408**
Address of Principal Executive Offices	Zip Code

208-769-4100
Registrant's Telephone Number, Including Area Code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.25 per share	HL	New York Stock Exchange
Series B Cumulative Convertible Preferred Stock, par value $0.25 per share	HL-PB	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ✔ No _

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes _ No ✔

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ✔ No _

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ✔ No _

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 ☒	Accelerated filer ☐
Non-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 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ✔

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐

The aggregate market value of the registrant's voting Common Stock held by non-affiliates was $2,082,858,911 as of June 30, 2022. There were 548,037,253 shares of the registrant's Common Stock outstanding as of June 30, 2022, and 607,822,079 shares outstanding as of February 10, 2023.

Documents incorporated by reference herein:

To the extent herein specifically referenced in Part III, the information contained in the Proxy Statement for the 2023 Annual Meeting of Shareholders of the registrant, which will be filed with the Commission pursuant to Regulation 14A within 120 days of the end of the registrant's 2022 fiscal year, is incorporated herein by reference. See Part III.

TABLE OF CONTENTS

Special Note on Forward-Looking Statements 1
Risk Factors Summary 1
PART I Item 1. Business 3
Introduction 3
Products and Segments 4
Governmental Regulation 4
Physical Assets 5
Human Capital Management 5
Available Information 5
Item 1A. Risk Factors 6
Item 1B. Unresolved Staff Comments 20
Item 2. Properties 20
Summary 21
Greens Creek 26
Lucky Friday 29
Casa Berardi 32
Internal Controls 34
Item 3. Legal Proceedings 34
Item 4. Mine Safety Disclosures 34
PART II Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities 35
Item 6. Reserved 36
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations 36
Overview 36
Results of Operations 38
Greens Creek 40
Lucky Friday 42
Casa Berardi 43
Nevada Operations 44
Corporate Matters 45
Reconciliation of Cost of Sales and Other Direct Production Costs and Depreciation, Depletion and Amortization (GAAP) to Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) and All-In Sustaining Cost, Before By-product Credits and All-In Sustaining Cost, After By-product Credits (non-GAAP) 45
Financial Liquidity and Capital Resources 51
Contractual Obligations and Contingent Liabilities and Commitments 53
Critical Accounting Estimates 53
New Accounting Pronouncements 55
Guarantor Subsidiaries 55
Forward-Looking Statements 57
Item 7A. Quantitative and Qualitative Disclosures About Market Risk 57
Provisional Sales 57
Commodity-Price Risk Management 57
Foreign Currency 58
Item 8. Financial Statements and Supplementary Data 59
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure 59
Item 9A. Controls and Procedures 59
Disclosure Controls and Procedures 59
Management's Annual Report on Internal Control over Financial Reporting 59
Attestation Report of Independent Registered Public Accounting Firm 60
Item 9B. Other Information 60
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections 60
PART III Item 10. Directors, Executive Officers and Corporate Governance 61
Item 11. Executive Compensation 62
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters 62
Item 13. Certain Relationships and Related Transactions, and Director Independence 62
Item 14. Principal Accountant Fees and Services 62
PART IV Item 15. Exhibits and Financial Statement Schedules 63
Item 16. Form 10-K Summary 63
Signatures 63
Index to Consolidated Financial Statements F-1

SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements contained in this report (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, as amended ("Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). Our forward-looking statements include our current expectations and projections about future production, results, performance, prospects and opportunities, including reserves and resources. We have tried to identify these forward-looking statements by using words such as "may," "might," "will," "expect," "anticipate," "believe," "could," "intend," "plan," "estimate," "project" 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 and resources, 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 under *Item 1A. Risk Factors* and *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*. 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 report 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 Securities and Exchange Commission ("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.

RISK FACTORS SUMMARY

The following is a summary of the principal risks that could adversely affect our business, operations and financial results. These risks are described in more detail under *Item 1A. Risk Factors* of this report.

Financial Risks

- A substantial or extended decline in metals prices would have a material adverse effect on us.
- An extended decline in metals prices, an increase in operating or capital costs or treatment charges, mine accidents or closures, increasing regulatory obligations, or our inability to convert resources or exploration targets to reserves may cause us to record write-downs, which could negatively impact our results of operations.
- We have a substantial amount of debt that could impair our financial health and prevent us from fulfilling our obligations under our existing and future indebtedness.
- We have had losses that could reoccur in the future. Our ability to recognize the benefits of deferred tax assets related to net operating loss carryforwards and other items is dependent upon future cash flows and taxable income.
- Our accounting and other estimates may be imprecise.
- Commodity and currency risk management activities could prevent us from realizing possible revenues or lower costs or expose us to losses.

Operation, Climate, Development, Exploration and Acquisition Risks

- Natural disasters, public health crises (including COVID-19), political crises, and other catastrophic events or other events outside of our control may materially and adversely affect our business or financial results.
- The COVID-19 virus pandemic may heighten other risks.
- Our operations are subject to a range of risks related to climate change and transitioning the business to meet regulatory, societal and investor expectations for operating in a low-carbon economy
- Mining accidents or other adverse events at an operation could decrease our anticipated production or otherwise adversely affect our operations. Our operations may be adversely affected by risks and hazards associated with the mining industry that may not be fully covered by insurance.
- Efforts to expand the finite lives of our mines may not be successful or could result in significant demands on our liquidity, and our costs of development of new orebodies and other capital costs may be higher than estimated. Our ore reserve and resource estimates may be imprecise.
- Our ability to market our metals production depends on the availability of smelters and/or refining facilities, and our operations and financial results may be affected by the disruptions or unavailability of such facilities. Shortages of critical parts and equipment may adversely affect our development projects.
- We derive a significant amount of revenue from a relatively small number of customers.
- Certain of our mines and exploration properties are located on land that is or may become subject to competing title claims and/or claims of cultural significance.
- We may be subject to a number of unanticipated risks related to inadequate infrastructure.
- We face inherent risks in acquisitions of other mining companies or properties that may adversely impact our growth strategy. The properties we may acquire, including our recent acquisition of Keno Hill, may not produce as expected, and we may be unable to accurately determine reserve potential or identify associated liabilities. We may be unable to successfully integrate the operations of the properties we acquire, including Keno Hill. We may not realize all of the anticipated benefits from our acquisitions, including our recent acquisition of Alexco Resource Corp ("Alexco").
- Issues we have faced at certain segments could require us to write-down the associated long-lived assets. We could face similar issues at our other operations.
- We face risks relating to transporting our products from our mines, as well as transporting employees and materials at our Greens Creek, Casa Berardi and Keno Hill sites.

Legal, Regulatory and Compliance Risks

- Our operations are subject to complex, evolving and increasingly stringent environmental laws and regulations. Compliance with environmental regulations, and litigation based on such laws and regulations, involves significant costs and can threaten existing operations or constrain expansion opportunities. 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 and we might not be able to provide financial assurance.
- We are required to obtain governmental permits and other approvals in order to conduct mining operations. We face substantial governmental regulation, including the Mine Safety and Health Act, various environmental laws and regulations and the 1872 Mining Law. Additionally, new federal and state laws, regulations and initiatives could impact our operations.
- We are currently involved in ongoing legal disputes. Legal challenges could prevent our projects in Montana from ever being developed. The titles to some of our properties may be defective or challenged.
- Our environmental and asset retirement obligations may exceed the provisions we have made.

Risks Relating to Our Common Stock and Our Indebtedness

- We may be unable to generate sufficient cash to service all of our debt and meet our other ongoing liquidity needs and may be forced to take other actions to satisfy our obligations, which may be unsuccessful.
- The price of our stock has a history of volatility and could decline in the future. We may not be able to pay common or preferred stock dividends in the future. The issuance of additional shares of our preferred or common stock in the future could adversely affect holders of common stock.
- Our existing stockholders are effectively subordinated to the holders of our 7.25% Senior Notes due February 15, 2028 (“Senior Notes”).
- The provisions in our certificate of incorporation, our by-laws and Delaware law could delay or deter tender offers or takeover attempts. The terms of our debt impose restrictions on our operations.

PART I

ITEM 1. BUSINESS

For information regarding the organization of our business segments and our significant customers, see *Note 3* of *Notes to Consolidated Financial Statements*.

Information set forth in Items 1A and 2 below are incorporated by reference into this Item 1.

Introduction

Hecla Mining Company and its subsidiaries have provided precious and base metals to the U.S. and the world since 1891 (in this report, "we" or "our" or "us" refers to Hecla Mining Company and our affiliates and subsidiaries, unless the context requires otherwise). We discover, acquire and develop mines and other mineral interests and produce and market (i) concentrates containing silver, gold, lead and zinc, (ii) carbon material containing silver and gold, and (iii) unrefined doré containing silver and gold. In doing so, we intend to manage our business activities in a safe, environmentally responsible and cost-effective manner.

The silver, zinc and precious metals concentrates and carbon material we produce are sold to custom smelters, metal traders and third-party processors, and the unrefined doré we produce is sold to refiners or further refined before sale of the metals to traders. We are organized and managed in five segments that encompass our operating mines and significant assets being Greens Creek, Lucky Friday, Keno Hill, Casa Berardi and the Nevada Operations.

Our current business strategy is to focus our financial and human capital in the following areas:

- Developing the recently acquired Keno Hill properties located in the Yukon Territory, Canada
- Rapidly responding to the threats from the COVID-19 pandemic to protect our workforce, operations and communities while maintaining liquidity.
- Operating our properties safely, in an environmentally responsible, and cost-effective manner.
- Maintaining and investing in exploration and pre-development projects in the vicinities of mining districts and projects we believe to be under-explored and under-invested: Greens Creek on Alaska's Admiralty Island located near Juneau; North Idaho's Silver Valley in the historic Coeur d'Alene Mining District; the silver-producing district near Durango, Mexico; in the vicinity of our Casa Berardi mine and the Heva-Hosco project in the Abitibi region of northwestern Quebec, Canada; our projects in the Keno Hill mining district in the Yukon Territory, Canada; our projects located in three districts in Nevada; northwestern Montana; the Creede district of southwestern Colorado; the Kinskuch project in British Columbia, Canada; and the Republic mining district in Washington state.
- Improving operations at each of our mines, which includes incurring costs for new technologies and equipment.
- Expanding our proven and probable reserves, minerals resources and production capacity at our properties.
- Conducting our business with financial stewardship to preserve our financial position in varying metals price and operational environments.
- Advancing permitting at our Montana exploration project.
- Continuing to seek opportunities to acquire and invest in mining and exploration properties and companies.

Metals Prices

Our operating results are substantially dependent upon the prices of silver, gold, lead and zinc, which can fluctuate widely. The volatility of such prices is illustrated in the following table, which sets forth our average realized prices and the high, low and average daily closing market prices for silver, gold, lead and zinc over the last three years. The sources for the market prices are the London Market Fixing prices from the London Bullion Market Association for silver and gold and the Cash Official prices from the London Metals Exchange for lead and zinc.

	2022	2021	2020
Silver (per oz.):			
Realized average	$ 21.53	$ 25.24	$ 21.15
Market average	$ 21.75	$ 25.17	$ 20.51
Market high	$ 26.36	$ 28.48	$ 28.89
Market low	$ 17.81	$ 21.53	$ 12.01
Gold (per oz.):			
Realized average	$ 1,803	$ 1,796	$ 1,757
Market average	$ 1,801	$ 1,800	$ 1,770
Market high	$ 2,053	$ 1,940	$ 2,067
Market low	$ 1,622	$ 1,684	$ 1,474
Lead (per lb.):			
Realized average	$ 1.01	$ 1.03	$ 0.84
Market average	$ 0.98	$ 1.00	$ 0.83
Market high	$ 1.15	$ 1.14	$ 0.96
Market low	$ 0.80	$ 0.86	$ 0.72
Zinc (per lb.):			
Realized average	$ 1.41	$ 1.44	$ 1.03
Market average	$ 1.58	$ 1.36	$ 1.03
Market high	$ 2.05	$ 1.73	$ 1.29
Market low	$ 1.23	$ 1.15	$ 0.80

The prices of silver, gold, lead and zinc are affected by numerous factors beyond our control. See *Item 1A. Risk Factors – A substantial or extended decline in metals prices would have a material adverse effect on us* for information on a number of the factors that can impact prices of the metals we produce. Our 2022 realized average prices for all metals we sell, were lower compared to 2021 except for gold. In 2021, the realized average prices for all metals we sold were higher compared to 2020. We are unable to predict fluctuations in prices for metals and have limited control over the timing of our concentrate shipments which impacts our realized prices. However, we utilize financially-settled forward contracts for the metals we produce with the objective of managing the exposure to changes in prices of those metals contained in our concentrate shipments between the time of sale and final settlement. In addition, at times we utilize a similar program to manage the exposure to changes in prices of zinc and lead (but not silver and gold) contained in our forecasted future concentrate shipments. See *Note 9* of *Notes to Consolidated Financial Statements* for more information on our base and precious metal forward contract programs.

A comprehensive discussion of our financial results for the years ended December 31, 2022, 2021 and 2020, individual operation performance and other significant items can be found in *Item 7. Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations*, as well as the *Consolidated Financial Statements* and *Notes* thereto.

Products and Segments

Our segments are differentiated by geographic region. We produce zinc, silver and precious metals flotation concentrates at Greens Creek and silver and zinc flotation concentrates at Lucky Friday, each of which we sell to custom smelters and metal traders. The flotation concentrates produced at Greens Creek and Lucky Friday contain payable silver, zinc and lead, and at Greens Creek they also contain payable gold. At Greens Creek, we also produce gravity concentrate containing payable silver, gold and lead. Unrefined bullion (doré) is produced from the gravity concentrate by a third-party processor, and shipped to a refiner before sale of the metals to precious metal traders. We expect that Keno Hill, when in production will produce silver and zinc flotation concentrates. We also produce unrefined gold and silver bullion bars (doré) and loaded carbon and precipitates at Casa Berardi, which are shipped to refiners before sale of the metals to precious metal traders. At times, we sell loaded carbon and precipitates directly to refiners. Payable metals are those included in our products which we are paid for by smelters, metal traders and refiners. Our segments as of December 31, 2022 included:

- Greens Creek located on Admiralty Island, near Juneau, Alaska. Greens Creek is 100% owned and has been in production since 1989.
- Lucky Friday located in northern Idaho. Lucky Friday is 100% owned and has been a producing mine for us since 1958. Unionized employees at Lucky Friday were on strike from mid-March 2017 until early January 2020, resulting in limited production during that time. Re-staffing of the mine and ramp-up activities were substantially completed, and the mine returned to full production in the fourth quarter of 2020.
- Keno Hill located in the Keno Hill Silver District in Canada's Yukon Territory. Keno Hill is 100% owned and was acquired as part of our acquisition of Alexco on September 7, 2022. We are currently developing Keno Hill and anticipate it being in production in the third quarter of 2023.
- Casa Berardi located in the Abitibi region of northwestern Quebec, Canada. Casa Berardi is 100% owned and has been in production since late 2006.
- The Nevada Operations located in northern Nevada. Nevada Operations is 100% owned and consists of four land packages in northern Nevada totaling approximately 110 square miles and containing four previously-operating mines with a history of high-grade gold production: Fire Creek, Hollister, Midas and Aurora. As discussed in *Item 7. Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations – Nevada Operations*, in the second quarter of 2019, we ceased development to access new production areas at our Nevada Operations until completion of studies and test work, including the results of the mining and processing of a bulk sample of refractory ore through a third party ore processing agreement in the first nine months of 2021, resulting in, among other changes, suspension of production in the second half of 2021. During the second half of 2022, we mined remnant refractory underground ore.

San Sebastian in Mexico was also considered a segment prior to 2021. Production ceased in the fourth quarter of 2020, and exploration activities are currently ongoing. San Sebastian's activity for all periods presented in this Annual Report on Form 10-K is included in "other".

The contributions to our consolidated sales by our significant operations in 2022 were 46.6% from Greens Creek, 32.7% from Casa Berardi and 20.6% from Lucky Friday.

Governmental Regulation

The following is a summary of governmental regulation compliance areas which we believe are significant to our business and may have a material effect on our consolidated financial statements, earnings and/or competitive position.

Health and Safety

We are subject to the regulations of the Mine Safety and Health Administration ("MSHA") in the United States, the Commission of Labor Standards, Pay Equity and Occupational Health and Safety in Quebec, Workers' Safety and Compensation Board in the Yukon and the Mexico Ministry of Economy and Mining, and work with these agencies to address issues outlined in any investigations and inspections and continue to evaluate our safety practices. We strive to achieve excellent mine safety and health performance, and attempt to implement reasonable best practices with respect to mine safety and emergency preparedness. Achieving and maintaining compliance with regulations will be challenging and may increase our operating costs. See *Human Capital – Health and Safety* below and Item *1A. Risk Factors – We face substantial governmental regulation, including the Mine Safety and Health Act, various environmental laws and regulations and the 1872 Mining Law.*

Environmental

Our operations are subject to various environmental laws and regulations at the federal and state/provincial level. Compliance with environmental regulations, and litigation based on environmental laws and regulations, involves significant costs and can threaten existing operations or constrain expansion opportunities. Mine closure and reclamation regulations impose substantial costs on our operations and include requirements that we provide financial assurance supporting those obligations. We currently have $192.7 million of financial assurances, primarily in the form of surety bonds, for reclamation company-wide. We anticipate approximately $12 million in expenditures in 2023 for environmental permit compliance and idle property management. We also plan to invest approximately $2 million for on-going reclamation works at the former Troy Mine in Montana. The projected remaining cost for reclamation at the site is included in our accrued reclamation and closure costs liability. See *Item 1A. Risk Factors – We face substantial governmental regulation, including the Mine Safety and Health Act, various environmental laws and regulations and 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; Our environmental and asset retirement obligations may exceed the provisions we have made;* and *New federal and state laws, regulations and initiatives could impact our operations.*

Licenses, Permits and Claims/Concessions

We are required to obtain various licenses and permits to operate our mines and conduct exploration and reclamation activities. See *Item 1A. Risk Factors – We are required to obtain governmental permits and other approvals in order to conduct mining operations*. We can only engage in exploration at our San Sebastian (Mexico), Hatter Graben (Nevada) and Montanore (Montana) projects if we are successful in obtaining necessary permits. Similarly, mining at our planned open pits at Casa Berardi requires permits we don't yet have. And in February 2022, we submitted letters to the United States Forest Service ("USFS") withdrawing from its consideration the former Plan of Operations for each of the Rock Creek and Montanore projects in Montana. A new Plan of Operations for the Montanore site limited to underground exploration and evaluation activities only was submitted to the USFS and accepted for review in April 2022. These actions reflect our consolidated ownership of Montanore and Rock Creek and new ideas that we bring rather than the separate ownership and ineffective strategies of Rock Creek and Montanore's prior owners. Upon successful completion of the Environmental Assessment process under the National Environmental Policy Act ("NEPA"), and if subsequent data collection and analysis activities suggest development of a mine is feasible, then it is anticipated that a new Plan of Operations for the construction and development of a mine at the Montanore site would be submitted for approval. While no activities beyond care and maintenance are currently proposed for Rock Creek, mineral and other property rights there should not be impacted by our current focus on evaluation of the

Montanore site. See *Item 1A. Risk Factors – We are required to obtain governmental permits and other approvals in order to conduct mining operations* and *Legal challenges could prevent our projects in Montana from ever being developed.* In addition, our operations and exploration activities at Casa Berardi and San Sebastian are conducted pursuant to claims or concessions granted by the host government, and otherwise are subject to claims renewal and minimum work commitment requirements, which are subject to certain political risks associated with foreign operations. See *Item 1A. Risk Factors – Our foreign activities are subject to additional inherent risks*.

Taxes and Royalties

We are subject to various taxes and government royalties in the jurisdictions where we operate, including those specific to mining activities. These include: federal income taxes; state/provincial income taxes; county/city and bureau property taxes and sales and use tax in the U.S.; goods and services tax in Canada; value added tax in Mexico; mining-specific taxes in Alaska, Idaho, Nevada Quebec and the Yukon; and mining royalties in Alaska, Nevada and Mexico. Accrual and payment of taxes and accounting for deferred taxes can involve significant estimates and assumptions and can have a material impact on our consolidated financial statements. Tax rates and the calculations of taxes can change significantly and are influenced by changes in political administrations and other factors. See *Item 1A. Risk Factors – Our accounting and other estimates may be imprecise; Our ability to recognize the benefits of deferred tax assets related to net operating loss carryforwards and other items is dependent on future cash flows and taxable income; Our foreign activities are subject to additional inherent risks;* and *We face substantial governmental regulation, including the Mine Safety and Health Act, various environmental laws and regulations and the 1872 Mining Law.* Also, see *Note 6* of *Notes to Consolidated Financial Statements* for more information on income and mining taxes.

Physical Assets

Our business is capital intensive and requires ongoing capital investment for the replacement, modernization and expansion of equipment and facilities and to develop new mineral reserves. At December 31, 2022, the book value of our properties, plants, equipment and mineral interests, net of accumulated depreciation, was approximately $2.6 billion. For more information see *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*. We maintain insurance policies against property loss and business interruption. However, such insurance contains exclusions and limitations on coverage, and there can be no assurance that claims would be paid under such insurance policies in connection with a particular event. See *Item 1A. Risk Factors – Our operations may be adversely affected by risks and hazards associated with the mining industry that may not be fully covered by insurance.*

Human Capital

As of December 31, 2022, we employed approximately 1,850, of which approximately 950 were employed in the United States, 850 in Canada, and 30 in Mexico. The vast majority of our employees are full-time. Approximately 15% of our employees were covered by a collective bargaining agreement.

The attraction, development and retention of people is critical to delivering our business strategy. Key areas of focus for us include:

Health and Safety

The safety and health of our employees is of paramount importance. Our goal is to achieve world-class safety and health performance by promoting a deeply rooted value-based culture of safety and utilizing technology and innovation to continually improve the safety at our operations. We know that employees' and contractors' safety awareness is fundamental to making our workplace as safe as possible. Therefore, we invest in training and workforce development programs that focus on safety first. All employees receive training that complies with or exceeds the applicable safety and health regulations as set by the governing body in the jurisdiction in which each operation is located. As part of our commitment to safety, we track a variety of safety performance indicators, including injuries, near misses, observations, and equipment damages. Our goal is to reduce safety incidents. Our All Injury Frequency Rate ("AIFR") is calculated as the number of incidents in the period multiplied by 200,000 hours and divided by the number of hours worked in the period. Company-wide, our AIFR dropped by 77% from 2014 to 2022, which was the lowest in our company's history.

During fiscal year 2020, we launched a proactive response to the escalating COVID-19 outbreak and temporarily suspended operations at our Casa Berardi mine, starting at the end of March, and at our San Sebastian mine, in early April, due to government mandated closures. Those sites returned to full operations in mid-April and early-May, respectively. To mitigate the impact of COVID-19, we have taken precautionary measures, including implementing very detailed corporate and site-specific plans in February and early March 2020. Our plans included being flexible and quickly adapting to changing circumstances and government mandates. Even before mining was deemed an essential industry in the United States, we implemented procedures and policies to help keep our workers safe and ensure our supply chain, such as limiting site access, adopting social distancing, enhanced cleaning practices, implementing temperature testing, and quarantining protocols. We also commenced remote work protocols for those employees who wished to work remotely and could effectively do so. We took these actions to secure the safety of our employees, our vendors, and the communities in which our team members live and work, and to adhere to Centers for Disease Control recommendations. During 2022, we reduced activities under our COVID-19 mitigation plans.

Compensation and Benefits

We are among the largest private-sector employers in the communities in which we operate providing a compensation and benefits package that attracts, motivates, and retains employees. In addition to competitive base wages and incentive compensation, we offer retirement benefits, health insurance plans and paid time off.

Retention and Employee Development

We are committed to hiring talented people, developing effective leaders, providing an inclusive workplace and retaining a large portion of the workforce for long periods of time. The mining workforce of the future, like all industries, will see a continual change in the jobs and skill sets required as we adopt new technologies and make our workplace safer and more efficient. We are also committed to helping employees update their skills. For example, in conjunction with a trade school in Val-d'Or, Quebec, the leadership at our Casa Berardi mine has developed a customized training program for new and existing supervisors to develop their skills in the areas of leadership, communications, roles and responsibilities, and health and safety. In addition, we have long supported the Pathways to Mining Careers program, a career training partnership with the University of Alaska Southeast in Juneau. We also offer a reimbursement program to assist with educational expenses for employees who are interested in furthering their education. Advanced education can improve job performance and increase advancement opportunities for the employee, while providing flexibility to our company by increasing the employee's knowledge base and skill set.

Annual employee surveys are conducted to gauge employee concerns and morale. The results of the surveys, and any responsive measures, are shared with our board of directors. Strategic talent reviews and succession planning reviews are conducted periodically across all business areas, and our training programs are adapted accordingly. The Chief Executive Officer ("CEO"), senior level company leadership and board of directors periodically review Hecla's top talent. Creating more opportunities for women and indigenous people, are among our priorities for employee development. We also strive to maintain an inclusive workplace, and provide periodic training to employees to help meet that goal. Our employees are required to abide by our Code of Conduct, which is provided to employees upon being hired and annually, and is available on our website, to promote the conduct of our business in a consistently legal and ethical manner. Among other provisions, the Code of Conduct reflects that it is our policy and practice not to

discriminate against any employee because of race, color, religion, national origin, sex, sexual orientation, gender identity or expression, age, or physical or other disability. We expect our leaders to set the example by being positive role models and good mentors for our employees.

Our Senior Vice President – Chief Administrative Officer, responsible for human resources is an executive-level position to reflect the priority we place on our human capital to meet our business strategy.

Available Information

Hecla Mining Company is a Delaware corporation. Our current holding company structure dates from the incorporation of Hecla Mining Company in 2006 and the renaming of our subsidiary (previously Hecla Mining Company) as Hecla Limited. Our principal executive offices are located at 6500 N. Mineral Drive, Suite 200, Coeur d'Alene, Idaho 83815-9408. Our telephone number is (208) 769-4100. Our web site address is www.hecla.com. We file our annual, quarterly and current reports and any amendments to these reports with the SEC, copies of which are available on our website or from the SEC free of charge (www.sec.gov or 800-SEC-0330). Our restated certificate of incorporation, bylaws, charters of our audit, compensation, and governance and social responsibility committees, as well as our Code of Ethics for the Chief Executive Officer and Senior Financial Officers and our Code of Conduct, are also available on our website. In addition, any amendments to our Code of Ethics or waivers granted to our directors and executive officers will be posted on our website. Each of these documents may be periodically revised, so you are encouraged to visit our website for any updated terms. We will provide copies of these materials to stockholders upon request using the above-listed contact information, directed to the attention of Investor Relations, or via e-mail request sent to hmc-info@hecla.com.

We routinely post important information for on our web site, www.hecla.com, in the "Investors" section. We also may use our web site as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the Investors section of our web site, in addition to following our press releases, SEC filings, public conference calls, presentations and webcasts. The information contained on, or that may be accessed through, our web site is not incorporated by reference into, and is not a part of, this document.

ITEM 1A. RISK FACTORS

The following risks and uncertainties, together with the other information set forth in this report, should be carefully considered by those who invest in our securities. Any of the following material risk factors could adversely affect our business, financial condition or operating results and could decrease the value of our common or preferred stock or other outstanding securities. These are not all of the risks we face, and other factors not presently known to us or that we currently believe are immaterial may also affect our business if they occur.

Financial Risks

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

Our revenue is derived primarily from the sale of concentrates and doré containing silver, gold, lead and zinc and, as a result, our earnings are directly related to the prices of these metals. Silver, gold, lead and zinc prices fluctuate widely and are affected by numerous factors, including:

- speculative activities;
- relative exchange rates of the U.S. dollar;
- global and regional demand and production;
- political instability;
- inflation, recession or increased or reduced economic activity; and
- other political, regulatory and economic conditions.

These factors are largely beyond our control and are difficult to predict. If the market prices for these metals fall below our production or development costs for a sustained period of time, we will experience losses and may have to discontinue exploration, development or operations, or incur asset write-downs at one or more of our properties. See *Item 1. Business — Introduction* for information on the average, high, and low daily closing prices for silver, gold, lead and zinc for the last three years. On February 10, 2023, the closing prices for silver, gold, lead and zinc were $21.98 per ounce, $1,865.50 per ounce, $0.95 per pound and $1.41 per pound, respectively.

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

When events or changes in circumstances indicate the carrying value of our long-lived assets may not be recoverable, we review the recoverability of the carrying value by estimating the future undiscounted cash flows expected to result from the use and eventual disposition of the asset. Impairment must be recognized when the carrying value of the asset exceeds these cash flows. Recognizing impairment write-downs could negatively impact our results of operations. Metals price estimates are a key component used in the evaluation of the carrying values of our assets, as the evaluation involves comparing carrying values to the average estimated undiscounted cash flows resulting from operating plans using various metals price scenarios. Our estimates of undiscounted cash flows for our long-lived assets also include an estimate of the market value of the resources and exploration targets beyond the current operating plans.

We determined no impairments were required for triggering events identified during 2022. For more discussion, see the below risk factors, "*We may not realize all of the anticipated benefits from our acquisitions, including our recent acquisition of Alexco*" and "*Issues we have faced at certain segments could require us to write-down the associated long-lived assets. We could face similar issues at our other operations. Such write-downs may adversely affect our results of operations and financial condition*." If the prices of silver, gold, zinc and lead decline for an extended period of time, if we fail to control production or capital costs, if regulatory issues increase costs or decrease production, or if we do not realize the mineable mineral reserves, resources or exploration targets at our mining properties, we may be required to recognize asset write-downs in the future. In addition, the perceived market value of the resources and exploration targets of our properties is dependent upon prevailing metals prices as well as our ability to discover economic ore. A decline in metals prices for an extended period of time or our inability to convert resources or exploration targets to reserves could significantly reduce our estimates of the value of the resources or exploration targets at our properties and result in asset write-downs.

We have a substantial amount of debt that could impair our financial health and prevent us from fulfilling our obligations under our existing and future indebtedness.

As of December 31, 2022, we had total indebtedness of approximately $527.2 million, primarily in the form of our Senior Notes. Our level of debt and our debt service obligations may have adverse effects on our business, financial condition, cash flows or results of operations, including:

- making it more difficult for us to satisfy our obligations with respect to the Senior Notes;
- reducing the amount of funds available to finance our operations, capital expenditures and other activities;

- increasing our vulnerability to economic downturns and industry conditions;
- limiting our flexibility in responding to changing business and economic conditions;
- jeopardizing our ability to execute our business plans;
- placing us at a disadvantage when compared to our competitors that have less debt;
- increasing our cost of borrowing; and
- limiting our ability to borrow additional funds.

We and our subsidiaries may incur substantial additional indebtedness in the future. Although the indenture governing our Senior Notes contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of additional indebtedness that could be incurred in compliance with these restrictions could be substantial. In July 2022, we entered into our $150 million senior credit facility (with the option to increase to $225 million). Like the indenture, the credit agreement governing the revolving credit facility also has restrictions on the incurrence of additional indebtedness but with a number of significant qualifications and exceptions. If new debt is added to our and our subsidiaries' existing debt levels, the risks associated with such debt that we currently face would increase. In addition, the indenture governing the Senior Notes does not prevent us from incurring additional indebtedness under the indenture.

We have had losses that could reoccur in the future.

We have experienced volatility in our net income (loss) reported in the last three years, as shown in our *Consolidated Statement of Operations and Comprehensive (Income) Loss*, including net loss of $37.3 million in 2022, net income of $35.1 million in 2021 and net loss of $9.5 million in 2020. A comparison of operating results over the past three years can be found in *Results of Operations* in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Many of the factors affecting our operating results are beyond our control, including, but not limited to, the volatility of metals prices; smelter terms; rock and soil conditions; seismic events; cybersecurity attacks; availability of hydroelectric power; diesel fuel prices; interest rates; foreign exchange rates; global or regional political or economic policies; inflation; availability and cost of labor; economic developments and crises; governmental regulations; continuity of orebodies; ore grades; recoveries; performance of equipment; price speculation by certain investors; and purchases and sales by central banks and other holders and producers of gold and silver in response to these factors. We cannot assure you that we will not experience net losses in the future.

Our accounting and other estimates may be imprecise.

Preparing consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts and related disclosure of assets, liabilities, revenue and expenses at the date of the consolidated financial statements and reporting periods. The more significant areas requiring the use of management assumptions and estimates relate to:

- mineral reserves, resources, and exploration targets that are the basis for future income and cash flow estimates and units-of-production depreciation, depletion and amortization calculations;
- future ore grades, throughput and recoveries;
- future metals prices;
- future capital and operating costs;
- environmental, reclamation and closure obligations;
- permitting and other regulatory considerations;
- asset impairments;
- valuation of business combinations;
- future foreign exchange rates, inflation rates and applicable tax rates;
- reserves for contingencies and litigation; and
- deferred tax asset valuation allowance.

Future estimates and actual results may differ materially from these estimates as a result of using different assumptions or conditions. For additional information, see *Critical Accounting Estimates* in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Note 2* of *Notes to Consolidated Financial Statements*, and the risk factors set forth below: "*Our costs of extending existing reserves or development of new orebodies and other capital costs may be higher and provide less return than we estimated*," "*Our ore reserve and resource estimates may be imprecise*," "*We are currently involved in ongoing legal disputes that may materially adversely affect us*," and "*Our environmental and asset retirement obligations may exceed the provisions we have made*."

Commodity and currency risk management activities could prevent us from realizing possible revenues or lower costs or expose us to losses.

We periodically enter into risk management activities to manage the exposure to changes in prices of silver, gold, lead and zinc contained in our concentrate shipments between the time of sale and final settlement. We also utilize such programs to manage the exposure to changes in the prices of lead and zinc contained in our forecasted future shipments. Such activities are utilized in an attempt to partially insulate our operating results from changes in prices for those metals. However, such activities may prevent us from realizing revenues in the event that the market price of a metal exceeds the price stated in a contract, and may also result in significant mark-to-market fair value adjustments, which may have a material adverse impact on our reported financial results. In addition, we are exposed to credit risk with our counterparties, and we may experience losses if a counterparty fails to purchase under a contract when the contract price exceeds the spot price of a commodity.

In 2016, we also initiated financially-settled forward contract programs to manage exposure to fluctuations in the exchange rates between the U.S. dollar ("USD") and the Canadian dollar ("CAD") and the impact on our future operating costs denominated in CAD. In 2021, we initiated a similar program related to future development costs denominated in CAD. As with our metals derivatives, when utilized, such activities may prevent us from realizing possible lower costs on a USD-basis in the event that the USD strengthens relative to the CAD compared to the exchange rates stated in the forward contracts, and also expose us to counterparty credit risk.

See *Note 9* of *Notes to Consolidated Financial Statements* for more information on these forward contract programs.

Our ability to recognize the benefits of deferred tax assets related to net operating loss carryforwards and other items is dependent on future cash flows and taxable income.

We recognize the expected future tax benefit from deferred tax assets when the tax benefit is considered to be more likely than not of being realized. Otherwise, a valuation allowance is applied against deferred tax assets, reducing the value of such assets. Assessing the recoverability of deferred tax assets requires management to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted income from operations and the application of existing tax laws in each jurisdiction. Metals price, reserve, production and cost estimates are key components to determine the expected future benefit of our deferred tax assets. To

the extent that future taxable income differs significantly from estimates as a result of a decline in metals prices or other factors, our ability to realize the deferred tax assets could be impacted. Additionally, significant future issuances of common stock or common stock equivalents, or changes in the direct or indirect ownership of our common stock or common stock equivalents, could limit our ability to utilize our net operating loss carryforwards pursuant to Section 382 of the Internal Revenue Code. Future changes in tax law or changes in ownership structure could limit our ability to utilize our recorded tax assets. We determined as of December 31, 2021, that we expect to realize an additional $58.4 million of the Hecla U.S. tax group deferred tax assets and released the valuation allowance by a corresponding amount, reflecting our current expectations. We currently do not have valuation allowances for certain amounts related to the Nevada U.S. tax group and certain foreign deferred tax assets, and our deferred tax assets as of December 31, 2022 were $331.8 million, net of $72.9 million in valuation allowances. See *Note 6* of *Notes to Consolidated Financial Statements* for further discussion of our deferred tax assets.

Returns for investments in pension plans and pension plan funding requirements are uncertain.

We maintain defined benefit pension plans for most U.S. employees, which provide for defined benefit payments after retirement for those employees. Canadian and Mexican employees participate in public retirement systems for those countries and are not eligible to participate in the defined benefit pension plans that we maintain for U.S. employees. The ability of the pension plans maintained for U.S. employees to provide the specified benefits depends on our funding of the plans and returns on investments made by the plans. Returns, if any, on investments are subject to fluctuations based on investment choices and market conditions. In addition, we have a supplemental excess retirement plan which was funded as of December 31, 2022. A sustained period of low returns or losses on investments, or future benefit obligations that exceed our estimates, could require us to fund the pension plans to a greater extent than anticipated. See *Note 5* of *Notes to Consolidated Financial Statements* for more information on our pension plans.

Operation, Climate, Development, Exploration and Acquisition Risks

Natural disasters, public health crises (including COVID-19), political crises, and other catastrophic events or other events outside of our control may materially and adversely affect our business or financial results.

If any of our facilities or the facilities of our suppliers, third-party service providers, or customers is affected by natural disasters, such as earthquakes, floods, fires, power shortages or outages, public health crises (such as pandemics and epidemics), political crises (such as terrorism, war, political instability or other conflict), or other events outside of our control, our operations or financial results could suffer. Any of these events could materially and adversely impact us in a number of ways, including through decreased production, increased costs, decreased demand for our products due to reduced economic activity or other factors, or the failure by counterparties to perform under contracts or similar arrangements.

For example, the ongoing COVID-19 pandemic has impacted our operations and financial results over the last three years. Restrictions imposed by governments in Alaska, Quebec and Mexico have caused us to temporarily suspend operations and/or revise operating procedures. These restrictions caused us to incur costs of approximately $5.8 million in 2020, $4.3 million in 2021 and $0.5 million in 2022. In addition, silver production at Greens Creek in the third quarter of 2021 was 30% lower than in the third quarter of 2020 due to reduced ore grades as a result of mine sequencing, which was impacted by manpower challenges due to COVID-19 and increased competition for labor. At the Lucky Friday and Nevada Operations, COVID-19 procedures have been implemented without a significant impact on production or operating or suspension costs or production. Although COVID-19 impacts on our operations and financial results have not yet been material, it is possible they may become so in the near future, including if we are forced to continue with existing or adopt new restrictions on operations and if those restrictions continue longer than anticipated or become broader.

The additional protocols implemented at our mine sites and other restrictions in response to the pandemic have limited the access of our contractors, consultants and other third-party service providers to our operations. As a result, less exploration and definition drilling occurred at some of our operations and exploration properties in 2020 which in turn limited reserve and resource conversion in 2020; however, drilling increased and our reserve and resource conversion improved in 2021. During 2022, exploration and definition drilling activity returned to pre-pandemic levels, however third party assay laboratories struggle to process assays in a timely manner.

We continue to monitor the situation and guidance from federal, state, local and foreign governments and public health authorities and may take additional actions based on their recommendations. The extent of the impact of COVID-19 and any subsequent variants on our business and financial results will also depend on future developments, including the duration and spread of the outbreak within the markets in which we operate and the related impact on prices, demand, creditworthiness and other market conditions and governmental reactions, all of which are highly uncertain.

The COVID-19 virus pandemic may heighten other risks.

To the extent that the COVID-19 virus pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other Risk Factors described herein, including, but not limited to, risks related to commodity prices and commodity markets, commodity price fluctuations, our indebtedness, information systems and cyber security and risks relating to our mining operations such as risks related to mineral reserve and mineral resource estimates, production forecasts, impacts of governmental regulations, international operations, availability of infrastructure and employees and challenging global financial conditions.

Our operations are subject to a range of risks related to climate change and transitioning the business to meet regulatory, societal and investor expectations for operating in a low-carbon economy.

Climate change is expected to create more extreme weather patterns that can increase frequency of droughts and increase the amount of rainfall, circumstances that require careful water management. Potential key material physical risks to Hecla from climate change include, but are not limited to:

- Increased volumes of mine contact water requiring storage and treatment;
- Increased design requirements for stormwater diversion and associated water management systems;
- Reduced freshwater availability due to potential drought conditions;
- Damage to roads and other infrastructure at our sites due to extreme weather events including intense rainfalls and related events such as landslides; and
- Unpermitted or otherwise non-compliant discharge of wastewater due to an increased frequency of extreme weather events exceeding the design capacity of existing tailings storage facilities and other stormwater management infrastructure.

Such events can temporarily slow or halt operations due to physical damage to assets, reduced worker productivity for safety protocols on site related to extreme weather events, worker aviation and bus transport to or from the site, and local or global supply route disruptions that may limit transport of essential materials and supplies. Additional financial impacts could include increased capital or operating costs to increase water storage and treatment capacity, obtain or develop maintenance and monitoring technologies, increase resiliency of facilities and establish supplier climate resiliency and contingency plans. The occurrence of weather and climate events have in the past and could in the future cause us to incur unplanned costs, which may be material, to address or prevent resulting damage.

In addition, we have identified opportunities and potential risks for Hecla as we shift toward a low-carbon economy. Technologies that support decarbonization include renewable energy sources, electric vehicles, and energy storage, all of which require the metals we produce. However, renewable energies currently may not have the same

reliability as conventional energy sources. Thus, as we transition toward renewable energy sources, we could experience a possible curtailment of our energy supply, and these new energy sources may cost more in the future than our current supplies, which could negatively our impact financial performance. Further, transitioning to a lower-carbon economy will require significant investment and may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, focus and jurisdiction of these changes, transition risks may pose varying levels of financial and reputational risk to our business.

Policy and regulatory risk related to actual and proposed changes in climate- and water-related laws, regulations and taxes developed to regulate the transition to a low-carbon economy may result in increased costs for our operations, our smelters and refiners and our suppliers, including increased energy, capital equipment, environmental monitoring and reporting and other costs to comply with such regulations. Regulatory uncertainty may incur higher costs and lower economic returns than originally estimated for new development projects and operations, including closure reclamation obligations.

The development and deployment of technological improvements or innovations will be required to support the transition to a low-carbon economy, which could result in write-offs and early retirement of existing assets, increased costs to adopt and deploy new practices and processing including planning and design for mines, development of alternative power sources, site level efficiencies and other capital investments.

A failure to meet our climate strategy commitments and/or societal or investor expectations could also result in damage to our reputation, decreased investor confidence and challenges in maintaining positive community relations, which can pose additional obstacles to our ability to conduct our operations and develop our projects, which may result in a material adverse impact on our business, financial position, results of operations and growth prospects.

Mining accidents or other adverse events at an operation could decrease our anticipated production or otherwise adversely affect our operations.

Production may be reduced below our historical or estimated levels for many reasons, including, but not limited to, mining accidents; unfavorable ground or shaft conditions; work stoppages or slow-downs; lower than expected ore grades; cybersecurity attacks; unexpected regulatory actions; if the metallurgical characteristics of ore are less economic than anticipated; or because our equipment or facilities fail to operate properly or as expected. Our mines are subject to risks relating to ground instability, including, but not limited to, pit wall failure, crown pillar collapse, seismic events, backfill and stope failure or the breach or failure of a tailings impoundment. Both the Lucky Friday and Casa Berardi mines have a history of ground instability underground and related incidents which in the past have resulted in loss of production at these facilities and some of the other effects described below. The occurrence of an event such as those described above could result in loss of life or temporary or permanent cessation of operations, any of which could have a material adverse effect on our financial condition and results of operations. Other closures or impacts on operations or production may occur at any of our mines at any time, whether related to accidents, changes in conditions, changes to regulatory policy, or as precautionary measures.

In addition, our operations are typically in remote locations, where conditions can be inhospitable, including with respect to weather, surface conditions, interactions with wildlife or otherwise in or near dangerous conditions. In the past we have had employees, contractors, or employees of contractors get injured, sometimes fatally, while working in such challenging locations. An accident or injury to a person at or near one of our operations could have a material adverse effect on our financial condition and results of operations.

At the Lucky Friday mine we are mining ever deeper deposits and have recently begun utilizing a new mining method called Underhand Closed Bench ("UCB"). See *Item 2. Properties – Lucky Friday* for a description of the UCB method. We started testing the UCB method in 2020 and it was used for approximately 88% and 86% of the tons mined at Lucky Friday in 2022 and 2021, respectively. A patent application for the UCB method has been filed with the U.S. Patent and Trademark Office. However, the UCB method has not been used at other mines. Although we believe the testing has resulted in better management of the Lucky Friday mine's seismicity, which increases as we mine deeper, we cannot predict unknown hazards that the UCB method or our deeper mining activities might cause.

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

Our business is capital intensive, requiring ongoing investment for the replacement, modernization or expansion of equipment and facilities. Our mining and milling operations are subject to risks of process disruptions and equipment malfunctions. Equipment and supplies may from time to time be unavailable on a timely basis. Our business is subject to a number of other risks and hazards including:

- environmental hazards;
- unusual or unexpected geologic formations;
- rock bursts, ground falls, pit wall failures, or tailings impoundment breaches or failures;
- seismic activity;
- shaft failure;
- road and bridge failures;
- underground fires or floods;
- unanticipated hydrologic conditions, including flooding and periodic interruptions due to inclement or hazardous weather conditions;
- civil unrest or terrorism;
- cybersecurity attacks;
- changes in interpretation or enforcement of regulatory and permitting requirements;
- industrial accidents;
- disruption, damage or failure of power, technology or other systems related to operation of equipment and other aspects of our mine operations;
- labor disputes or strikes; and
- our operating mines have tailing ponds which could fail or leak as a result of seismic activity, unusual weather or for other reasons.

Such risks could result in:

- personal injury or fatalities;
- damage to or destruction of mineral properties or producing facilities;
- environmental damage and financial penalties;
- delays in exploration, development or mining;
- monetary losses;
- inability to meet our financial obligations;
- asset impairment charges;
- legal liability; and
- temporary or permanent closure of facilities.

We maintain insurance to protect against losses that may result from some of these risks, such as property loss and business interruption, in amounts we believe to be reasonably consistent with our historical experience, industry practice and circumstances surrounding each identified risk. Such insurance, however, contains exclusions and limitations on coverage, particularly with respect to environmental liability, political risk and seismic events. We cannot assure you that claims would be paid under such insurance policies in connection with a particular event. Insurance specific to environmental risks is generally either unavailable or, we believe, cost prohibitive, and we therefore do not maintain environmental insurance. Occurrence of events for which we are not insured may have an adverse effect on our business.

Our costs of extending existing reserves or development of new orebodies and other capital costs may be higher and provide less return than we estimated.

Capitalized development projects may cost more and provide less return than we estimate. If we are unable to realize a return on these investments, we may incur a related asset write-down that could adversely affect our financial results or condition.

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

- mineral reserves and resources;
- expected ore grades and recovery rates of metals from the ore;
- future metals prices;
- facility and equipment costs;
- availability of adequate staffing;
- availability of affordable sources of power and adequacy of water supply;
- exploration and drilling success;
- capital and operating costs of a development project;
- environmental and closure, permitting and other regulatory considerations and costs;
- adequate access to the site, including competing land uses (such as agriculture);
- applicable tax rates;
- foreign currency fluctuation and inflation rates; and
- availability and cost of financing.

Many of these estimates are based on geological and other interpretive data, which may be imprecise. As a result, actual operating and capital costs and returns from a development project may differ substantially from our estimates, and, as such, it may not be economically feasible to continue with a development project.

Our mineral reserve and resource estimates may be imprecise.

Our mineral reserve figures are primarily estimates and are not guarantees that we will recover the indicated quantities of these metals. You are cautioned not to place undue reliance on estimates of reserves (or resource estimates or exploration targets). Reserves are estimates made by our professional technical personnel of the amount of metals that they believe could be economically and legally extracted or produced at the time of the reserve determination. No assurance can be given that the estimated amount of metal or the indicated level of recovery of these metals will be realized. Reserve and resource estimation is an interpretive process based upon available data and various assumptions. Our reserve and resource estimates may change. Reserves are valued based on estimates of costs and metals prices, which may not be consistent among our properties or across the industry. The estimated quantities and economic value of mineral reserves may be adversely affected by:

- declines in the market price of the various metals we mine;
- increased production or capital costs;
- reduction in the grade or tonnage of the deposit;
- decrease in throughput;
- increase in the dilution of the ore;
- future foreign currency rates, inflation rates and applicable tax rates;
- reduced metal recovery; and
- changes in environmental, permitting or other regulatory requirements.

Short-term operating factors relating to our mineral reserves, such as the need to sequentially develop orebodies and the processing of new or different ore grades, may adversely affect our cash flow.

If the prices of metals that we produce decline substantially below the levels used to calculate reserves for an extended period, we could experience:

- delays in new project development;
- net losses;
- reduced cash flow;
- reductions in reserves and resources;
- write-downs of asset values; and
- mine closure.

Additionally, resource estimates and exploration targets are subject to further exploration and development, and are, therefore, subject to considerable uncertainty. Despite our history of converting resources and exploration targets to reserves through additional drilling and study work, we cannot be certain that any part or parts of resources or exploration targets will ever be confirmed or converted into reserves as defined by the SEC.

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.

One of the risks we face is that mines are depleting assets. Thus, in order to maintain or increase production we must continually replace depleted mineral reserves by locating and developing additional ore. Our ability to expand or replace mineral reserves primarily depends on the success of our exploration programs. Mineral exploration, particularly for silver and gold, is highly speculative and expensive. It involves many risks and is often non-productive. Even if we believe we have found a valuable mineral deposit, it may be several years before production from that deposit is possible. During that time, it may become no longer feasible to produce those minerals for economic, regulatory, political or other reasons. As a result of high costs and other uncertainties, we may not be able to expand or replace our existing mineral reserves as they are depleted, which would adversely affect our business and financial position in the future.

Our ability to market our metals production depends on the availability of smelters and/or refining facilities and our operations and financial results may be affected by disruptions or closures or the unavailability of smelters and/or refining facilities for other reasons.

We sell our metals products to smelters and metal traders. Our doré bars are sent to refiners for further processing before being sold to metal traders. Access to refiners and smelters on terms which are economic is critical to sell our products to buyers and generate revenues. If smelters or refiners are unavailable or unwilling to accept our products, or we are otherwise unable to sell our products to customers on acceptable commercial and legal terms, our operations and financial results could be adversely affected. See *Note 3* of *Notes to Consolidated Financial Statements* for more information on the distribution of our sales and our significant customers.

We derive a significant amount of revenue from a relatively small number of customers and occasionally enter into concentrate spot market sales with metal traders.

For the fiscal year ended December 31, 2022, our three largest customers accounted for approximately 35%, 24% and 11%, respectively, of our total revenues. Given our operations produce unique qualities of concentrates, which a limited number of smelters can process effectively, we enter into long-term benchmark contracts for a majority of our total concentrates production. We expose lesser portions of our concentrates production to spot market sales to metal traders to benefit from favorable spot market sales terms from time to time. Our results of operations, financial condition and cash flows could be materially adversely affected if one or more of our long-term customers were to decide to interrupt or curtail their activities, terminate their contracts with us or fail to renew existing contracts. Additionally, if spot market conditions deteriorate rapidly, we could have difficulty selling a portion of our concentrates, and metal traders could refuse to perform under existing contracts, which could also result in materially adverse effects on our results of operations, financial conditions and cash flows. See *Note 3* of *Notes to Consolidated Financial Statements* for more information on the distribution of our sales and our significant customers.

Shortages of critical parts and equipment may adversely affect our operations and development projects.

We have been impacted, from time to time, by increased demand for critical resources such as input commodities, drilling equipment, trucks, shovels and tires. These shortages have, at times, impacted the efficiency of our operations, and resulted in cost increases and delays in construction of projects; thereby impacting operating costs, capital expenditures and production and construction schedules.

Our foreign activities are subject to additional inherent risks.

We currently have foreign operations in Mexico and Canada, and we expect to continue to conduct operations there and possibly other international locations in the future. Because we conduct operations internationally, we are subject to political, social, legal and economic risks such as:

- the effects of local political, labor and economic developments and unrest;
- significant or abrupt changes in the applicable regulatory or legal climate;
- significant changes to regulations or laws or the interpretation or enforcement of them;
- exchange controls and export restrictions;
- expropriation or nationalization of assets with inadequate compensation;
- unfavorable currency fluctuations, particularly in the exchange rate between the U.S. dollar and the Canadian dollar and Mexican Peso;
- repatriation restrictions;
- invalidation and unavailability of governmental orders, permits or agreements;
- property ownership disputes;
- renegotiation or nullification of existing concessions, licenses, permits and contracts;
- criminal activity, corruption, demands for improper payments, expropriation, and uncertain legal enforcement and physical security;
- failure to maintain compliance with corruption and transparency statutes, including the U.S. Foreign Corrupt Practices Act;
- disadvantages of competing against companies from countries that are not subject to U.S. laws and regulations;
- fuel or other commodity shortages;
- illegal mining;
- laws or policies of foreign countries and the United States affecting trade, investment and taxation;
- opposition to our presence, operations, properties or plans by governmental or non-governmental organizations or civic groups;
- civil disturbances, war and terrorist actions; and
- seizures of assets.

The occurrence of any one or combination of these events, many of which are beyond our control, could materially adversely affect our financial condition or results of operations.

Our operations and properties in Canada expose us to additional political risks.

Our properties in Canada may be of particular interest or sensitivity to one or more interest groups, including aboriginal groups (which are generally referred to as "First Nations"). We have mineral projects in Quebec, the Yukon and British Columbia that are or may be in areas with a First Nations presence. The nature and extent of First Nation rights and title remains the subject of active debate, claims and litigation in Canada. Intergovernmental relations between First Nation authorities and federal, provincial and territorial authorities are evolving. It is our practice to work closely with and consult with First Nations in areas in which our projects are located or which could be impacted by our activities. However, there is no assurance that relationships with such groups will be positive. Accordingly, it is possible that our permitting activities, production, exploration or development activities on our Canadian properties could be delayed, interrupted or otherwise adversely affected in the future by political uncertainty, native land claims entitlements, expropriations of property, changes in applicable law, governmental policies and policies of relevant interest groups, including those of First Nations. Any changes in law or relations or shifts in political conditions may be beyond our control, or we may enter into agreements with First Nations, all of which may adversely affect our business and operations and if significant, may result in the impairment or loss of mineral concessions or other mineral rights, or may make it impossible to continue our mineral production, exploration or development activities in the applicable area, any of which could have an adverse effect on our financial condition and results of operations.

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, and such claims and the attendant obligations of the federal government to those tribal communities and stakeholders may affect our current and future operations.

Indigenous interests and rights as well as related consultation issues may impact our ability to pursue exploration, development and mining at certain of our properties in Nevada, Montana, Alaska, British Columbia, the Yukon and Quebec. There is no assurance that claims or other assertion of rights by tribal communities and stakeholders or consultation issues will not arise on or with respect to our properties or activities. These could result in significant costs and delays or materially restrict our activities. Opposition by tribal communities and stakeholders to our presence, operations or development on land subject to their traditional territory or title claims or in areas of cultural significance

could negatively impact us in terms of permitting delay, public perception, costly legal proceedings, potential blockades or other interference by third parties in our operations, or court-ordered relief impacting our operations. In addition, we may be required to, or may voluntarily, enter into certain agreements with such tribal communities in order to facilitate development of our properties, which could reduce the expected earnings or income from any future production.

We may be subject to a number of unanticipated risks related to inadequate infrastructure.

Mining, processing, development, exploration and other activities depend on adequate infrastructure. Reliable roads, bridges, ports, power sources, internet access and water supply are important to our operations, and their availability and condition affect capital and operating costs. Unusual, infrequent or extreme weather phenomena, sabotage, amount or complexity of required investment, or other interference in the maintenance or provision of such infrastructure, or government intervention, could adversely affect our mining operations.

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

We are actively evaluating opportunities to expand our mineral reserves and resources by acquiring other mining companies or properties. Although we are pursuing opportunities that we feel are in the best interest of our stockholders, these pursuits are costly and often unproductive.

There is a limited supply of desirable mineral properties available in the United States and foreign countries where we would consider conducting exploration and/or production activities. For those that exist, we face strong competition from other mining companies, many of which have greater financial resources than we do. Therefore, we may be unable to acquire attractive companies or mining properties on terms that we consider acceptable.

Furthermore, there are inherent risks in any acquisition we may undertake which could adversely affect our current business and financial condition and our growth. For example, we may not realize the expected value of the companies or properties that are acquired due to declines in metals prices, lower than expected quality of orebodies, inability to achieve the expected or minimum level of operating performance, failure to obtain permits, labor problems, changes in regulatory environment, failure to achieve anticipated synergies, an inability to obtain financing, and other factors described in these risk factors. Acquisitions of other mining companies or properties may also expose us to new legal, geographic, political, operating, and geological risks.

See the risk factor below, "*We may not realize all of the anticipated benefits from our acquisitions, including our recent acquisition of Alexco*."

We may be unable to successfully integrate the operations of the properties we acquire.

Integration of the businesses or the properties we acquire with our existing business, including the Keno Hill project acquired as part of the Alexco acquisition in September 2022, is a complex, time-consuming and costly process. Failure to successfully integrate the acquired properties and operations in a timely manner may have a material adverse effect on our business, financial condition, results of operations and cash flows. The difficulties of combining the acquired operations with our existing business include, among other things:

- operating a larger organization;
- operating in multiple legal jurisdictions;
- coordinating geographically and linguistically disparate organizations, systems and facilities;
- adapting to additional political, regulatory, legal and social requirements;
- integrating corporate, technological and administrative functions; and
- diverting management's attention from other business concerns.

The process of integrating operations could cause an interruption of, or a slowdown in, the activities of our business. Members of our senior management may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage other parts of our business. If our senior management is not able to effectively manage the integration process, or if any business activities are interrupted as a result of the integration process, our business could suffer. See the risk factor below, "*We may not realize all of the anticipated benefits from our acquisitions, including our recent acquisition of Alexco.*"

Issues we have faced at certain segments could require us to write-down the associated long-lived assets. We could face similar issues at our other operations. Such write-downs may adversely affect our results of operations and financial condition.

We review our long-lived assets for recoverability pursuant to the Financial Accounting Standard Board's Accounting Standards Codification Section 360. Under that standard, we review the recoverability of our long-lived assets, such as our mining properties, upon a triggering event. Such review involves comparing an asset's carrying value to its fair value. When the carrying value of the asset exceeds its fair value (which is based on estimating the future undiscounted cash flows expected to result from the use and eventual disposition of the asset or a market value approach), an impairment must be recognized. We conduct a review of the financial performance of our mines in connection with the preparation of our financial statements for each reporting period and determine whether any triggering events are indicated.

We determined the continued suspension of production in Nevada and reduced 2023 budgeted exploration program represented a triggering event requiring an assessment of recoverability of the carrying value of our long-lived assets in Nevada. We also identified a triggering event for Casa Berardi in 2022. Although we concluded the carrying value assessment indicated no impairment at either segment at the time the analysis was undertaken, each analysis was, and any future analysis will be, based on estimates, judgments and assumptions which may turn out to be incorrect or inaccurate.

The estimates, judgments and assumptions we use in any fair value/impairment assessment of our long-lived assets relate to factors impacting the future cash flows estimated at any of our operations, including, but not limited to: (i) metals to be extracted and recovered from proven and probable mineral reserves and, to some extent, identified mineralization beyond proven and probable reserves, (ii) future operating and capital costs, and (iii) future metals prices. These estimates, judgments and assumptions are made in good faith and using management's best judgments; however, there can be no assurance that any of them will prove to be accurate. Evaluation of the possibility of a future impairment loss, as well as the calculation of the amount of any impairment loss, involve significant estimates, judgment and assumptions, and no assurance can be given as to whether or not we will recognize an impairment loss in the future, or if the amount of loss would be within any estimated range we may disclose. As a result, in future periods we could face another triggering event which could lead to an impairment charge, and any such impairment charge could be material.

We may not realize all of the anticipated benefits from our acquisitions, including our recent acquisition of Alexco.

We may not realize all (or any) of the anticipated benefits from any acquisition, such as increased earnings, cost savings and revenue enhancements, for various reasons, including difficulties integrating operations and personnel, higher than expected acquisition and operating costs or other difficulties, unknown liabilities which may be significant, inaccurate reserve estimates, unrealized exploration targets, ore grades or mill recoveries that are lower than required for portions of the orebodies to be economic, and fluctuations in market prices.

At our Nevada Operations, mine production at Fire Creek continued through the first half of 2021, and was then suspended as we continue studies of hydrology, mining and milling. Revenues exceeded total capital and production costs in 2020 and 2021. However, we anticipate incurring care-and-maintenance costs in the future unless and until

we have enough exploration success and development to resume mining operations. In September 2022, we completed the acquisition of Alexco and gained ownership of the Keno Hill project in the Yukon, Canada. Although we expect to produce silver at that mine in 2023, there can be no assurances that we will successfully complete predevelopment activities and bring the project into production in 2023, or at all. See the risk factors above, "*An extended decline in metals prices, an increase in operating or capital costs or treatment charges, mine accidents or closures, increasing regulatory obligations, or our inability to convert resources or exploration targets to reserves may cause us to record write-downs, which could negatively impact our results of operations*," and "*Issues we have faced at certain segments could require us to write-down the associated long-lived assets. We could face similar issues at our other operations. Such write-downs may adversely affect our results of operations and financial condition.*"

The properties we may acquire may not produce as expected, and we may be unable to determine reserve potential, identify liabilities associated with the acquired properties or obtain protection from sellers against such liabilities.

The properties we acquire in any acquisition, including Keno Hill, may not produce as expected, may be in an unexpected condition and we may be subject to increased costs and liabilities, including environmental liabilities. Although we review properties prior to acquisition in a manner consistent with industry practices, such reviews are not capable of identifying all existing or potential adverse conditions. Generally, it is not feasible to review in depth every individual property involved in each acquisition. Even a detailed review of records and properties may not necessarily reveal existing or potential problems or permit a buyer to become sufficiently familiar with the properties to fully assess their condition, any deficiencies, and development potential. See the risk factors above, "*We may not realize all of the anticipated benefits from our acquisitions, including our recent acquisition of Alexco*" and "*An extended decline in metals prices, an increase in operating or capital costs or treatment charges, mine accidents or closures, increasing regulatory obligations, or our inability to convert resources or exploration targets to reserves may cause us to record write-downs, which could negatively impact our results of operations*."

We face risks relating to transporting our products from our mines, as well as transporting employees and materials at our Greens Creek, Casa Berardi and Keno Hill sites.

Certain of the products we ship to our customers are subject to regulatory requirements regarding shipping, packaging, and handling of products that may be considered dangerous to human health or the environment. Although we believe we are currently in compliance with all material regulations applicable to shipping, packaging, and handling our products, the chemical properties of our products or existing regulations could change and cause us to fall out of compliance or force us to incur substantial additional expenditures to maintain compliance with applicable regulations. Further, we do not ship our own products but instead rely on third party carriers to ship our products to our customers. To the extent that any of our carriers are unable or unwilling to ship our products in accordance with applicable regulations, including because of difficulty in obtaining, or increased cost of, insurance, or are involved in accidents during transit, we could be forced to find alternative shipping arrangements, assuming such alternatives would be available, and we could face liability as a result of any accident. Any such changes to our current shipping arrangements or accidents involving the shipment of our products could have a material adverse impact on our operations and financial results.

In addition, each of Greens Creek, Casa Berardi and Keno Hill are in remote locations. Greens Creek operates on an island and is substantially dependent on various forms of marine transportation for the transportation of employees and materials to the mine and for the export of its products from the mine. Further, Keno Hill requires its employees to fly in to its remote location, while Casa Berardi can only be accessed by a long motor vehicle ride over a gravel road. Any disruption to these forms of marine, air and surface transportation could adversely impact mine operations, and possible effects could include suspension of operations.

Legal, Regulatory and Compliance Risks

We face substantial governmental regulation, including the Mine Safety and Health Act, various environmental laws and regulations and the 1872 Mining Law.

Our business is subject to extensive U.S. and foreign federal, state, provincial and local laws and regulations governing environmental protection, natural resources, prospecting, development, production, post-closure reclamation, taxes, labor standards and occupational health and safety laws and regulations, including mine safety, toxic substances and other matters. The costs associated with compliance with such laws and regulations are substantial. Possible future laws and regulations, or more restrictive interpretations of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspensions of operations and delays in the development of new properties.

U.S. surface and underground mines like those at our Lucky Friday, Greens Creek and Nevada Operations are inspected at least quarterly by MSHA, which inspections often lead to notices of violation under the Mine Safety and Health Act. Any of our U.S. mines could be subject to a temporary or extended shutdown as a result of a violation alleged by MSHA.

In addition, we have been and are currently involved in lawsuits or regulatory actions in which allegations have been made that we caused environmental damage, are responsible for environmental damage caused by others, or violated environmental laws or permits, and we may be subject to similar lawsuits or actions in the future. Moreover, such environmental matters have involved both our current and historical operations as well as the historical operations of entities and properties we have acquired. See the risk factors below titled "*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,"* and "*Our environmental and asset retirement obligations may exceed the provisions we have made*."

Some mining laws prevent mining companies that have been found to (i) have engaged in environmentally-harmful conduct or (ii) be responsible for environmentally-harmful conduct engaged in by affiliates or other third parties, including in other jurisdictions, from maintaining current or obtaining future permits until remediation or restitution has occurred. If we are found to be responsible for any such conduct, our ability to operate existing projects or develop new projects might be impaired until we satisfy costly conditions. For example, in June 2021, the State of Nevada passed a law that would limit an applicant's ability to obtain an exploration or a mining operation permit from the Nevada Division of Environmental Protection if the applicant, or each person who has a controlling interest in the applicant (if the applicant is a business entity), has either (1) defaulted on a reclamation obligation under Nevada law (including by forfeiting a surety or failing to pay the costs or penalties associated with reclamation) or (2) is otherwise not in good standing with a governmental agency in relation to reclamation of an exploration project or mining operation situated outside the State of Nevada. Although we believe this new statute does not currently apply to us or any of our affiliates, it is possible that it could cause us compliance issues in the future, including with respect to ongoing litigation in the State of Montana. See the risk factor below, "*Legal challenges could prevent our projects in Montana from ever being developed*."

We cannot assure you that we will at all times be in compliance with applicable laws, regulations and permitting requirements. Failure to comply with applicable laws, regulations and permitting requirements may result in lawsuits or regulatory actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, which may require corrective measures including capital expenditures, installation of additional equipment or remedial actions. Any one or more of these liabilities could have a material adverse impact on our financial condition.

In addition to existing regulatory requirements, legislation and regulations may be adopted, regulatory procedures modified, or permit limits reduced at any time, any of which could result in additional exposure to liability, operating expense, capital expenditures or restrictions and delays in the mining, production or development of our properties. Mining accidents and fatalities or toxic waste releases, whether or not at our mines or related to metals mining, may increase the likelihood of additional regulation or changes in

law or enhanced regulatory scrutiny. In addition, enforcement or regulatory tools and methods available to regulatory bodies such as MSHA or the U.S. Environmental Protection Agency ("EPA"), which have not been or have infrequently been used against us or the mining industry, in the future could be used against us or the industry in general.

From time to time, the U.S. Congress considers proposed amendments to the 1872 Mining Law, which governs mining claims and related activities on federal lands. The extent of any future changes is not known and the potential impact on us as a result of U.S. Congressional action is difficult to predict. Changes to the 1872 Mining Law, if adopted, could adversely affect our ability to economically develop mineral reserves on federal lands. For example, in 2021, the U.S. Congress debated imposing royalties on minerals extracted from federal lands. Although legislation was not passed as of the date of this report, it is possible that in the future royalties or taxes will be imposed on mining operations conducted on federal land, which could adversely impact our financial results.

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.

Our operations, both in the United States and internationally, are subject to extensive environmental laws and regulations governing wastewater discharges; remediation, restoration and reclamation of environmental contamination; the generation, storage, treatment, transportation and disposal of hazardous substances; solid waste disposal; air emissions; protection of endangered and protected species and designation of critical habitats; mine closures and reclamation; and other related matters. In addition, we must obtain regulatory permits and approvals to start, continue and expand operations. New or revised environmental regulatory requirements are frequently proposed, many of which result in substantially increased costs for our business. See the risk factor above, "*We are required to obtain governmental permits and other approvals in order to conduct mining operations*" and the risk factor below, "*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 and we might not be able to provide financial assurance.*"

Our U.S. operations are subject to the Clean Water Act, which requires permits for certain discharges into waters of the United States. Such permitting has been a frequent subject of litigation and enforcement activity by environmental advocacy groups and the EPA, respectively, which has resulted in declines in such permits or extensive delays in receiving them, as well as the imposition of penalties for permit violations. In 2015, the regulatory definition of "waters of the United States" that are protected by the Clean Water Act was expanded by the EPA, thereby imposing significant additional restrictions on waterway discharges and land uses. However, in 2018, implementation of the relevant rule was suspended for two years, and in December 2019 a revised definition that narrows the 2015 version was implemented. In late 2021, the EPA and US Army Corps of Engineers proposed to revise the definition again, moving it back to its more inclusive, pre-2018 definition. If this rule change were to take effect or states take action to address a perceived fall-off in protection under the Clean Water Act, litigation involving water discharge permits could increase, which may result in delays in, or in some instances preclude, the commencement or continuation of development or production operations. Enforcement actions by the EPA or other federal or state agencies could also result. Adverse outcomes in lawsuits challenging permits or failure to comply with applicable regulations or permits could result in the suspension, denial, or revocation of required permits, or the imposition of penalties, any of which could have a material adverse impact on our cash flows, results of operations, or financial condition. See *Note 14* of *Notes to Consolidated Financial Statements*.

Some of the mining wastes from our U.S. mines currently are exempt to a limited extent from the extensive set of EPA regulations governing hazardous waste under the Resource Conservation and Recovery Act ("RCRA"). If the EPA were to repeal this exemption, and designate these mining wastes as hazardous under RCRA, we would be required to expend additional amounts on the handling of such wastes and to make significant expenditures to construct hazardous waste storage or disposal facilities. In addition, if any of these wastes or other substances we release or cause to be released into the environment cause or has caused contamination in or damage to the environment at a U.S. mining facility, that facility could be designated as a "Superfund" site under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"). Under CERCLA, any present owner or operator of a Superfund site or the owner or operator at the time of contamination may be held jointly and severally liable regardless of fault and may be forced to undertake extensive remedial cleanup action or to pay for the cleanup efforts. The owner or operator also may be liable to federal, state and tribal governmental entities for the cost of damages to natural resources, which could be substantial. Additional regulations or requirements also are imposed on our tailings and waste disposal areas in Alaska under the federal Clean Water Act. See *Note 14* of *Notes to Consolidated Financial Statements*.

Legislative and regulatory measures to address climate change and greenhouse gas emissions are in various phases of consideration. If adopted, such measures could increase our cost of environmental compliance and also delay or otherwise negatively affect efforts to obtain permits and other regulatory approvals with regard to existing and new facilities. Proposed measures could also result in increased cost of fuel and other consumables used at our operations, including the diesel generation of electricity at our Greens Creek operation, used when we are unable to access hydroelectric power. Climate change legislation may also affect our smelter customers that burn fossil fuels, resulting in fewer customers or increased costs to us, and may affect the market for the metals we produce with effects on prices that are not possible for us to predict.

Adoption of these or similar new environmental regulations or more stringent application of existing regulations may materially increase our costs, threaten certain operating activities and constrain our expansion opportunities.

Some of our facilities are located in or near environmentally sensitive areas such as salmon fisheries, endangered species habitats, wilderness areas, national monuments and national forests, and we may incur additional costs to mitigate potential environmental harm in such areas.

In addition to evolving and expanding environmental regulations providing governmental authorities with the means to make claims against us, private parties have in the past and may in the future bring claims against us based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of prior and current operations (including for exposure to or contamination by lead). Laws in the U.S. such as CERCLA and similar state laws may expose us to joint and several liability or claims for contribution made by the government (state or federal) or private parties. Moreover, exposure to these liabilities arises not only from our existing but also from closed operations, operations sold to third parties, or operations in which we had a leasehold, joint venture, or other interest. Because liability under CERCLA is often alleged on a joint and several basis against any property owner or operator or arranger for the transport of hazardous waste, and because we have been in operation since 1891, our exposure to environmental claims may be greater because of the bankruptcy or dissolution of other mining companies which may have engaged in more significant activities at a mining site than we but which are no longer available for governmental agencies or other claimants to make claims against or obtain judgments from. Similarly, there is also the potential for claims against us based on agreements entered into by certain affiliates and predecessor companies relating to the transfer of businesses or properties, which contained indemnification provisions relating to environmental matters. In each of the types of cases described in this paragraph, the government (federal or state) or private parties could seek to hold Hecla Limited or Hecla Mining Company liable for the actions of their subsidiaries or predecessors.

The laws and regulations, changes in such laws and regulations, and lawsuits and enforcement actions described in this risk factor could lead to the imposition of substantial fines, remediation costs, penalties and other civil and criminal sanctions against us. Further, substantial costs and liabilities, including for restoring the environment after the closure of mines, are inherent in our operations. There is no assurance that any such law, regulation, enforcement or private claim, or reclamation activity, would not have a material adverse effect on our financial condition, results of operations or cash flows.

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 and we might not be able to provide financial assurance.

We are required by U.S. federal and state laws and regulations and by laws and regulations in the foreign jurisdictions in which we operate to reclaim our mining properties. The specific requirements may change and vary among jurisdictions, but they are similar in that they aim to minimize long term effects of exploration and mining disturbance by requiring the control of possible deleterious effluents and re-establishment to some degree of pre-disturbance land forms and vegetation. In some cases, we are required to provide financial assurances as security for reclamation costs, which may exceed our estimates for such costs. Conversely, our reclamation costs may exceed the financial assurances in place and those assurances may ultimately be unavailable to us.

The EPA and other state, provincial or federal agencies may also require financial assurance for investigation and remediation actions that are required under settlements of enforcement actions under CERCLA or equivalent state regulations. Currently there are no financial assurance requirements for active mining operations under CERCLA, and a lawsuit filed by several environmental organizations which sought to require the EPA to adopt financial assurance rules for mining companies with active mining operations was dismissed by a federal court. In the future, financial assurance rules under CERCLA, if adopted, could be financially material and adverse to us. See the risk factors, "*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*" and "*We are required to obtain governmental permits and other approvals in order to conduct mining operations*."

We are required to obtain governmental permits and other approvals in order to conduct mining operations.

In the ordinary course of business, mining companies are required to seek governmental permits and other approvals for continuation or expansion of existing operations or for the commencement of new operations. Obtaining the necessary governmental permits is a complex, time-consuming and costly process. The duration and success of our efforts to obtain permits are contingent upon many variables not within our control. Obtaining environmental permits, including the approval of reclamation plans, may increase costs and cause delays or halt the continuation of mining operations depending on the nature of the activity to be permitted and the interpretation of applicable requirements established by the permitting authority. Interested parties, including governmental agencies and non-governmental organizations or civic groups, may seek to prevent issuance of permits and intervene in the process or pursue extensive appeal rights. Past or ongoing violations of laws or regulations involving obtaining or complying with permits could provide a basis to revoke existing permits, deny the issuance of additional permits, or commence a regulatory enforcement action, each of which could have a material adverse impact on our operations or financial condition. In addition, evolving reclamation or environmental concerns may threaten our ability to renew existing permits or obtain new permits in connection with future development, expansions and operations. We cannot assure you that all necessary approvals and permits will be obtained and, if obtained, that the costs involved will not exceed those that we previously estimated. It is possible that the costs and delays associated with the compliance with evolving standards and regulations could become such that we would not proceed with a particular development or operation.

Specific examples of where we face permitting risk include the following:

- Continued extension of the planned life of mine at Greens Creek will require future expansion of the tailings storage facility. This will involve federal permitting under the NEPA and either an environmental assessment or environmental impact statement. While efforts are underway in Congress to streamline the federal permitting process, e.g. including mining under the FAST-41 regulatory process, our experience suggests this permitting process could be lengthy. For example, recent changes to Federal permitting guidance documents require more robust Tribal involvement, including consultation, which could increase the length and complexity of existing permitting processes. Thus, we have initiated the permitting process for tailings expansion even though tailings capacity at Greens Creek is estimated to remain sufficient for the next approximately 10 years.
- At Casa Berardi, obtaining new or modified permits and modifications to the mine license area will be required to successfully develop the planned open pit extensions at the site and for long term management of tailings and waste rock generated through mining operations.
- At San Sebastian, regulatory approvals and landowner consents are required to successfully develop new mineralization.
- At Hollister in Nevada, state approvals will be required for waste rock and mine water management from development of the Hatter Graben or other mine expansions. This permitting will require coordination with the Western Shoshone who have long-standing ties to this land area.
- At Lucky Friday, an expansion of the current tailings storage facility will be required to achieve the planned life of mine. We have begun site selection and engineering in advance of need for the additional storage capacity.
- At Keno Hill, initiating the historical mining area clean-up, which is required by the Government of Canada, will require the issuance of a new water license from the Yukon Water Board ("YWB"). While the YWB has completed their assessment of the water license application, they have not issued a final license.
- At Keno Hill, the restart of mining and milling operations requires modification to existing mining permit operating plans. While we have begun the process of updating and submitting for approval the required updated plans, our experience indicates it could be a lengthy process that may not be completed in time to support planned restart activities

See the risk factors above, "*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, and such claims and the attendant obligations of the federal government to those tribal communities and stakeholders may affect our current and future operations*" and "*Legal challenges could prevent our projects in Montana from ever being developed.*"

We are often required to post surety bonds or cash collateral to secure our reclamation obligations and we may be unable to obtain the required surety bonds or may not have the resources to provide cash collateral, and the bonds or collateral may not fully cover the cost of reclamation and any such shortfall could have a material adverse impact on our financial condition. Further, when we use the services of a surety company to provide the required bond for reclamation, the surety companies often require us to post collateral with them, including letters of credit. Currently we utilize letters of credit issued under our revolving credit facility as the source of such collateral, and as a result, there are less funds available for us to borrow under the facility for other purposes. In the event that we are unable to obtain necessary bonds or to post sufficient collateral, we may experience a material adverse effect on our operations or financial results. See the risk factors below, "*Our existing stockholders are effectively subordinated to the holders of our Senior Notes", "Any downgrade in the credit ratings assigned to us or our debt securities could increase future borrowing costs, adversely affect the availability of new financing and may result in increased collateral requirements under our existing surety bond portfolio,*" and "*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 and we might not be able to provide financial assurance.*"

We are currently involved in ongoing legal disputes that may materially adversely affect us.

There are several ongoing legal disputes in which we are involved, including a putative class action lawsuit filed against us and certain current and former directors and officers involving our Nevada Operations, and additional actions may be filed. We may be subject to future claims, including additional claims relating to our Nevada Operations. Further, we have experienced in the past, and could experience in the future, claims regarding environmental damage or compliance, safety conditions or other matters at our mines. The outcomes of these pending and potential claims are uncertain. We may not resolve these claims favorably. Depending on the outcome, these actions could cause

adverse financial effects or reputational harm to us. If any of these disputes result in a substantial monetary judgment against us, are settled on terms unfavorable to us, or otherwise impact our operations (such as by limiting our ability to obtain permits or approvals), our financial results or condition could be materially adversely affected. For a description of some of the lawsuits and other claims in which we are involved, see *Note 14* of *Notes to Consolidated Financial Statements*.

Our environmental and asset retirement obligations may exceed the provisions we have made.

We are subject to significant environmental obligations. At December 31, 2022, we had accrued $117 million as a provision for environmental and asset retirement obligations. We cannot assure you that we have accurately estimated these obligations, and in the future our accrual could materially change and we could voluntarily incur expenditures in excess of our accrual. Our environmental and asset retirement obligations and voluntary expenditures could have a material adverse impact on our cash flows, results of operations, or financial condition. For information on our potential environmental liabilities and asset retirement obligations, see *Note 4* and *Note 14* of *Notes to Consolidated Financial Statements*.

New federal and state laws, regulations and initiatives could impact our operations.

In recent years there have been several proposed or implemented ballot initiatives that sought to directly or indirectly curtail or eliminate mining in certain states, including Alaska, where our Greens Creek mine operates, and Montana, where we are seeking to explore at the site of the past Montanore project, and possibly develop depending on the results of exploration activities, and may in the future seek to explore or develop the Rock Creek project. While both a salmon initiative in Alaska and a water treatment initiative in Montana were defeated by voters in November 2018, in the future similar or other initiatives that could impact our operations may be on the ballot in these states or other jurisdictions (including local or international) in which we currently or may in the future operate. To the extent any such initiative was passed and became law, there could be a material adverse impact on our financial condition, results of operations or cash flows.

Legal challenges could prevent our projects in Montana from ever being developed.

A joint final Environmental Impact Statement with respect to the Montanore site, which is located in the state of Montana, was issued in December 2015 by the USFS and the Montana Department of Environmental Quality ("DEQ"), and each agency issued a Record of Decision ("ROD") in February 2016 providing approval for development of Montanore. However, private conservation groups have taken and may in the future take actions to oppose or delay activities at Montanore. On May 30, 2017, the Montana Federal District Court issued Opinions and Orders in three lawsuits challenging previously granted environmental approvals for the Montanore project. The Orders overturned the approvals for the project granted by the USFS and the United States Fish and Wildlife Service ("USFWS"), and in each case remanded the ROD and associated planning documents for further review by the agencies consistent with the Court's Opinions. In June 2017, the Court vacated the agencies' approvals for the project. In addition, Montanore's updated water discharge permit under Montana law was found to be invalid by the Montana Supreme Court in November 2020. As a result, the site is operating under the previously issued permit as authorized by law.

In 2022, our subsidiary withdrew the Plan of Operations for Montanore from USFS consideration and submitted a new Plan of Operations proposing only underground exploration and evaluation activities at the site. In conjunction with this narrower scope of activity, the USFS withdrew its previously issued Supplemental Environmental Impact Statement ("SEIS"). The proposed exploration activities are currently undergoing an Environmental Assessment under NEPA.

The proposed development of our Rock Creek site, also located in Montana, has been challenged by several regional and national conservation groups at various times since the USFS issued its initial ROD in 2003 approving Revett Mining Company's plan of operation (Revett is now our wholly-owned subsidiary, named Hecla Montana, Inc.). Some of these challenges have alleged violations of a variety of federal and state laws and regulations pertaining to water rights and permitting activities at Rock Creek, including the Endangered Species Act, NEPA, the 1872 Mining Law, the Federal Land Policy Management Act, the Wilderness Act, the National Forest Management Act, the Clean Water Act, the Clean Air Act, the Forest Service Organic Act of 1897, and the Administrative Procedure Act. As a result of litigation challenging the ROD, in May 2010, the USFS was directed by the Montana Federal District Court to produce an SEIS to address NEPA procedural deficiencies that were identified by the court. The new SEIS was prepared and in August 2018, a new final ROD was issued. In early 2019, a group of environmental groups and other organizations filed a lawsuit challenging the ROD, and in April 2021, the Montana Federal District Court issued an opinion and order vacating the new final ROD issued by USFS and a related biological opinion issued by the United States Fish and Wildlife Service (the "2021 Rock Creek Order"). In February 2022, our subsidiary withdrew the Plan of Operations for Rock Creek from USFS consideration.

In March 2018, each of Hecla Mining Company and our CEO was notified by the DEQ of alleged violations of Montana's mine reclamation statutes and related regulations due to our CEO having been an officer of a mining company that declared bankruptcy in 1998, together with the fact that subsequently, proceeds from that company's sureties were insufficient to fully fund reclamation at that company's mine sites in Montana. The allegations of DEQ led to litigation between Hecla and certain of our subsidiaries and DEQ. However, on August 2, 2021, the DEQ voluntarily moved to dismiss the litigation, and on September 22, 2021, the Court dismissed the case. Certain environmental and other groups have sued the DEQ in an effort to attempt to force DEQ to re-initiate litigation against us, our subsidiaries or our CEO. In December 2022, the court in Montana largely, but not fully, dismissed the lawsuit, and it remains unclear what actions, if any, the plaintiffs may next take.

As a result of the legal challenges and other circumstances related to our Montana projects, we are now focused on obtaining the permits necessary to conduct underground exploration and evaluation activities at the Montanore site and are not currently engaged in permitting activities for Rock Creek. Generally speaking, permitting has been delayed and further delays are likely, along with increased costs, and ultimately we may be prevented from ever fully permitting or further exploring or developing a project at either of the two sites.

The titles to some of our properties may be defective or challenged.

Unpatented mining claims constitute a significant portion of our undeveloped property holdings in the United States. For our operations in Canada and Mexico, we hold mining claims, mineral concession titles and mining leases that are obtained and held in accordance with the laws of the respective countries, which provide Hecla the right to exploit and explore the properties. The validity of the claims, concessions and leases could be uncertain and may be contested. Although we have conducted title reviews of our property holdings, title review does not necessarily preclude third parties (including governments) from challenging our title. In accordance with mining industry practice, we do not generally obtain title opinions until we decide to develop a property. Therefore, while we have attempted to acquire satisfactory title to our undeveloped properties, some titles may be defective.

Risks Relating to Our Common Stock and Our Indebtedness

We may be unable to generate sufficient cash to service all of our debt and meet our other ongoing liquidity needs and may be forced to take other actions to satisfy our obligations, which may be unsuccessful.

Our ability to make scheduled payments or to refinance our debt obligations and to fund our planned capital expenditures and other ongoing liquidity needs depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. There can be no assurance that our business will generate sufficient cash flow from operations or that borrowings will be available to us to pay the principal, premium, if any,

and interest on our debt or to fund our other liquidity needs. We may need to refinance all or a portion of our debt on or before maturity. We may be unable to refinance any of our debt on commercially reasonable terms or at all.

In addition, we conduct substantially all of our operations through our subsidiaries, certain of which are not guarantors of our debt. Accordingly, repayment of our debt is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of our debt, our subsidiaries do not have any obligation to pay amounts due on our debt or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our debt. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the credit agreement governing our revolving credit facility and the indenture governing our Senior Notes limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our debt.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures or to sell assets, seek additional capital or restructure or refinance our debt. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indenture governing our Senior Notes may restrict us from adopting some of these alternatives. Further, these alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In addition, any failure to make payments of interest and principal on our outstanding debt on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional debt.

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

Shares of our common and outstanding preferred stock are listed on the New York Stock Exchange ("NYSE"). The market price for our stock has been volatile, often based on:

- changes in metals prices, particularly silver and gold;
- our results of operations and financial condition as reflected in our public news releases or periodic filings with the SEC;
- fluctuating proven and probable reserves;
- factors unrelated to our financial performance or future prospects, such as global economic developments, market perceptions of the attractiveness of particular industries, or the reliability of metals markets;
- market prices of our publicly traded debt;
- political and regulatory risk;
- the success of our exploration, pre-development, and capital programs;
- ability to meet production estimates;
- environmental, safety and legal risk;
- ability to defend against cyber security attacks;
- the extent and nature of analytical coverage concerning our business; and
- the trading volume and general market interest in our securities.

The market price of our stock at any given point in time may not accurately reflect our value, and may prevent stockholders from realizing a profit on, or recovering, their investment.

We may not be able to pay common or preferred stock dividends in the future.

Since January 2010, we have paid all regular quarterly dividends on our Series B preferred stock. The annual dividend payable on the Series B preferred stock is currently $0.6 million. Prior to 2010, there were numerous occasions when we did not declare dividends on the Series B Preferred Stock, but instead deferred them. We cannot assure you that we will continue to pay preferred stock dividends in the future.

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 $0.015 per share of common stock, in each case payable quarterly, when declared. See *Note 11* of *Notes to Consolidated Financial Statements* for more information on our common stock dividend policy.

From the fourth quarter of 2011 through and including the fourth quarter of 2022, our board of directors has declared a common stock dividend under the policy described above. The declaration and payment of common stock dividends, whether pursuant to the policy or in addition thereto, is at the sole discretion of our board of directors, and we cannot assure you that we will continue to declare and pay common stock dividends in the future. In addition, the indenture governing our Senior Notes limits our ability to pay dividends.

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

In the event of our liquidation or dissolution, stockholders' entitlement to share ratably in any distribution of our assets would be subordinated to the holders of our Senior Notes. Any rights that a stockholder may have in the event of bankruptcy, liquidation or a reorganization of us or any of our subsidiaries, and any consequent rights of stockholders to realize on the proceeds from the sale of any of our or our subsidiaries' assets, will be effectively subordinated to the claims of the holders of our Senior Notes.

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

The market price of our common stock may be influenced by any preferred or common stock we may issue. Our board of directors is authorized to issue additional classes or series of preferred stock without any action on the part of our stockholders. This includes the power to set the terms of any such classes or series of preferred stock that may be issued, including voting rights, dividend rights and preferences over common stock with respect to dividends or upon the liquidation, dissolution or winding up of the business and other terms. If we issue preferred stock in the future that has preference over our common stock with respect to the payment of dividends or upon liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of holders of the common stock or the market price of the common stock could be adversely affected.

The provisions in our certificate of incorporation, our by-laws and Delaware law could delay or deter tender offers or takeover attempts.

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

- the classification of our board of directors into three classes serving staggered three-year terms, which makes it more difficult to quickly replace board members;
- the ability of our board of directors to issue shares of preferred stock with rights as it deems appropriate without stockholder approval;
- a provision that special meetings of our board of directors may be called only by our chief executive officer or a majority of our board of directors;
- a provision that special meetings of stockholders may only be called pursuant to a resolution approved by a majority of our board of directors;
- a prohibition against action by written consent of our stockholders;
- a provision that our board members may only be removed for cause and by an affirmative vote of at least 80% of the outstanding voting stock;
- a provision that our stockholders comply with advance-notice provisions to bring director nominations or other matters before meetings of our stockholders;
- a prohibition against certain business combinations with an acquirer of 15% or more of our common stock for three years after such acquisition unless the stock acquisition or the business combination is approved by our board prior to the acquisition of the 15% interest, or after such acquisition our board and the holders of two-thirds of the other common stock approve the business combination; and
- a prohibition against our entering into certain business combinations with interested stockholders without the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of voting stock.

In addition, amendment of most of the provisions described above requires approval of at least 80% of the outstanding voting stock.

The terms of our debt impose restrictions on our operations.

The indenture governing our Senior Notes includes several significant covenants. These covenants could adversely affect us by limiting our ability to plan for or react to market conditions or to meet our capital needs. These covenants, among other things:

- make it more difficult for us to satisfy our obligations with respect to the Senior Notes and our other debt;
- limit our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements, or require us to make divestiture;
- require a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for and reacting to changes in the industry in which we compete;
- place us at a disadvantage compared to other, less leveraged competitors; and
- increase our cost of borrowing additional funds.

These restrictions may affect our ability to grow in accordance with our strategy. Further, our financial results, our substantial indebtedness and our credit ratings could adversely affect the availability and terms of any financing.

In addition, our revolving credit facility requires us to comply with various covenants, including certain financial ratios, that restrict management's discretion to operate our business in certain circumstances. For example, these restrictions include limitations that could affect our ability to incur additional indebtedness, place liens or mortgages on our assets, sell assets or release collateral. These restrictions could make it more difficult for us to obtain additional financing or take advantage of business opportunities. Furthermore, a breach of any of these covenants could result in an event of default under the agreement governing our revolving credit facility that, if not cured or waived, could give the holders of the defaulted debt the right to terminate commitments to lend and cause all amounts outstanding with respect to the debt to be due and payable immediately. Acceleration of any of our debt could result in cross-defaults under our other debt instruments, including the indenture governing our Senior Notes, as well as certain forward sales contracts which may be outstanding from time to time. Our assets and cash flow may be insufficient to repay borrowings fully under all of our outstanding debt instruments if any of our debt instruments are accelerated upon an event of default, which could force us into bankruptcy or liquidation. In such an event, we may be unable to repay our debt obligations. In addition, in some instances, this would create an event of default under the indenture governing our Senior Notes.

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

Borrowings under our credit facility are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. Assuming all revolving loans currently available to us were fully drawn, each one percentage point change in interest rates would result in a $2.2 million change in annual cash interest expense on our credit facility.

General Risk Factors

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.

The COVID-19 pandemic and 2008 credit crisis and related turmoil in the global financial system and ensuing recession had an impact on our business and financial position, and similar events in the future could also impact us. The re-emergence of a financial crisis or recession or reduced economic activity in the United States, China, India and other industrialized or developing countries, or disruption of key sectors of the economy such as oil and gas, may have a significant effect on our results of operations or limit our ability to raise capital through credit and equity markets. The prices of the metals that we produce are affected by a number of factors, and it is unknown how these factors may be impacted by a global financial event or developments impacting major industrial or developing countries.

Tariffs, other potential changes to tariff and import/export regulations, and ongoing trade disputes between the United States and other jurisdictions may have a negative effect on global economic conditions and our business, financial results and financial condition.

In 2018, the United States imposed and enacted tariffs on certain items. Since their enactment, there have been ongoing discussions and activities regarding changes to other U.S. trade policies and treaties. In response, a number of markets, including China, into which we have in the past and may in the future sell our products, have implemented tariffs on U.S. imports, or are threatening to impose tariffs on U.S. imports or to take other measures in response to these U.S. actions. These developments may have a material adverse effect on global economic conditions and the stability of global financial markets, and they may significantly reduce global trade and, in particular, trade between China and the United States. Any of these factors could depress economic activity, restrict our access to customers and have a material adverse effect on our business, financial condition and results of operations. In addition, any actions by foreign markets to implement further trade policy changes, including limiting foreign investment

or trade, increasing regulatory scrutiny or taking other actions which impact U.S. companies' ability to obtain necessary licenses or approvals could negatively impact our business.

In September 2018, in response to tariffs on Chinese goods implemented by the United States, China imposed a 10% tariff on lead concentrates and a 20% tariff on silver concentrates, which we produce and ship to China from time to time. However, tariff exemptions were granted to a number of smelters in China in 2022, 2021 and 2020, and we sold silver concentrates to China representing approximately 19%, 6% and 10% of our total revenues for 2022, 2021 and 2020, respectively, which were not subject to tariffs due to the exemptions. We sold no lead or silver concentrates to China in 2019. While to date the direct impact of tariffs has been immaterial on our sales and treatment charges, they may also have an impact on our sales and treatment charges outside of China, and there can be no assurance that the tariff exemptions will continue.

These tariffs are relatively recent and are subject to a number of uncertainties as they are implemented, including future adjustments and changes in the countries excluded from such tariffs. The ultimate reaction of other countries, and businesses in those countries, and the impact of these tariffs or other actions on the United States, China, the global economy and our business, financial condition and results of operations, cannot be predicted at this time, nor can we predict the impact of any other developments with respect to global trade.

Our profitability could be affected by inflation, including the prices of other commodities.

Our profitability is sensitive to cost inflation, including, but not limited to the costs of commodities such as fuel (in particular as used at Greens Creek to generate electricity when hydropower is unavailable), steel, and cement, as well as other consumables and labor. Recently the prices we pay for commodities and consumables have increased which has increased the operating costs at our mine sites. In addition, labor costs have increased, including under the terms of our new labor agreement with the union at the Lucky Friday mine. Increased or persistent inflation or other upward pressures could continue to increase our costs, and could have a material impact on our results of operations.

Our business depends on availability of skilled miners and good relations with employees.

We are dependent upon the ability and experience of our executive officers, managers, employees, contractors and their employees, and other personnel, and we cannot assure you that we will be able to retain such employees or contractors. We compete with other companies both in and outside the mining industry in recruiting and retaining qualified employees and contractors knowledgeable about the mining business. From time to time, we have encountered, and may in the future encounter, difficulty recruiting skilled mining personnel at acceptable wage and benefit levels in a competitive labor market, and may be required to utilize contractors, which can be more costly. Temporary or extended lay-offs due to mine closures may exacerbate such issues and result in vacancies or the need to hire less skilled or efficient employees or contractors. The loss of skilled employees or contractors or our inability to attract and retain additional highly skilled employees and contractors could have an adverse effect on our business and future operations.

We or our contractors may experience labor disputes, work stoppages or other disruptions in production that could adversely affect our business and results of operations. The Lucky Friday mine is our only operation where some of our employees are subject to a collective bargaining agreement, and the unionized employees were on strike from March 13, 2017 until January 7, 2020, when the union ratified a new collective bargaining agreement ("CBA"), which expired on January 6, 2023 (a new six year CBA was approved by the union in January 2023). The strike significantly impacted production at the Lucky Friday and caused significant costs and expenses during each year of the strike. Any future strikes or other labor or related disruptions could adversely affect our financial condition and results of operations.

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.

We rely on various information technology systems and on third party developers and contractors in connection with operations, including production, equipment operation and financial support systems. While we regularly monitor the security of our systems, they remain vulnerable to disruption, damage or failure from a variety of sources, including errors by employees or contractors, computer viruses, cyber-attacks including phishing, ransomware and similar malware, misappropriation of data by outside parties, and various other threats. In particular, we make large use of cloud systems which could be vulnerable to external intrusions. Techniques used to obtain unauthorized access to or sabotage our systems are under continuous and rapid evolution, and we may be unable to detect efforts to disrupt our data and systems in advance. Breaches and unauthorized access carry the potential to cause losses of assets or production, operational delays, equipment failure that could cause other risks to be realized, inaccurate recordkeeping, or disclosure of confidential information, any of which could result in financial losses and regulatory or legal exposure, and could have a material adverse effect on our cash flows, financial condition or results of operations.

We could also be adversely affected by system or network disruptions due to disasters or if new or upgraded information technology systems are defective, not installed properly or not properly integrated into our operations. Disaster recovery failure or system modification failures could have a material adverse effect on our business, financial position and results of operations and could, if not successfully implemented, adversely impact the effectiveness of our internal controls over financial reporting.

Competition from other mining companies may harm our business.

We compete with other mining companies, some of which have greater financial resources than we do or other advantages, in various areas which include:

- attracting and retaining key executives, skilled labor, and other employees;
- for the services of other skilled personnel and contractors and their specialized equipment, components and supplies, such as drill rigs, necessary for exploration and development;
- for contractors that perform mining and other activities and milling facilities which we lease or toll mill through; and
- for rights to mine properties.

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

We may issue securities in the future in connection with raising capital, acquisitions, strategic transactions or for other purposes. To the extent we issue any additional equity securities (or securities convertible into equity), the ownership of our existing stockholders would be diluted and our earnings per share could be reduced.

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.

We cannot predict what effect, if any, future issuances by us of our common stock or other equity will have on the market price of our common stock. Any shares that we may issue may not have any resale restrictions, and therefore could be immediately sold by the holders. The market price of our common stock could decline if certain large holders of our common stock, or recipients of our common stock, sell all or a significant portion of their shares of common stock or are perceived by the market as intending to

sell these shares other than in an orderly manner. In addition, these sales could also impair our ability to raise capital through the sale of additional common stock in the capital markets.

Any downgrade in the credit ratings assigned to us or our debt securities could increase future borrowing costs, adversely affect the availability of new financing and may result in increased collateral requirements under our existing surety bond portfolio.

As of February 10, 2023, our Senior Notes were rated "B+" with a stable outlook by Standard & Poor's and "B2" with a stable outlook by Moody's Investors Service. We cannot assure you that any rating currently assigned by Standard & Poor's or Moody's to us or our debt securities (including the Senior Notes) will remain unchanged for any given period of time or that a rating will not be lowered if, in that rating agency's judgment, future circumstances relating to the basis of the rating so warrant. If we are unable to maintain our outstanding debt and financial ratios at levels acceptable to the credit rating agencies, or should our business prospects or financial results deteriorate, including as a result of declines in silver and gold prices or other factors beyond our control, our ratings could be downgraded by the rating agencies. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading would likely adversely impact us, including our ability to obtain financing on favorable terms, if at all, increase borrowing costs, result in increased collateral requirements under our surety bond portfolio, and have an adverse effect on the market price of our securities, including our Senior Notes.

Damage to our reputation may result in decreased investor confidence, challenges in maintaining positive community relations and can pose additional obstacles to our ability to develop our projects, which may result in a material adverse impact on our business, financial position, results of operations and growth prospects.

Damage to our reputation can be the result of the actual or perceived occurrence of a variety of events and circumstances, and could result in negative publicity (for example, with respect to handling of environmental, safety and security matters, dealings with local community organizations or individuals, community commitments, handling of cultural sites or resources, and various other matters).

We have also provided greater transparency on environmental, social and governance performance in response to stakeholder engagement and requests in recent years, and provide supplemental disclosures in our annual Sustainability Report and other sustainability reports on our website in connection with stakeholder concerns and issues. Such increased transparency may result in greater scrutiny and impact how we are perceived.

The growing use of social media to generate, publish and discuss community news and issues and to connect with others has made it significantly easier, among other things, for individuals and groups to share their opinions of us and our activities, whether true or not. We do not have direct control over how we are perceived by others and any resulting loss of reputation could have a material adverse effect on our business, financial position and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Note on New SEC Mining Disclosure Rules

Information concerning our mining properties in this Annual Report on Form 10-K has been prepared in accordance with the requirements of subpart 1300 of Regulation S-K, which first became applicable to us for the fiscal year ended December 31, 2021. These requirements differ significantly from the previously applicable disclosure requirements of SEC Industry Guide 7. Among other differences, subpart 1300 of Regulation S-K requires us to disclose our mineral resources, in addition to our mineral reserves, as of the end of our most recently completed fiscal year both in the aggregate and for each of our individually material mining properties.

You are cautioned that mineral resources do not have demonstrated economic value. Mineral resources are subject to further exploration and development, are subject to additional risks, and no assurance can be given that they will eventually convert to future reserves. Inferred Resources, in particular, have a great amount of uncertainty as to their existence and their economic and legal feasibility. Investors are cautioned not to assume that any part or all of the Inferred Resource exists or is economically or legally mineable. See *Item 1A. Risk Factors*.

Summary

The map below shows the locations of our operations and our exploration projects, as well as our corporate offices located in Coeur d'Alene, Idaho; Vancouver, British Columbia; Juneau, Alaska; Wallace, Idaho; Val d'Or, Quebec; Durango, Mexico and Whitehorse, Yukon.

The following table summarizes our aggregate metal quantities produced and sold for the last three years:

	Year Ended December 31,		
	2022	2021	2020
Silver – Ounces produced	14,182,987	12,887,240	13,542,957
Payable ounces sold	12,311,595	11,633,802	12,305,917
Gold – Ounces produced	175,807	201,327	208,962
Payable ounces sold	165,818	201,610	202,694
Lead – Tons produced	48,713	43,010	34,127
Payable tons sold	41,423	36,707	29,108
Zinc – Tons produced	64,748	63,617	63,112
Payable tons sold	43,658	43,626	46,349

A summary overview of mining operations and exploration and pre-development projects is shown in the following table:

Property	Country	State/ Province	Ownership	Claims	Permit Conditions	Stage	Mine Type	Commodity	Mineralization Style
Greens Creek	United States	Alaska	100%	440 unpatented lode claims, 58 unpatented millsite claims (8,072 acres), 17 patented lode claims and one patented millsite claim (328 acres); Land Exchange Properties (7,301 acres)	Private or USFS administered land, all required permits for production in place	Production	Underground	Ag, Au, Pb, Zn	Massive Sulfide
Lucky Friday	United States	Idaho	100%	43 patented lode and millsite claims (710 acres); 53 unpatented lode claims (535 acres)	Private or USFS administered land, all required permits for production in place	Production	Underground	Ag, Pb, Zn	Vein
Casa Berardi	Canada	Quebec	100%	394 claims; 48,704 acres (19,710 ha)	All required permits for production in place or in process	Production	Underground/ Open Pit	Au	Vein/Shear Zone

Property	Country	State/ Province	Ownership	Claims	Permit Conditions	Stage	Mine Type	Commodity	Mineralization Style
Keno Hill	Canada	Yukon	100%	703 quartz mining leases, 867 quartz mining claims, 2 Crown Grants; (238.12 km2 / 23,812 ha)	All required permits for production in place or in process	Development	Underground	Ag, Au, Pb, Zn	Vein/Fault Zone
San Sebastian	Mexico	Durango	100%	31 mining concessions; 99,643 acres (40,324 ha)	All required permits for exploration in place	Exploration	Underground/ Open Pit	Ag, Au, Cu, Pb, Zn	Vein
Fire Creek	United States	Nevada	100%	890 unpatented lode claims (18,400 acres); leases (409 acres); private land (3,208 acres)	BLM administered land, Plan of Operations and other required State permits in place	Exploration	Underground	Au, Ag	Vein
Hollister	United States	Nevada	100%	1,005 unpatented lode claims, 11 unpatented mill site claims; 17,960 acres total	BLM administered land, Plan of Operations and other required State permits in place	Exploration	Underground	Au, Ag	Vein
Midas	United States	Nevada	100%	1,489 unpatented lode claims (27,583 acres); private land (2,417 acres)	BLM administered land, Plan of Operations and other required State permits in place	Exploration	Underground	Au, Ag	Vein
Heva - Hosco	Canada	Quebec	100%	102 claims; 9,506 acres (3,857 ha)	Annual intervention permits for exploration in place along with authorization for road building	Exploration	Underground/ Open Pit	Au	Vein/Shear Zone
San Juan Silver	United States	Colorado	100%	131 patented lode or millsite claims, 704 unpatented lode claims; 13,645 total acres	7 Notice-of-Intent areas for Exploration, Mining Plan of Operations (USFS); 112-d2 mining permit (CO DRMS)	Exploration	Underground	Ag, Pb, Zn	Vein
Star	United States	Idaho	100%	174 patented lode and millsite claims; 2,376 total acres	Private land, required permits in place for exploration	Exploration	Underground	Ag, Zn, Pb	Vein
Monte Cristo	United States	Nevada	100%	344 unpatented lode claims (6,880 acres)	BLM administered land, Notice of Intent required	Exploration	Underground/ Open Pit	Au, Ag	Vein
Rock Creek	United States	Montana	100%	99 patented lode claims, 463 unpatented lode claims, 5 tunnel sites: 1,809 total acres; Private land: 754 acres	Private or USFS administered land. Some State permits in-place; no Federal permits.	Exploration	Underground	Ag, Cu	Sediment Hosted - Stratabound
Montanore	United States	Montana	100%	2 patented lode claims, 36.84 acres (22.33 in wilderness, 14.51 outside wilderness)	Private or USFS administered land. Some State permits in-place; no Federal permits.	Exploration	Underground	Ag, Cu	Sediment Hosted – Stratabound
Republic	United States	Washington	100%	114 patented claims and private land; 2,095 acres surface rights, 3,177 acres of mineral rights	Private or BLM administered land	Exploration	Underground/ Open Pit	Au, Ag	Vein
Silver Valley	United States	Idaho	100%	Various exploration properties and claim holdings	Private or USFS administered land	Exploration	Underground	Ag, Zn, Pb	Vein
Aurora	United States	Nevada	100%	506 unpatented lode claims, 92 patented lode claims, 25 private parcels; 9,928 total acres	Private or USFS administered land, permit work in progress for USFS lands	Exploration	Underground/ Open Pit	Au, Ag	Vein
Kinskuch	Canada	British Columbia	100%	156 claims; 146,780 acres	Multi-use area-based permit with expiry 31 March 2024	Exploration	Underground/ Open Pit	Au, Ag, Cu, Pb, Zn	Vein, Massive Sulfide, Porphyry
Opinaca/ Wildcat	Canada	Quebec	50%/ 100%	Opinaca: 248 claims (50%; 32,064 acres (12,976 ha)); Wildcat: 235 claims (100%; 30,528 acres (12,354 ha))	Intervention permits for exploration updated every year	Exploration	Underground	Au	Vein/Shear Zone

Hecla is the operator at all mines and exploration properties. Mineral processing plants and related facilities are part of the infrastructure at each operating mine.

The following table summarizes the in-situ mineral reserves for all properties as of December 31, 2022:

Asset	Tons (000)	Silver (oz/ton)	Gold (oz/ton)	Lead %	Zinc %	Silver (000 oz)	Gold (000 oz)	Lead Tons	Zinc Tons
Proven Reserves: [1]									
Greens Creek [2,3]	7	16.1	0.07	2.3	5.4	108	0.4	150	360
Lucky Friday [2,4]	4,734	13.8	—	8.6	3.7	64,638	—	404,160	174,510
Casa Berardi Underground [2,5]	552	—	0.17	—	—	—	95	—	—
Casa Berardi Open Pit [2,5]	4,410	—	0.09	—	—	—	417	—	—
Keno Hill [2,6]	—	—	—	—	—	—	—	—	—
Total Proven	9,703					64,746	512	404,310	174,870
Probable Reserves: [7]									
Greens Creek [2,3]	10,668	10.9	0.09	2.5	6.5	116,748	935	264,600	694,800
Lucky Friday [2,4]	840	12.8	—	8.1	3.2	9,978	—	63,510	25,030
Casa Berardi Underground [2,5]	989	—	0.17	—	—	—	166	—	—
Casa Berardi Open Pit [2,5]	12,434	—	0.08	—	—	—	936	—	—
Keno Hill [2,6]	2,197	22.5	0.01	2.4	2.2	49,473	13	52,520	49,320
Total Probable	27,128					176,199	2,050	380,630	769,150
Proven and Probable Reserves: [1,7]									
Greens Creek [2,3]	10,675	10.9	0.09	2.5	6.5	116,856	935	264,750	695,160
Lucky Friday [2,4]	5,574	13.4	—	8.4	3.6	74,616	—	467,670	199,540
Casa Berardi Underground [2,5]	1,541	—	0.17	—	—	—	261	—	—
Casa Berardi Open Pit [2,5]	16,844	—	0.08	—	—	—	1,353	—	—
Keno Hill [2,6]	2,197	22.5	0.01	2.4	2.2	49,473	13	52,520	49,320
Total Proven and Probable	36,831					240,945	2,562	784,940	944,020

(1) The term "reserve" means an estimate of tonnage and grade or quality of indicated and measured mineral resources that, in the opinion of the qualified person, can be the basis of an economically viable project. More specifically, it is the economically mineable part of a measured or indicated mineral resource, which includes diluting materials and allowances for losses that may occur when the material is mined or extracted. The term "proven reserves" means the economically mineable part of a measured mineral resource and can only result from conversion of a measured mineral resource. See footnotes 7 and 8 below.

(2) Mineral reserves are based on the following prices unless otherwise stated: $17.00/oz for silver, $1,600/oz for gold, $0.90/lb for lead and $1.15/lb for zinc. All Mineral Reserves are reported in-situ with estimates of mining dilution and mining loss.

(3) Due to multiple ore metals, and complex combinations of ore types, metal ratios and metallurgical performances at Greens Creek, the cutoff grade is expressed in terms of net smelter return ("NSR"), rather than metal grade. The reserve NSR cut-off values for Greens Creek are $210/ton for all zones except the Gallagher Zone at $215/ton; metallurgical recoveries (actual 2022): 81% for silver, 72% for gold, 82% for lead, and 89% for zinc.

(4) Due to multiple ore metals, and complex combinations of ore types, metal ratios and metallurgical performances at Lucky Friday, the cutoff grade is expressed in terms of NSR, rather than metal grade. The reserve NSR cut-off values for Lucky Friday are $241.34 for the 30 Vein and $268.67 for the Intermediate Veins; metallurgical recoveries (actual 2022): 95% for silver, 95% for lead, and 88% for zinc.

(5) The average reserve cut-off grades at Casa Berardi are 0.12 oz/ton gold underground and 0.04 oz/ton gold for open pit. Metallurgical recovery (actual 2022): 87% for gold; US$/CAN$ exchange rate: 1:1.3.

(6) Due to multiple ore metals, and complex combinations of ore types, metal ratios and metallurgical performances at Keno Hill, the cutoff grade is expressed in terms of NSR, rather than metal grade. The reserve NSR cut-off value at Keno Hill is $244.24/ton (CAN$350/tonne), Metallurgical recovery: 93% for silver, 25% for gold, 93% for lead, 72% for zinc; US$/CAN$ exchange rate: 1:1.3.

(7) The term "probable reserves" means the economically mineable part of an indicated and, in some cases, a measured mineral resource. See footnotes 8 and 9 below.

The following table summarizes the in-situ mineral resources (8) for all properties, exclusive of mineral reserves, as of December 31, 2022:

Asset	Tons (000)	Silver (oz/ton)	Gold (oz/ton)	Lead %	Zinc %	Copper %	Silver (000 oz)	Gold (000 oz)	Lead Tons	Zinc Tons	Copper Tons
Measured Resources: [9]											
Greens Creek [12,13]	—	—	—	—	—	—	—	—	—	—	—
Lucky Friday [12,14]	6,237	7.8	—	5.4	2.6	—	48,551	—	335,850	161,000	—
Casa Berardi Underground [12,15]	2,440	—	0.22	—	—	—	—	530	—	—	—
Casa Berardi Open Pit [12,15]	483	—	0.04	—	—	—	—	20	—	—	—
Keno Hill [12,16]	—	—	—	—	—	—	—	—	—	—	—
San Sebastian – Oxide [17]	—	—	—	—	—	—	—	—	—	—	—
San Sebastian – Sulfide [17]	—	—	—	—	—	—	—	—	—	—	—
Fire Creek [18,19]	—	—	—	—	—	—	—	—	—	—	—
Hollister [18,20]	18	4.9	0.59	—	—	—	87	10	—	—	—
Midas [18,21]	2	7.6	0.68	—	—	—	14	1	—	—	—
Heva [22]	—	—	—	—	—	—	—	—	—	—	—
Hosco [22]	—	—	—	—	—	—	—	—	—	—	—
Star [12,23]	—	—	—	—	—	—	—	—	—	—	—
Total Measured	9,180						48,652	561	335,850	161,000	—

	Tons (000)	Silver (oz/ton)	Gold (oz/ton)	Lead %	Zinc %	Copper %	Silver (000 oz)	Gold (000 oz)	Lead Tons	Zinc Tons	Copper Tons
Indicated Resources: [10]											
Greens Creek [12,13]	8,421	12.9	0.10	2.9	8.0	—	108,717	810	245,990	675,740	—
Lucky Friday [12,14]	1,194	8.0	—	5.4	2.2	—	9,581	—	64,390	26,200	—
Casa Berardi Underground [12,15]	3,870	—	0.17	—	—	—	—	660	—	—	—
Casa Berardi Open Pit [12,15]	1,323	—	0.04	—	—	—	—	48	—	—	—
Keno Hill [12,16]	4,061	8	0.007	1.0	4.0	—	32,288	29	39,540	163,130	—
San Sebastian – Oxide [17]	1,453	6.5	0.09	—	—	—	9,430	135	—	—	—
San Sebastian – Sulfide [17]	1,187	5.5	0.01	1.9	2.9	1.2	6,579	16	22,420	34,100	14,650
Fire Creek [18,19]	112	1.1	0.53	—	—	—	122	59	—	—	—
Hollister [18,20]	70	1.9	0.58	—	—	—	130	40	—	—	—
Midas [18,21]	76	5.7	0.42	—	—	—	430	32	—	—	—
Heva [22]	1,266	—	0.06	—	—	—	—	76	—	—	—
Hosco [22]	29,287	—	0.04	—	—	—	—	1,202	—	—	—
Star [12,23]	1,068	3.0	—	6.4	7.7	—	3,177	—	67,970	82,040	—
Total Indicated	53,388						170,454	3,107	440,310	981,210	14,650

	Tons (000)	Silver (oz/ton)	Gold (oz/ton)	Lead %	Zinc %	Copper %	Silver (000 oz)	Gold (000 oz)	Lead Tons	Zinc Tons	Copper Tons
Measured and Indicated Resources:											
Greens Creek [12,13]	8,421	12.9	0.10	2.9	8.0	—	108,717	810	245,990	675,740	—
Lucky Friday [12,14]	7,431	7.8	—	5.4	2.5	—	58,132	—	400,240	187,200	—
Casa Berardi Underground [12,15]	6,310	—	0.19	—	—	—	—	1,190	—	—	—
Casa Berardi Open Pit [12,15]	1,806	—	0.04	—	—	—	—	67	—	—	—
Keno Hill [12,16]	4,061	8.0	0.007	1.0	4.0	—	32,288	29	39,540	163,130	—
San Sebastian – Oxide [17]	1,453	6.5	0.09	—	—	—	9,430	135	—	—	—
San Sebastian – Sulfide [17]	1,187	5.5	0.01	1.9	2.9	1.2	6,579	16	22,420	34,100	14,650
Fire Creek [18,19]	112	1.1	0.53	—	—	—	122	59	—	—	—
Hollister [18,20]	88	2.5	0.58	—	—	—	217	51	—	—	—
Midas [18,21]	78	5.7	0.43	—	—	—	444	33	—	—	—
Heva [22]	1,266	—	0.06	—	—	—	—	76	—	—	—
Hosco [22]	29,287	—	0.04	—	—	—	—	1,202	—	—	—
Star [12,23]	1,068	3.0	—	6.4	7.7	—	3,177	—	67,970	82,040	—
Total Measured and Indicated	62,568						219,106	3,668	776,160	1,142,210	14,650

	Tons (000)	Silver (oz/ton)	Gold (oz/ton)	Lead %	Zinc %	Copper %	Silver (000 oz)	Gold (000 oz)	Lead Tons	Zinc Tons	Copper Tons
Inferred Resources: [11]											
Greens Creek [12,13]	2,383	12.1	0.07	2.8	6.9	—	28,949	178	67,400	164,080	—
Lucky Friday [12,14]	3,592	8.7	—	6.3	2.4	—	31,264	—	224,670	84,700	—
Casa Berardi Underground [12,15]	2,221	—	0.19	—	—	—	—	430	—	—	—
Casa Berardi Open Pit [12,15]	7,828	—	0.05	—	—	—	—	389	—	—	—
Keno Hill [12,16]	2,441	10.4	0.003	0.9	2.1	—	25,478	8	22,380	51,000	—
San Sebastian – Oxide [17]	3,490	6.4	0.05	—	—	—	22,353	182	—	—	—
San Sebastian – Sulfide [17]	385	4.2	0.01	1.6	2.3	0.9	1,606	5	6,070	8,830	3,330
Fire Creek [18,19]	765	0.5	0.51	—	—	—	394	392	—	—	—
Fire Creek - Open Pit [24]	74,584	0.1	0.03	—	—	—	5,232	2,178	—	—	—
Hollister [18,20]	642	3.0	0.42	—	—	—	1,916	273	—	—	—
Midas [18,21]	1,232	6.3	0.50	—	—	—	7,723	615	—	—	—
Heva [22]	2,787	—	0.08	—	—	—	—	216	—	—	—
Hosco [22]	17,726	—	0.04	—	—	—	—	663	—	—	—
Star [12,23]	2,851	3.1	—	5.9	5.9	—	8,795	—	168,180	166,930	—
San Juan Silver [12,25]	2,570	11.3	0.01	1.4	1.1	—	38,203	34	49,400	39,850	—
Monte Cristo [26]	913	0.3	0.14	—	—	—	271	131	—	—	—
Rock Creek [12,27]	100,086	1.5	—	—	—	0.7	148,736	—	—	—	658,680
Montanore [12,28]	112,185	1.6	—	—	—	0.7	183,346	—	—	—	759,420
Total Inferred	338,681						504,266	5,694	538,100	515,390	1,421,430

(8) The term "mineral resources" means a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, grade or quality, and quantity that there are reasonable prospects for economic extraction. A mineral resource is a reasonable estimate of mineralization, taking into account relevant factors such as cut-off grade, likely mining dimensions, location or continuity, that, with the assumed and justifiable technical and economic conditions, is likely to, in whole or in part, become economically extractable. It is not merely an inventory of all mineralization drilled or sampled.

(9) The term "measured resources" means that part of a mineral resource for which quantity and grade or quality are estimated on the basis of conclusive geological evidence and sampling. The level of geological certainty associated with a measured mineral resource is sufficient to allow a qualified person to apply modifying factors in sufficient detail to support detailed mine planning and final evaluation of the economic viability of the deposit. Because a measured mineral resource has a higher level of confidence than the level of confidence of either an indicated mineral resource or an inferred mineral resource, a measured mineral resource may be converted to a proven mineral reserve or to a probable mineral reserve.

(10) The term "indicated resources" means that part of a mineral resource for which quantity and grade or quality are estimated on the basis of adequate geological evidence and sampling. The level of geological certainty associated with an indicated mineral resource is sufficient to allow a qualified person to apply modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Because an indicated mineral resource has a lower level of confidence than the level of confidence of a measured mineral resource, an indicated mineral resource may only be converted to a probable mineral reserve.

(11) The term "inferred resources" means that part of a mineral resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. The level of geological uncertainty associated with an inferred mineral resource is too high to apply relevant technical and economic factors likely to influence the prospects of economic extraction in a manner useful for evaluation of economic viability. Because an inferred mineral resource has the lowest level of geological confidence of all mineral resources, which prevents the application of the modifying factors in a manner useful for evaluation of economic viability, an inferred mineral resource may not be considered when assessing the economic viability of a mining project, and may not be converted to a mineral reserve.

(12) Mineral resources are based on $1,700/oz for gold, $21.00/oz for silver, $1.15/lb for lead, $1.35/lb for zinc and $3.00/lb for copper, unless otherwise stated. Mineral resources are reported in-situ and are exclusive of mineral reserves. Mineral resources are reported for all resource projects regardless of the percentage of total measured and indicated resource. The Hosco Project is the only project, other than the mining operations, that contains more than 10% of the aggregate measured and indicated resources.

(13) The resource NSR cut-off values for Greens Creek are $210/ton for all zones except the Gallagher Zone at $215/ton; metallurgical recoveries (actual 2022): 81% for silver, 72% for gold, 82% for lead, and 89% for zinc.

(14) The resource NSR cut-off values for Lucky Friday are $200.57 for the 30 Vein, $227.90 for the Intermediate Veins and $198.48 for the Lucky Friday Vein; metallurgical recoveries (actual 2022): 95% for silver, 95% for lead, and 88% for zinc.

(15) The average resource cut-off grades at Casa Berardi are 0.11 oz/ton gold for underground and 0.034 oz/ton gold for open pit; metallurgical recovery (actual 2022): 87% for gold; US$/CAN$ exchange rate: 1:1.3.

(16) The resource NSR cut-off value at Keno Hill is $129.10/ton (CAN$185/tonne); using minimum width of 4.9 feet (1.5m); metallurgical recovery: 93% for silver, 25% for gold, 93% for lead, 72% for zinc; US$/CAN$ exchange rate: 1:1.3

(17) Indicated resources for most zones at San Sebastian based on $1500/oz gold, $21/oz silver, $1.15/lb lead, $1.35/lb zinc and $3.00/lb copper using an NSR cut-off value of $90.72/ton ($100/tonne); $1700/oz gold used for Toro, Bronco, and Tigre zones. Metallurgical recoveries based on grade dependent recovery curves: recoveries at the mean resource grade average 89% for silver and 84% for gold for oxide material and 85% for silver, 83% for gold, 81% for lead, 86% for zinc, and 83% for copper for sulfide material. Resources reported at a minimum mining width of 8.2 feet (2.5m) for Middle Vein, North Vein, and East Francine, 6.5ft (1.98m) for El Toro, El Bronco, and El Tigre, and 4.9 feet (1.5 m) for Hugh Zone and Andrea.

(18) Mineral resources for Fire Creek, Hollister and Midas are reported using $1,500/oz for gold and $21.00/oz for silver prices, unless otherwise noted. A minimum mining width is defined as four feet or the vein true thickness plus two feet, whichever is greater.

(19) Fire Creek mineral resources are reported at a gold equivalent cut-off grade of 0.283 oz/ton. Metallurgical recoveries: 90% for gold and 70% for silver.

(20) Hollister mineral resources, including the Hatter Graben are reported at a gold equivalent cut-off grade of 0.238 oz/ton. Metallurgical recoveries: 88% for gold and 66% for silver.

(21) Midas mineral resources are reported at a gold equivalent cut-off grade of 0.237 oz/ton. Metallurgical recoveries: 90% for gold and 70% for silver. A gold-equivalent cut-off grade of 0.1 oz/ton and a gold price of $1,700/oz used for Sinter Zone with resources undiluted.

(22) Measured, indicated and inferred resources at Heva and Hosco are based on $1,500/oz for gold. Resources are without dilution or material loss at a gold cut-off grade of 0.01 oz/ton (0.33 g/tonne) for open pit and 0.088 oz/ton (3.0 g/tonne) for underground. Metallurgical recovery: Heva: 95% for gold, Hosco: 88% for gold.

(23) Indicated and Inferred resources at the Star property are reported using a minimum mining width of 4.3 feet and NSR cut-off value of $150/ton; Metallurgical recovery: 93% for silver, 93% for lead, and 87% for zinc.

(24) Inferred open-pit resources for Fire Creek calculated November 30, 2017 using gold and silver recoveries of 65% and 30% for oxide material and 60% and 25% for mixed oxide-sulfide material. Indicated Resources reclassified as Inferred in 2019. Open pit resources are calculated at $1,400 for gold and $19.83 for silver and cut-off grade of 0.01 Au Equivalent oz/ton and is inclusive of 10% mining dilution and 5% ore loss. Open pit mineral resources exclusive of underground mineral resources.

(25) Inferred resources reported at a minimum mining width of 6.0 feet for Bulldog and an NSR cut-off value of $175/ton and 5.0 feet for Equity and North Amethyst veins at an NSR cut-off value of $100/ton; based on $1,400/oz for gold, $26.50/oz for silver, $0.85/lb for lead, and $0.85/lb for zinc. Metallurgical recoveries based on grade dependent recovery curves: recoveries at the mean resource grade average 89% for silver and 74% for lead and 81% zinc for the Bulldog and a constant 85% for gold and 85% for silver for North Amethyst and Equity.

(26) Inferred resource at Monte Cristo reported at a minimum mining width of 5.0 feet; resources based on $1,400/oz for gold, $26.50/oz for silver using a 0.06 oz/ton gold cut-off grade. Metallurgical recovery: 90% for gold and 90% for silver.

(27) Inferred resource at Rock Creek reported at a minimum thickness of 15 feet and an NSR cut-off value of $24.50/ton; Metallurgical recoveries: 88% for silver and 92% for copper. Resources adjusted based on mining restrictions as defined by USFS, Kootenai National Forest in the June 2003 'Record of Decision, Rock Creek Project'.

(28) Inferred resource at Montanore reported at a minimum thickness of 15 feet and an NSR cut-off value of $24.50/ton; Metallurgical recoveries: 88% for silver and 92% for copper. Resources adjusted based on mining restrictions as defined by USFS, Kootenai National Forest, Montana DEQ in December 2015 'Joint Final EIS, Montanore Project' and the February 2016 U.S Forest Service - Kootenai National Forest 'Record of Decision, Montanore Project'.

Individual Properties

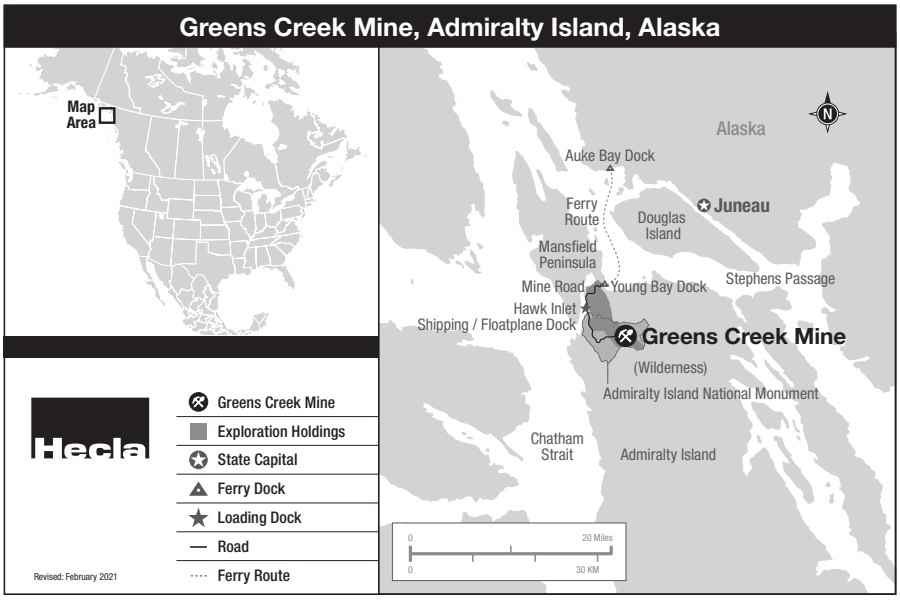
Material Operating Properties

Greens Creek

We own 100% of the Greens Creek mine, located on Admiralty Island near Juneau in southeast Alaska at 58° 4'57.00"N Latitude, 134°37'57.40"W Longitude (WGS84). Admiralty Island is accessed by boat, float plane, or helicopter. On the island, the mine site and various surface facilities are accessed by 13 miles of all-weather gravel roads. The Greens Creek mine has been in production since 1989, with a temporary care and maintenance period from April 1993 through July 1996. We report Greens Creek as a separate segment in our consolidated financial statements. See *Note 3* of *Notes to Consolidated Financial Statements* and *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Greens Creek* for information on its financial performance.

Greens Creek is classified as a volcanogenic massive sulfide deposit; the orebodies contain silver, zinc, gold and lead, and lie within the Admiralty Island National Monument, an environmentally sensitive area. The Greens Creek property includes 440 unpatented lode mining claims, 58 unpatented millsite claims, 17 patented lode claims and one patented millsite. In addition, the Greens Creek site includes properties under lease from the USFS for a road right-of-way, mine waste area and tailings storage facility. The USFS leases have varying expiration terms. Greens Creek also has title to mineral rights on 7,301 acres of federal land acquired through a land exchange with the USFS. We are currently exploring, but not mining, on such federal land. The claims and leases above comprise a total area of approximately 24 square miles.

Greens Creek consists of the mine, an ore concentrating mill, a tailings storage area, a ship-loading facility, camp facilities, a ferry dock, and other related infrastructure. The map below illustrates the location and access to Greens Creek:



Greens Creek is an underground mine accessed by a ramp from surface which produces approximately 2,300 tons of ore per day. The primary mining methods are cut and fill and longhole stoping. The Greens Creek ore processing facility includes a SAG/ball mill grinding circuit to grind the run of mine ore to liberate the minerals and produce a slurry suitable for differential flotation of mineral concentrates. A gravity circuit recovers free gold that exists as electrum, a gold/silver alloy in the ore. Gravity concentrates are produced from this circuit prior to flotation. Three flotation concentrates are produced: a silver concentrate which contains most of the silver recovered; a zinc concentrate which is low in precious metals content; and a zinc-rich precious metals concentrate that contains gold, silver, zinc, and lead and must be marketed to a smelter utilizing an Imperial Smelting Furnace (ISF) which can simultaneously produce both zinc and lead. Doré is produced from the gravity concentrate by a third-party processor and further refined and sold to precious metal traders. The concentrate products are sold to a number of smelters and traders worldwide. See *Note 3* of *Notes to Consolidated Financial Statements* for information on the significant customers for Greens Creek's products. Concentrates are shipped from the Hawk Inlet marine terminal about nine miles from the mill.

For more information, see Exhibit 96.1, the Technical Report Summary on the Greens Creek Mine, Alaska, U.S.A., prepared for the Company by the Qualified Person under Section 1300 of SEC Regulation S-K ("QP"), SLR International Corporation ("SLR") with an effective date of December 31, 2021.

The employees at Greens Creek are employees of Hecla Greens Creek Mining Company, our wholly-owned subsidiary, and are not represented by a bargaining agent. There were 491 employees at Greens Creek at December 31, 2022.

Underground definition and exploration drilling during 2022 focused on seven of the nine known mineralized zones on the property. Planned 2023 activities to potentially add reserves and resources include approximately 128,000 feet of definition drilling in seven zones and approximately 26,700 feet of exploration drilling in five zones. In addition to drilling, approximately 550 feet of underground drifting is planned to provide future drilling platforms.

As of December 31, 2022, we have recorded a $37.2 million asset retirement obligation for reclamation and closure costs. We maintained a $92.2 million reclamation and long-term water treatment bond for Greens Creek as of December 31, 2022. The net book value of the Greens Creek property and its associated plant, equipment and mineral interests was approximately $529.3 million as of December 31, 2022. The vintage of the facilities at Greens Creek ranges from the 1980s to 2022.

The current mine plan at Greens Creek utilizes estimates of reserves and resources for approximately 12 years of production, through 2034.

Information with respect to Greens Creek's production, total cost of sales, average Cash Cost, After By-product Credits, Per Silver Ounce, All-In Sustaining Costs ("AISC"), After By-product Credits, Per Silver Ounce, and proven and probable mineral reserves for the past three years is set forth in the following table.

	Years Ended December 31,		
Production	**2022**	**2021**	**2020**
Ore milled (tons)	881,445	841,967	818,408
Silver (ounces)	9,741,935	9,243,222	10,494,726
Gold (ounces)	48,216	46,088	48,491
Zinc (tons)	52,312	53,648	56,814
Lead (tons)	19,480	19,873	21,400
Total cost of sales	$ 232,719	$ 213,113	$ 210,748
Cash Cost, After By-product Credits, Per Silver Ounce [1]	$ 0.70	$ (0.65)	$ 4.88
AISC, After By-Product Credits, per Silver Ounce [1]	$ 5.77	$ 3.19	$ 7.97
Proven Mineral Reserves [2,3,4,5]			
Total tons	6,700	1,900	3,200
Silver (ounces per ton)	16.1	9.6	21.8
Gold (ounces per ton)	0.07	0.08	0.10
Zinc (percent)	5.4	4.5	7.8
Lead (percent)	2.3	1.7	3.7
Contained silver (ounces)	107,500	17,900	70,100
Contained gold (ounces)	400	100	300
Contained zinc (tons)	360	80	250
Contained lead (tons)	150	30	120
Probable Mineral Reserves [2,3,4,5]			
Total tons	10,667,600	11,073,800	8,975,100
Silver (ounces per ton)	10.9	11.3	12.4
Gold (ounces per ton)	0.09	0.09	0.09
Zinc (percent)	6.5	6.6	7.3
Lead (percent)	2.5	2.5	2.8
Contained silver (ounces)	116,748,100	125,200,900	111,333,300
Contained gold (ounces)	934,700	945,600	827,300
Contained zinc (tons)	694,800	725,830	652,170
Contained lead (tons)	264,600	282,220	254,840
Total Proven and Probable Mineral Reserves [2,3,4,5]			
Total tons	10,674,300	11,075,700	8,978,300
Silver (ounces per ton)	11.0	11.3	12.4
Gold (ounces per ton)	0.09	0.09	0.09
Zinc (percent)	6.5	6.6	7.3
Lead (percent)	2.5	2.5	2.8
Contained silver (ounces)	116,855,600	125,218,800	111,403,400
Contained gold (ounces)	935,100	945,700	827,600
Contained zinc (tons)	695,160	725,910	652,420
Contained lead (tons)	264,750	282,250	254,960

(1) Includes by-product credits from gold, lead and zinc production. Cash Cost, After By-product Credits, Per Silver Ounce and AISC, After By-product Credits, Per Silver Ounce represent non-GAAP measurements that management uses to monitor and evaluate the performance of our mining operations. We believe these measurements provide indicators of economic performance and efficiency at each location and on a consolidated basis, as well as providing a meaningful basis to compare our results to those of other mining companies and other operating mining properties. A reconciliation of cost of sales and other direct production costs and depreciation, depletion and amortization, the most comparable GAAP measure, to these non-GAAP measures can be found in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*, under *Reconciliation of Total Costs of Sales (GAAP) to Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) and All-In Sustaining Cost, Before By-product Credits and All-In Sustaining Cost, After By-product Credits (non-GAAP)*.

(2) Proven and probable mineral reserves are calculated and reviewed in-house and are subject to periodic audit by others, although audits are not performed on an annual basis. Cutoff grade assumptions vary by ore body and are developed based on reserve metals price assumptions, anticipated mill recoveries and smelter payables, and cash operating costs. Due to multiple ore metals, and complex combinations of ore types, metal ratios and metallurgical performances at Greens Creek, the cutoff grade is expressed in terms of NSR, rather than metal grade. *The cut-off grade at Greens Creek is $210 per ton NSR for all zones except Gallagher, which has a cutoff grade of $215 per ton NSR.* The cut-off grade calculations include costs associated with mining, processing, surface operations, environmental, general administrative, sustaining capital, and royalty charges, if any. Our estimates of proven and probable reserves are based on the following metals prices:

	December 31,		
	2022	**2021**	**2020**
Silver (per ounce)	$ 17.00	$ 17.00	$ 16.00
Gold (per ounce)	$ 1,600	$ 1,600	$ 1,300
Lead (per pound)	$ 0.90	$ 0.90	$ 0.90
Zinc (per pound)	$ 1.15	$ 1.15	$ 1.15

(3) Reserves are in-situ materials that incorporate estimates of the amount of waste that must be mined along with the ore and expected mining recovery. The 2022 reserve model assumes average total mill recoveries of 81% for silver, 72% for gold, 90% for zinc and 82% for lead.

(4) The change in reserves in 2022 versus 2021 was due to due to data from new drill holes, partially offset by continued depletion of the deposit through production and reclassification of some material to indicated resource given proximity to previously mined areas; these reclassified areas will be evaluated during 2023. The change in reserves in 2021 versus 2020 was due to due to data from new drill holes and changes in NSR coefficient changes and smelter terms, partially offset by continued depletion of the deposit through production.

(5) Probable reserves at Greens Creek are based on average drill spacing of 50 to 100 feet. Proven reserves typically require that mining samples for the basis of the ore grade estimates used, while probable reserve grade estimates can be based entirely on drilling results. The proven reserves reported for Greens Creek for 2022 represent stockpiled ore.

Information on in-situ mineral resources for the past three years is set forth in the following table.

	Years Ended December 31,		
	2022	2021	2020
Measured Resources [1,2,3]			
Total tons	—	—	296,500
Silver (ounces per ton)	—	—	12.9
Gold (ounces per ton)	—	—	0.11
Zinc (percent)	—	—	10.3
Lead (percent)	—	—	3.1
Silver (ounces)	—	—	3,836,800
Gold (ounces)	—	—	33,000
Zinc (tons)	—	—	30,500
Lead (tons)	—	—	9,310
Indicated Resources [1,2,3]			
Total tons	8,421,200	8,355,000	8,598,500
Silver (ounces per ton)	12.9	12.8	12.9
Gold (ounces per ton)	0.10	0.10	0.10
Zinc (percent)	8.0	8.4	8.2
Lead (percent)	2.9	3.0	3.0
Silver (ounces)	108,717,200	106,670,300	110,843,800
Gold (ounces)	810,300	835,900	848,200
Zinc (tons)	675,740	701,520	708,520
Lead (tons)	245,990	250,040	256,790
Measured and Indicated Resources [1,2,3]			
Total tons	8,421,200	8,355,000	8,895,000
Silver (ounces per ton)	12.9	12.8	12.9
Gold (ounces per ton)	0.10	0.10	0.10
Zinc (percent)	8.0	8.4	8.3
Lead (percent)	2.9	3.0	3.0
Silver (ounces)	108,717,200	106,670,300	114,680,600
Gold (ounces)	810,300	835,900	881,200
Zinc (tons)	675,740	701,520	739,020
Lead (tons)	245,990	250,040	266,100
Inferred Resources [1,2,3]			
Total tons	2,383,200	2,151,700	1,766,700
Silver (ounces per ton)	12.2	12.8	13.2
Gold (ounces per ton)	0.08	0.08	0.08
Zinc (percent)	6.9	6.8	7.0
Lead (percent)	2.8	2.8	2.8
Silver (ounces)	28,949,200	27,507,500	23,370,400
Gold (ounces)	178,100	163,700	145,400
Zinc (tons)	164,080	146,020	123,480
Lead (tons)	67,400	60,140	49,670

(1) Mineral resources are based on $1,700/oz for gold, $21.00/oz for silver, $1.15/lb for lead, $1.35/lb for zinc and are reported in-situ and exclusive of mineral reserves.

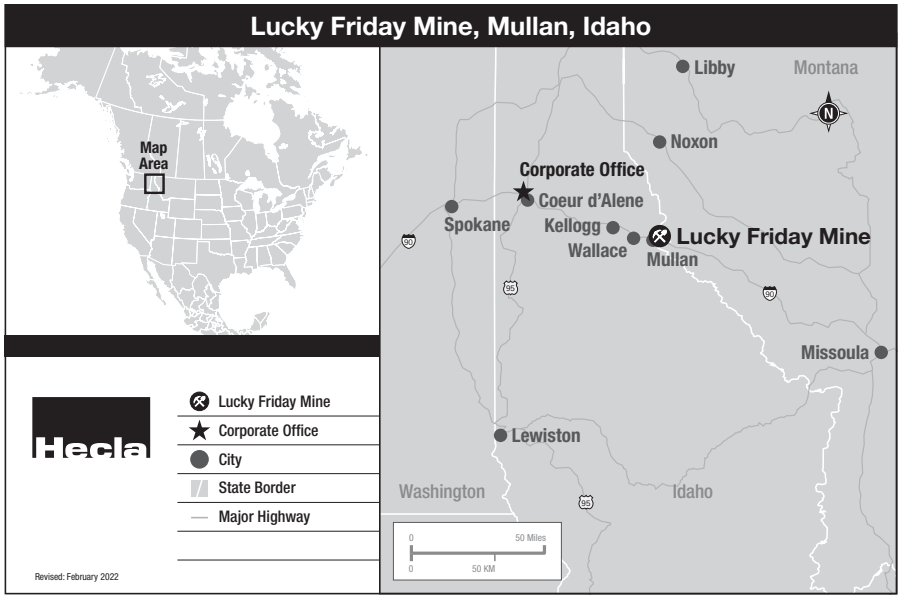
(2) The resource NSR cut-off grades for Greens Creek are $210/ton for all zones except the Gallagher Zone at $215/ton; metallurgical recoveries (actual 2022): 81% for silver, 72% for gold, 82% for lead and 89% for zinc.

(3) Measured resources were not defined for year-end 2022; indicated resources for silver increased 3% from 2021 given additions from drilling and reclassification of some previously defined reserve material; inferred resources for silver increased 5% from 2021 given additions from drilling.

Lucky Friday

Since 1958 (wholly owned since 1964), we have owned and operated the Lucky Friday mine, a deep underground silver, lead and zinc mine located in the Coeur d'Alene Mining District in northern Idaho at 47°28'15.70"N Latitude, 115°47'0.44"W Longitude (WGS84). Lucky Friday is one-quarter mile east of Mullan, Idaho, and is adjacent to U.S. Interstate 90. We report Lucky Friday as a separate segment in our consolidated financial statements. See *Note 3* of *Notes to Consolidated Financial Statements* and *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Lucky Friday* for information on its financial performance.

The Lucky Friday mine is comprised of 710 acres consisting of 43 patented mining claims and fee lands and 535 acres consisting of 53 unpatented mining claims. We also own or control approximately 26 square miles of mineral interests, which include patented mining and millsite claims, fee lands, and unpatented mining claims, that are adjacent to the Lucky Friday mine property. Below is a map illustrating the location and access to Lucky Friday:



Access to the mining horizons from the surface is by shaft access. Once underground, trackless drifts and ramps are utilized to reach the mining areas. An internal, hoisting shaft was completed in 2017 to extend access at depth in the Gold Hunter area. The principal mining methods in use at Lucky Friday consist of underhand systems with integral paste fill and varying degrees of mechanization. In 2021, we tested and implemented the UCB mining method. The UCB method is a new, productive mining method developed by Hecla for proactive control of fault-slip seismicity in deep, high-stress, narrow-vein mining. The method uses bench drilling and blasting methods to fragment significant vertical and lateral extents of the vein beneath a top cut taken along the strike of the vein and under engineered backfill. The method is accomplished without the use of drop raises or lower mucking drives which may result in local stress concentrations and increased exposure to seismic events. Large blasts using up to 35,000 lbs. of pumped emulsion and programmable electronic detonators fragment up to 350 feet of strike length to a depth of approximately 30 feet. These large blasts proactively induce fault-slip seismicity at the time of the blast and shortly after it. This blasted corridor is then mined underhand for two cuts. As these cuts are mined, little to no blasting is done to advance them. Dilution is controlled by supporting the hanging wall and footwall as the mining progresses through the blasted ore. The entire cycle repeats and stoping advances downdip, under fill, and in a destressed zone. The method allows for greater control of fault-slip seismic events significantly improving safety. In conjunction, a notable productivity increase has been achieved by reducing seismic delays and utilizing bulk mining activities. In 2022 and 2021, 88% and 86%, respectively of the tons mined were produced through the UCB method. The underhand cut and fill method was also utilized in 2022 and 2021. Under this method, once a cut is taken along the strike of the vein, it is backfilled with cemented tailings and the next cut is accessed below from the ramp system. Both methods utilize rubber-tired equipment to access the veins through ramps developed outside of the ore body.

Ore at Lucky Friday is processed using a conventional lead/zinc flotation flowsheet, and the plant capacity currently is estimated at 1,165 tons per day. Ore was processed at an average rate of approximately 978 tons per day, and total mill recovery was approximately 95% for silver, 95% for lead and 88% for zinc during 2022.

For more information, see Exhibit 96.2, the Technical Report Summary on the Lucky Friday Mine, Idaho, U.S.A., prepared for the Company by the QP, SLR, with an effective date of December 31, 2021.

At December 31, 2022, there were 383 employees at Lucky Friday. The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial, and Service Workers International Union is the bargaining agent for Lucky Friday's 277 hourly employees as of December 31, 2022. During early January 2023, the bargaining agent ratified a six year labor agreement that expires in May 2029. Following a strike that started in March 2017 and ended in early January 2020, re-staffing of the mine and ramp-up activities were completed during 2020, with a return to full production starting in the fourth quarter of 2020.

As of December 31, 2022, we have recorded a $13.3 million asset retirement obligation for reclamation and closure costs. The net book value of the Lucky Friday property and its associated plant, equipment and mineral interests was approximately $521.5 million as of December 31, 2022. The vintage of the facilities at Lucky Friday ranges from the 1950s to 2022.

The current mine plan at Lucky Friday utilizes estimates of reserves and resources for approximately 16 years of production.

Information with respect to the Lucky Friday's production, total cost of sales, average Cash Cost, After By-product Credits, Per Silver Ounce, AISC, After By-product Credits, Per Silver Ounce, and proven and probable in -situ mineral reserves for the past three years is set forth in the table below.

	Years Ended December 31,		
Production	**2022**	**2021**	**2020**
Ore milled (tons)	356,907	321,837	179,208
Silver (ounces)	4,412,764	3,564,128	2,031,874
Lead (tons)	29,233	23,137	12,727
Zinc (tons)	12,436	9,969	6,298
Total cost of sales	$ 116,598	$ 97,538	$ 56,706
Cash Cost, After By-product Credits, Per Silver Ounce [1]	$ 5.06	$ 6.60	$ 9.34
AISC, After By-product Credits, Per Silver Ounce [1]	$ 12.86	$ 14.34	$ 18.22
Proven Mineral Reserves [2,3,4]			
Total tons	4,734,200	4,690,700	4,392,500
Silver (ounces per ton)	13.8	13.9	14.2
Lead (percent)	8.6	8.4	8.8
Zinc (percent)	3.7	3.4	4.1
Contained silver (ounces)	64,637,800	65,313,300	62,290,100
Contained lead (tons)	404,160	395,290	386,210
Contained zinc (tons)	174,510	159,360	180,060
Probable Mineral Reserves [2,3,4]			
Total tons	840,100	765,400	1,371,900
Silver (ounces per ton)	12.8	12.3	10.7
Lead (percent)	8.1	7.5	7.2
Zinc (percent)	3.2	2.8	3.9
Contained silver (ounces)	9,978,200	9,386,000	14,701,600
Contained lead (tons)	63,510	57,160	99,170
Contained zinc (tons)	25,030	21,650	53,190
Total Proven and Probable Mineral Reserves [2,3,4]			
Total tons	5,574,300	5,456,100	5,764,400
Silver (ounces per ton)	13.4	13.7	13.4
Lead (percent)	8.4	8.3	8.4
Zinc (percent)	3.6	3.3	4.0
Contained silver (ounces)	74,616,000	74,699,300	76,991,700
Contained lead (tons)	467,670	452,450	485,380
Contained zinc (tons)	199,540	181,010	233,250

(1) Includes by-product credits from lead and zinc production. Cash Cost, After By-product Credits, Per Silver Ounce and AISC, After By-product Credits, Per Silver Ounce, represent non-GAAP measurements that management uses to monitor and evaluate the performance of our mining operations. We believe these measurements provide indicators of economic performance and efficiency at each location and on a consolidated basis, as well as providing a meaningful basis to compare our results to those of other mining companies and other operating mining properties. *Costs of Sales and Other Direct Production Costs and Depreciation, Depletion and Amortization* is presented for the full year of 2020. However, *Cash Cost, After By-product Credits* and *AISC, After By-product Credits* only reflect results for the fourth quarter of 2020, as production was ramped-up during the first three quarters of 2020 following the end of the strike. A reconciliation of cost of sales and other direct production costs and depreciation, depletion and amortization, the most comparable GAAP measure, to these non-GAAP measures can be found in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*, under *Reconciliation of Total cost of sales (GAAP) to Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) and All-In Sustaining Cost, Before By-product Credits and All-In Sustaining Cost, After By-product Credits (non-GAAP).*

(2) Proven and probable mineral reserves are calculated and reviewed in-house and are subject to periodic audit by others, although audits are not performed on an annual basis. Cutoff grade assumptions vary by ore body and are developed based on reserve metals price assumptions, anticipated mill recoveries and smelter payables, and cash operating costs. Due to multiple ore metals, and complex combinations of ore types, metal ratios and metallurgical performances at Lucky Friday, the cutoff grade is expressed in terms of NSR, rather than metal grade. The reserve NSR cut-off values for Lucky Friday are $241.34/ton for the 30 Vein and $268.67/ton for the Intermediate Veins. The cut-off grade calculations include costs associated with mining, processing, surface operations, environmental, general administrative, and sustaining capital. Our estimates of proven and probable reserves are based on the following metals prices:

	December 31,		
	2022	**2021**	**2020**
Silver (per ounce)	$ 17.00	$ 17.00	$ 16.00
Lead (per pound)	$ 0.90	$ 0.90	$ 0.90
Zinc (per pound)	$ 1.15	$ 1.15	$ 1.15

(3) Reserves are in-situ materials that incorporate estimates of the amount of waste that must be mined along with the ore and expected mining recovery. The 2022 reserve model assumes average total mill recoveries of 95% for silver, 95% for lead and 90% for zinc.

(4) The change in reserves in 2022 from 2021 was due to inclusion of definition drilling information and additional reserve optimization and resource conversion, partially offset by depletion of the deposit through production and changes due to increases to the NSR cut-off value given increased operating costs. The change in reserve in 2021 from 2020 was due to inclusion of definition drilling information, partially offset by depletion of the deposit through production.

Information on in-situ mineral resources for the past three years is set forth in the following table.

	Years Ended December 31,		
	2022	2021	2020
Measured Resources [1,2,3]			
Total tons	6,237,300	8,652,500	9,007,400
Silver (ounces per ton)	7.8	7.6	7.6
Lead (percent)	5.4	4.9	4.8
Zinc (percent)	2.6	2.5	2.4
Silver (ounces)	48,550,600	65,752,300	68,542,900
Lead (tons)	335,850	425,100	430,950
Zinc (tons)	161,000	213,480	218,740
Indicated Resources [1,2,3]			
Total tons	1,193,800	1,840,500	2,274,900
Silver (ounces per ton)	8.0	7.6	7.8
Lead (percent)	5.4	5.1	5.3
Zinc (percent)	2.2	2.4	2.2
Silver (ounces)	9,581,300	14,010,000	17,843,500
Lead (tons)	64,390	93,140	120,390
Zinc (tons)	26,200	44,120	50,970
Measured and Indicated Resources [1,2,3]			
Total tons	7,431,100	10,493,000	11,282,300
Silver (ounces per ton)	7.8	7.6	7.7
Lead (percent)	5.4	4.9	4.9
Zinc (percent)	2.5	2.5	2.4
Silver (ounces)	58,131,900	79,762,300	86,386,400
Lead (tons)	400,240	518,240	551,340
Zinc (tons)	187,200	257,600	269,710
Inferred Resources [1,2,3]			
Total tons	3,591,600	5,376,900	3,068,600
Silver (ounces per ton)	8.7	7.8	8.3
Lead (percent)	6.3	5.8	6.3
Zinc (percent)	2.4	2.4	2.7
Silver (ounces)	31,263,800	41,871,500	25,359,400
Lead (tons)	224,670	311,850	192,200
Zinc (tons)	84,700	129,600	83,350

(1) Mineral resources are based on $21.00/oz for silver, $1.15/lb for lead, $1.35/lb for zinc and are reported in-situ and exclusive of mineral reserves.

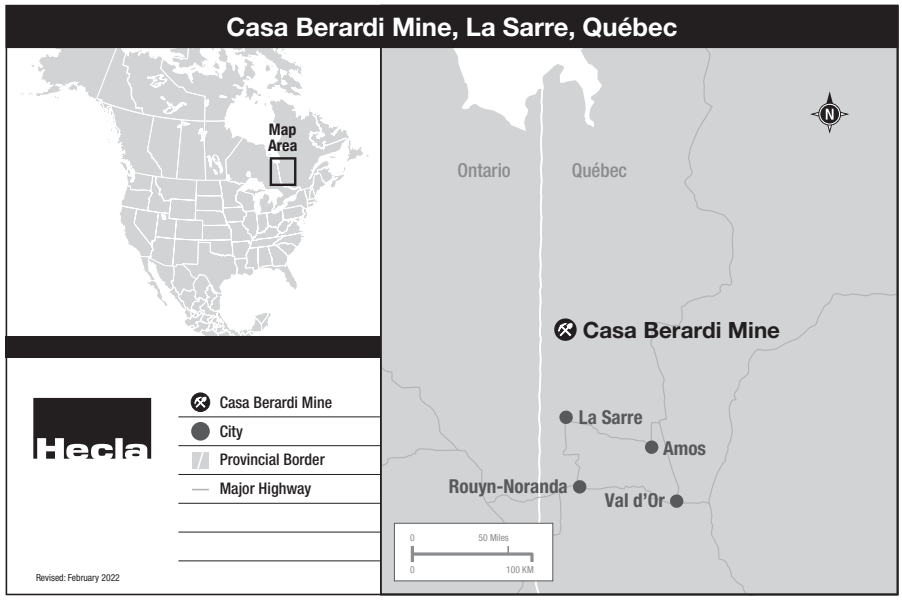
(2) The resource NSR cut-off values for Lucky Friday are $200.57/ton for the 30 Vein, $227.90/ton for the Intermediate Veins and $198.48/ton for the Lucky Friday Vein; metallurgical recoveries (actual 2022): 95% for silver, 95% for lead and 88% for zinc. The cut-off grade calculations include costs associated with mining, processing, surface operations, environmental, general administrative, and sustaining capital.

(3) Measured and indicated resources for silver declined 27% from 2021 given conversion to mineral reserves and changes due to increased cut-off values; inferred silver resources decreased 25% from 2021 given some conversion to indicated resources and changes due to increased cut-off values.

Casa Berardi

Since June 2013, we have owned and operated 100% of Casa Berardi, located 95 kilometers north of La Sarre in the Abitibi Region of northwestern Quebec, Canada at 49°34'0.72"N Latitude, 79°15'56.05"W Longitude (WGS84). The property borders Ontario to the west and covers parts of Casa Berardi, Dieppe, Raymond, D'Estrees, and Puiseaux townships. We report Casa Berardi as a separate segment in our consolidated financial statements. See *Note 3* of *Notes to Consolidated Financial Statements* and *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations – Casa Berardi* for information on its financial performance.

The mine and mill complex are permitted to process 1,600,000 dry metric tonnes (approximately 1,764,000 tons) of ore per year (4,900 tons per day). The mining operations consist of underground and open pit mines. The surface infrastructures include a cyanidation processing mill (carbon-in-leach), tailings impoundment areas, and other support facilities and infrastructure. The map below illustrates the location and access to Casa Berardi:



Current reserves at the Casa Berardi mine comprise eight zones at the West Mine, spread over a moderate horizontal distance from each other and located at different mine elevations, plus open pit and underground areas at the East Mine.

The ore at Casa Berardi is extracted using a combination of underground and open pit mining methods. The mill utilizes a combination of gravity recovery for coarse gold and cyanidation for fine gold. The ore is crushed and ground to produce a slurry suitable for the subsequent recovery processes. Crushing and grinding is accomplished by a jaw crusher followed by a SAG mill and ball mill. Coarse gold reports to the gravity circuit consisting of Knelson concentrators followed by high intensity leaching and electrowinning. Fine gold reports to the cyanide leach train. Due to the presence of naturally occurring organic carbon in the ore, the Carbon-In-Leach ("CIL") approach is used in a cyanidation circuit. Gold is adsorbed onto carbon in the leach train and later desorbed for electrowinning. Sludge from the electrowinning cells is melted in a furnace to produce doré, the final product produced at Casa Berardi. In 2022, the mill processed 1,588,739 tons, for an average of 4,353 tons per day.

For more information, see Exhibit 96.3, the Technical Report Summary on the Casa Berardi Mine, Northwestern Québec, Canada, prepared for the Company by the QP, SLR with an effective date of December 31, 2021.

The employees at Casa Berardi are employees of Hecla Quebec Inc., our wholly-owned subsidiary, and are not represented by a bargaining agent. There were *675* employees at Casa Berardi at December 31, 2022. We also utilize third-party contractors, which use their employees and equipment, for some of the mining activities at Casa Berardi.

The current mine plan at Casa Berardi utilizes estimates of reserves and resources for approximately 12 years of production to 2035, and includes anticipated production from the underground and open pit mine areas.

Underground definition drilling during 2022 concentrated within the East Mine and West Mine areas to refine orebody shapes and gold grade distributions for mine planning and reserves. Underground exploration drilling in the West Mine focused on expanding mineralization down-plunge and testing extensions to the west and to the east of each zone. Drilling in the East Mine tested extensions of high-grade mineralization down plunge and along strike of the mineral lenses. Limited surface drilling focused on defining and expanding mineralization within and near the future open pits.

The 2023 definition program includes approximately 78,000 feet of underground drilling in six zones in the West and East mine areas and 1,100 feet of underground drifting in three zones in the West and East mine areas to establish future drilling platforms. The definition drilling programs are expected to further evaluate current production zones to refine orebody shapes and gold grade distributions for mine planning and reserves.

The exploration program for 2023 includes 10,500 feet of surface drilling, 88,500 feet of underground drilling and 1,835 feet of underground drifting in the East and West Mine areas. Exploration drilling from underground will evaluate extensions of mineralization in seven zones in the East Mine and West Mine areas. Surface exploration drilling planned for 2023 will focus on 134 and 152/157 zone for testing both surface and underground mining targets in the East Mine area.

The net book value of the Casa Berardi property and its associated plant, equipment and mineral interests was approximately $619.9 million as of December 31, 2022. As of December 31, 2022, we have recorded a $11.4 million asset retirement obligation for reclamation and closure costs. We maintain a surety bond as financial guarantee for future reclamation and closure work.

Information with respect to the Casa Berardi's production, total cost of sales, average Cash Cost, After By-product Credits, Per Gold Ounce, AISC, After By-product Credits, Per Gold Ounce, and proven and probable in-situ mineral reserves for the past three years is set forth in the table below.

	Years Ended December 31,		
Production	**2022**	**2021**	**2020**
Ore milled (tons)	1,588,739	1,528,246	1,283,701
Gold (ounces)	127,590	134,511	121,492
Silver (ounces)	28,289	33,571	24,142
Total cost of sales	$ 248,898	$ 229,829	$ 194,414
Cash Cost, After By-product Credits, Per Gold Ounce [1]	$ 1,478	$ 1,125	$ 1,131
AISC, After By-product Credits, Per Gold Ounce [1]	$ 1,825	$ 1,399	$ 1,436
Proven Mineral Reserves [2,3,4]			
Total tons	4,961,400	5,685,600	5,474,900
Gold (ounces per ton)	0.10	0.11	0.10
Contained gold (ounces)	512,300	596,300	567,400
Probable Mineral Reserves [2,3,4]			
Total tons	13,422,600	15,065,800	11,295,600
Gold (ounces per ton)	0.08	0.08	0.09
Contained gold (ounces)	1,101,600	1,187,700	974,600
Total Proven and Probable Mineral Reserves [2,3,4]			
Total tons	18,384,000	20,751,400	16,770,500
Gold (ounces per ton)	0.09	0.09	0.09
Contained gold (ounces)	1,613,900	1,784,000	1,542,000

(1) Includes by-product credits from silver production. Cash Cost, After By-product Credits, Per Gold Ounce and AISC, After By-product Credits, Per Gold Ounce represent non-GAAP measurements that management uses to monitor and evaluate the performance of our mining operations. We believe these measurements provide indicators of economic performance and efficiency at each location and on a consolidated basis, as well as providing a meaningful basis to compare our results to those of other mining companies and other operating mining properties. A reconciliation of cost of sales and other direct production costs and depreciation, depletion and amortization, the most comparable GAAP measure, to these non-GAAP measures can be found in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*, under *Reconciliation of Cost of Sales and Other Direct Production Costs and Depreciation, Depletion and Amortization (GAAP) to Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) and All-In Sustaining Cost, Before By-product Credits and All-In Sustaining Cost, After By-product Credits (non-GAAP).*

(2) Proven and probable mineral reserves are calculated and reviewed in-house and are subject to periodic audit by others, although audits are not performed on an annual basis. Cutoff grade assumptions vary by ore body and are developed based on reserve metals price assumptions, anticipated mill recoveries and refiner payables, and cash operating costs. The average cutoff grade at Casa Berardi is 0.12 ounces per ton for underground reserves and 0.04 ounces per ton for open pit reserves. Our estimates of proven and probable reserves are based on the prices of $1,600 per gold ounce for 2022 and 2021 and $1,300 per gold ounce for 2020.

(3) Reserves are in-situ materials that incorporate estimates of the amount of waste that must be mined along with the ore and expected mining recovery. The 2022 reserve model assumes average total mill recoveries for gold of approximately 85% for reserves.

(4) The change in reserves in 2022 compared to 2021 resulted from inclusion of definition drilling information, partially offset by depletion of the deposit through production and an increase of the cut-off grade given increased operating costs. The change in 2021 compared to 2020 resulted from inclusion of definition drilling information, partially offset by depletion of the deposit through production.

Information on in-situ mineral resources for the past three years is set forth in the following table.

	Years Ended December 31,		
	2022	**2021**	**2020**
Measured Resources [1,2,3]			
Total tons	2,922,400	2,368,100	3,055,300
Gold (ounces per ton)	0.19	0.15	0.13
Gold (ounces)	549,700	355,200	401,600
Indicated Resources [1,2,3]			
Total tons	5,193,300	5,396,000	7,045,500
Gold (ounces per ton)	0.14	0.13	0.12
Gold (ounces)	707,800	699,200	846,900
Measured and Indicated Resources [1,2,3]			
Total tons	8,115,700	7,764,100	10,100,800
Gold (ounces per ton)	0.16	0.14	0.12
Gold (ounces)	1,257,500	1,054,400	1,248,500
Inferred Resources [1,2,3]			
Total tons	10,049,200	10,125,700	11,676,100
Gold (ounces per ton)	0.08	0.08	0.08
Gold (ounces)	819,800	790,500	952,600

(1) Mineral resources are based on $1,700/oz for gold and a USD/CAD exchange rate: 1:1.3 and are reported in-situ and exclusive of mineral reserves.

(2) The average resource cut-off grades at Casa Berardi are 0.11 oz/ton gold for underground and 0.034 oz/ton for open pit; metallurgical recovery (actual 2022): 87% for gold.

(3) Measured and indicated mineral gold resources are essentially the same as 2021, with a 1% increase in contained ounces, due to drilling and some conversion from reserve given increased cut-off grades. Inferred gold resources increased 4% over 2021 due to drill additions.

Internal Controls

Exploration and development drilling programs are performed using Industry Standard quality control methods for drilling, sampling, and analytical procedures. Standard operating procedure manuals for geology logging, sampling, and assaying are kept at the operations and updated as required. A secure sample chain-of-custody is established to promote the security of samples during transport from the projects to the analytical facilities. All primary analytical laboratories are ISO 9001 certified and sample preparation and analytical procedures are Industry Standard methods for the metals of interest.

Sample batches sent for analysis are controlled by a system of reference samples of known grade inserted into the sample stream and other control samples. Coarse and fine 'blank,' sterile, sample materials are used to monitor contamination at the sample preparation and analytical stages; Standard Reference Materials ("SRM") of known grades are used to measure accuracy of the analytical results; and pulp duplicate samples and coarse reject duplicate samples are used to monitor precision of the analytical results. Blanks and SRM are inserted according to the analytical batch size and overall number of samples but normally result in a 1:10 to 1:20 insertion rate. Duplicate samples are inserted or requested using a similar 1:10 to 1:20 inclusion rate. As a final measure of assay quality, 5% to 10% of the original samples are sent to a second analytical laboratory for check analysis. Periodically, the Company retains experts to perform audits of the commercial laboratories used in the United States, Mexico and Canada.

The main operating properties store data in SQL-based relational database utilities with built-in logic checks that are implemented as new data is imported. Accurate data entry into the database is confirmed by verification upon data entry/import and again before use in final geology interpretation and resource modeling with checks of new data collected during yearly drilling programs.

Geology and mineral control interpretations, grade estimation parameters, grade and density models, reserve estimation parameters, and modifying factors are peer reviewed within the company. Resource grade models are validated using Industry Standard methods and appropriate documentation and reporting are completed to summarize methods and results. All resource and reserve tabulations at the operations are approved by the local management, with their own sets of controls, and then are compiled by the corporate office which also performs its own set of checks on the final numbers.

All personnel responsible for the management of mineral resource and mineral reserve modeling and approval and reporting of mineral resource and mineral reserve statements are Qualified Persons with relevant experience in the type of mineralization and deposit under consideration and in the specific type of activity undertaken for the company. All are eligible members or licensees in good standing of a recognized professional organization based on their academic qualifications and experience and comply with professional standards of competence and ethics. Hecla encourages continuing professional development and training for current Qualified Persons as well as others in the company to develop other Qualified Persons within the various departments.

As projects advance toward development and production, data density and the geological understanding of the mineral deposit increases. The Company's internal controls limit some risk in the resource estimation process, but there is inherent risk in resource modeling due to mineral deposit heterogeneity, sample size and distribution, mining style and mining factor assumptions, and mineral processing issues. Independent audits of reserve models from an outside specialist are arranged on a periodic basis for an operating property. The senior technical staff can also determine when changes in mineral resource and reserve models or negative mine reconciliations are material and recommend internal or external auditing of the models and modifying factors.

ITEM 3. LEGAL PROCEEDINGS

For a discussion of our legal proceedings, see *Note 14* of *Notes to Consolidated Financial Statements*.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in exhibit 95 to this report.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Shares of our common stock are traded on the New York Stock Exchange, Inc. under the symbol "HL." As of February 10, 2023, there were 2,945 stockholders of record of our common stock.

The following table provides information as of December 31, 2022 regarding our compensation plans under which equity securities are authorized for issuance:

	Number of Securities To Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved by Security Holders:			
2010 Stock Incentive Plan	—	N/A	13,808,002
Stock Plan for Non-Employee Directors	—	N/A	2,170,959
Key Employee Deferred Compensation Plan	—	N/A	1,665,037
Total	—	N/A	17,643,998

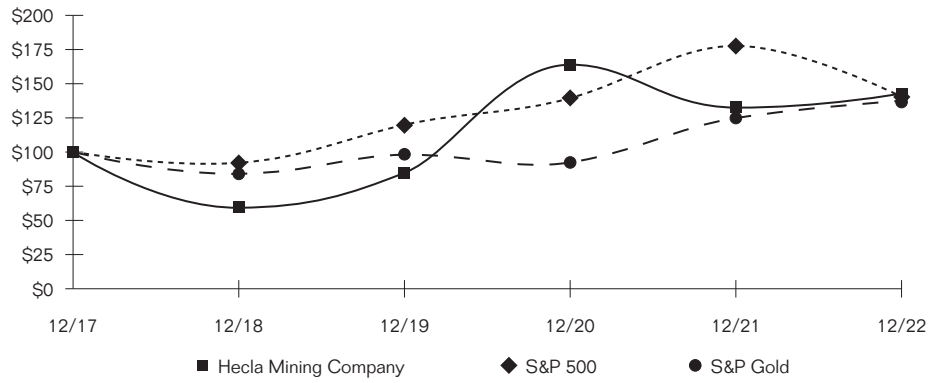
See *Note 11* of *Notes to Consolidated Financial Statements* for information regarding the above plans.

For the years 2022, 2021 and 2020, we issued shares of our common stock on multiple occasions to three of our employee benefit plans in order to fund our obligations under those plans. Each issuance was made pursuant to an exemption from registration under the Securities Act pursuant to Section 4(a)(2) of that Act and, except for the October 14, 2022 contribution, was followed by the filing of a shelf registration statement on SEC Form S-3 allowing for the public resales of those shares. We did not receive any cash proceeds from any of the above issuances of shares of common stock. The issuances were as follows:

Date	Purchaser	Number of Shares	Value of Shares at Issuance ($)
October 14, 2022	Hecla Mining Company Pre-2005 Supplemental Excess Retirement Plan and the Hecla Mining Company Post-2004 Supplemental Excess Retirement Plan ("SERP")	1,000,000	$ 4.2 million
May 19, 2022	Hecla Mining Company Retirement Plan Trust ("Hecla Plan")	900,000	$ 4.2 million
	Lucky Friday Pension Plan Trust ("Lucky Friday Plan")	290,000	$ 1.3 million
September 22, 2021	Hecla Mining Company Retirement Plan Trust ("Hecla Plan")	900,000	$ 4.9 million
	Lucky Friday Pension Plan Trust ("Lucky Friday Plan")	100,000	$ 0.5 million
January 27, 2021	SERP	3,500,000	$ 16.8 million
November 20, 2020	Hecla Plan	554,455	$ 2.8 million
	Lucky Friday Plan	89,109	$ 0.5 million
August 18, 2020	Hecla Plan	1,653,160	$ 10.0 million
	Lucky Friday Plan	405,186	$ 2.4 million
April 9, 2020	Hecla Plan	119,048	$ 0.3 million
	Lucky Friday Plan	47,619	$ 0.1 million

The following performance graph compares the performance of our common stock during the period beginning December 31, 2017 and ending December 31, 2022 to the S&P 500 and the S&P 500 Gold Index. The graph assumes a $100 investment in our common stock and in each of the indexes at the beginning of the period, and a reinvestment of dividends paid on such investments on a quarterly basis throughout the period.

Comparison of 5 Year Cumulative Total Return
Among Hecla Mining Company, the S&P 500 Index, and the S&P Gold Index



Date	Hecla Mining	S&P 500	S&P 500 Gold Index
December 2017	$ 100.00	$ 100.00	$ 100.00
December 2018	$ 59.63	$ 92.30	$ 84.61
December 2019	$ 85.85	$ 120.90	$ 98.72
December 2020	$ 164.52	$ 140.28	$ 92.61
December 2021	$ 133.48	$ 178.04	$ 126.84
December 2022	$ 142.74	$ 143.58	$ 137.90

The stock performance information above is "furnished" and shall not be deemed to be "soliciting material" or subject to Rule 14A of the Exchange Act, shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities of that section, and shall not be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, whether made before or after the date of this report and irrespective of any general incorporation by reference language in any such filing, except to the extent that it specifically incorporates the information by reference.

On May 8, 2012, we announced that our board of directors approved a stock repurchase program. Under the program, we are authorized to repurchase up to 20 million shares of our outstanding common stock from time to time in open market or privately negotiated transactions. See *Note 11* of *Notes to Consolidated Financial Statements* for more information. We made no purchases of our outstanding common stock during the year ended December 31, 2022.

ITEM 6. RESERVED

Not applicable

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Hecla Mining Company and its subsidiaries (collectively the "Company," "our," or "we"). We use certain non-GAAP financial performance measures in our MD&A. For a detailed description of these measures, please see "Non-GAAP Financial Performance Measures" at the end of this item. This item should be read in conjunction with our Consolidated Financial Statements and the notes thereto included in this annual report.

Overview

Established in 1891, we believe we are the oldest operating precious metals mining company in the United States. We are the largest silver producer in the United States, producing over 40% of the U.S. silver production at our Greens Creek and Lucky Friday operations. We produce gold at our Casa Berardi operation in Quebec, Canada, and Greens Creek, and produced gold at our Nevada Operations segment prior to suspension of operations during 2021. We also produced silver and gold at San Sebastian in Mexico, which was considered an operating segment prior to 2021. Production ceased in the fourth quarter of 2020, and exploration activities are currently ongoing. San Sebastian's activity for all periods presented in this Annual Report on Form 10-K is included in "other". We are developing the Keno Hill mine in the Yukon, Canada which we acquired on September 7, 2022, and which we expect will start producing silver in the third quarter of 2023. Based upon our operational footprint, we believe we have low political and economic risk compared to other mines located in other parts of the world. Our exploration interests are located in the United States, Canada and Mexico. Our operating and strategic framework is based on expanding our production and locating and developing new resource potential in a safe and responsible manner.

Acquisition of Alexco

On September 7, 2022, we completed the acquisition of the remaining 90.1% of Alexco Resource Corp. ("Alexco") that we did not already own for non-cash consideration of 17,992,875 shares of our common stock valued at $68.7 million. Total consideration for the acquisition, deemed to be an asset acquisition under GAAP, was $81.5 million of which $76.4 million was non cash, including the fair value of our common stock issued and the fair value of the 9.9% Alexco investment held by us prior to the completion of the acquisition and previously accounted for as marketable equity securities of $7.7 million. Acquisition costs also included transaction costs of $5.1 million. The total consideration was allocated to the acquired assets and assumed liabilities based on their estimated fair values on the acquisition date, which primarily consisted of mineral interests of $236.6 million, a related deferred tax liability of $12.9 million, net liabilities of $7.2 million and a silver stream liability of $135 million. Immediately following the closure of the acquisition, we settled the silver stream liability with the stream holder for 34,800,990 shares of our common stock. Prior to September 7, 2022, we advanced $25 million to Alexco to fund its operations on market terms. The advance was assumed upon acquisition and is eliminated upon consolidation.

2022 Highlights

Operational:

- Produced 14.2 million ounces of silver and 175,807 ounces of gold. See *Consolidated Results of Operations* below for information on cost of sales and other direct production costs and depreciation, depletion and amortization and cash costs and AISC, after by-product credits, per silver and gold ounce for 2022, 2021 and 2020.
- Increased Lucky Friday silver production by 24% to 4.4 million ounces with the UCB mining method accounting for 88% of the tons mined in 2022 and 86% in 2021.
- Continued our trend of strong safety performance, as our All Injury Frequency Rate ("AIFR") for 2022 was 1.22.

Financial:

- Reported sales of $718.9 million.
- Generated $89.9 million in net cash provided by operating activities. See the *Financial Liquidity and Capital Resources* section below for further discussion.
- Made capital expenditures (excluding lease additions and other non-cash items) of approximately $149.4 million, including $39.7 million at Casa Berardi, $36.9 million at Greens Creek, $51.0 million at Lucky Friday, and $19.7 million at Keno Hill.
- Returned $12.9 million to our stockholders through dividend payments.

Our average realized gold price increased while our realized price for silver, lead and zinc prices decreased in 2022 compared to 2021. Our average realized silver, gold, lead and zinc prices increased in 2021 compared to 2020. See the *Consolidated Results of Operations* section below for information on our average realized metals prices for 2022, 2021 and 2020. Lead and zinc represent important by-products at our Greens Creek and Lucky Friday segments, and gold is also a significant by-product at Greens Creek.

See the *Consolidated Results of Operations* section below for a discussion of the factors impacting income applicable to common stockholders for the three years ended December 31, 2022, 2021 and 2020.

Key Issues Impacting our Business

Our current business strategy is to focus our financial and human resources in the following areas:

- executing value enhancing transactions, such as with the recently consummated Alexco acquisition;
- advancing the development of the Keno Hill mine with the anticipation of commencement of production before the end of 2023;
- rapidly responding to the threats from the COVID-19 pandemic to protect our workforce, operations and communities while maintaining liquidity;
- operating our properties safely, in an environmentally responsible and cost-effective manner;
- maintaining and investing in exploration and pre-development projects in the vicinities of mining districts and projects we believe to be under-explored and under-invested: Greens Creek on Alaska's Admiralty Island located near Juneau; North Idaho's Silver Valley in the historic Coeur d'Alene Mining District; the silver-producing district near Durango, Mexico; in the vicinity of our Casa Berardi mine and the Heva-Hosco project in the Abitibi region of northwestern Quebec, Canada; our projects located in two districts in Nevada; our projects in the Keno Hill mining district in the Yukon Territory, Canada; northwestern Montana; the Creede district of southwestern Colorado; the Kinskuch project in British Columbia, Canada; and the Republic Mining District in Washington state;
- improving operations at each of our mines, which includes incurring costs for new technologies and equipment;
- expanding our proven and probable reserves, mineral resources and production capacity at our properties;
- conducting our business with financial stewardship to preserve our financial position in varying metals price and operational environments;
- advancing permitting of our Montana assets; and
- seeking opportunities to acquire and invest in mining and exploration properties and companies.

We strive to achieve excellent mine safety and health performance. We seek to implement this goal by: training employees in safe work practices; establishing, following and improving safety standards; investigating accidents, incidents and losses to avoid recurrence; involving employees in the establishment of safety standards; and participating in the National Mining Association's CORESafety program. We seek to implement reasonable best practices with respect to mine safety and emergency preparedness. We respond to issues outlined in investigations and inspections by MSHA, the Commission of Labor Standards, Pay Equity and Occupational Health and Safety in Quebec, the Workers' Safety and Compensation Board in the Yukon and the Mexico Ministry of Economy and Mining and continue to evaluate our safety practices. There can be no assurance that our practices will mitigate or eliminate all safety risks. Achieving and maintaining compliance with regulations will be challenging and may increase our operating costs. See *Item 1A. Risk Factors – We face substantial governmental regulation, including the Mine Safety and Health Act, various environmental laws and regulations and the 1872 Mining Law*.

Since its outbreak in 2020, the COVID-19 pandemic impacted our operational practices and we continue to incur incremental costs and modify our operational plans to keep our workforce safe. In 2020, the pandemic adversely impacted our expected production of gold at Casa Berardi and exploration drilling at Greens Creek. We incurred $0.5 million, $4.3 million and $5.8 million in COVID-19 mitigation costs during 2022, 2021 and 2020, respectively. To mitigate the impact of COVID-19, we have taken precautionary measures, including implementing operational plans and practices and increasing our cash reserves. As long as they are required, the operational practices implemented could continue to have an adverse impact on our operating results due to additional costs or deferred production and revenues. There is uncertainty related to the potential additional impacts COVID-19 and any variants could have on our operations and financial results for 2023 and beyond. See *Item 1A. Risk Factors – Natural disasters, public health crises (including COVID-19), political crises, and other catastrophic events or other events outside of our control may materially and adversely affect our business or financial results* and *The COVID-19 virus pandemic may heighten other risks*.

A number of key factors may impact the execution of our strategy, including regulatory issues, metals prices and inflationary pressures on input costs. Metals prices can be very volatile and are influenced by a number of factors beyond our control (except on a limited basis through the use of derivative contracts). See *Item 7. Critical Accounting Estimates* and *Note 9* of *Notes to Consolidated Financial Statements*. While we believe longer-term global economic and industrial trends could result in continued demand for the metals we produce, prices have been volatile and there can be no assurance that current prices will continue. We also experienced significant cost increases compared to 2021 across our operations.

Volatility in global financial markets and other factors can pose a significant challenge to our ability to access credit and equity markets, should we need to do so. We utilize forward contracts to manage exposure to declines in the prices of (i) silver, gold, zinc and lead contained in our concentrates that have been shipped but have not yet settled, and (ii) zinc and lead that we forecast for future concentrate shipments. In addition, we have in place a $150 million revolving credit agreement, with an option to be increased in an aggregate amount not to exceed $75 million. As of December 31, 2022, $7.8 million was used for lines of credit, leaving approximately $142.2 million available for borrowing.

Another challenge for us is the risk associated with environmental litigation and ongoing reclamation activities. As described in *Item 1A. Risk Factors* and in *Note 14* of *Notes to Consolidated Financial Statements*, it is possible that our estimate of these liabilities (and our ability to estimate liabilities in general) may change in the future, affecting our strategic plans. We are involved in various environmental legal matters and the estimate of our environmental liabilities and liquidity needs, as well as our strategic plans, may be significantly impacted as a result of these matters or new matters that may arise. We strive to ensure that our activities are conducted in compliance with applicable laws and

regulations and attempt to resolve environmental litigation on terms as favorable to us as possible.

Reserve and resource estimation is a major risk inherent in mining. Our reserve and resource estimates, which underlie (i) our mining and investment plans, (ii) the valuation of a significant portion of our long-term assets and (iii) depreciation, depletion and amortization expense, may change based on economic factors and actual production experience. Until ore is mined and processed, the volumes and grades of our reserves and resources must be considered as estimates. Our reserves are depleted as we mine. Reserves and resources can also change as a result of changes in economic and operating assumptions. See *Item 1A. Risk Factors – Our ore reserve and resource estimates may be imprecise.*

Consolidated Results of Operations

Sales of products by metal for the years ended December 31, 2020, 2021 and 2022, and the approximate variances attributed to differences in metals prices, sales volumes and smelter terms, were as follows:

(in thousands)	Silver	Gold	Base metals	Less: smelter and refining charges	Total sales of products
2020	$ 260,227	$ 356,166	$ 143,841	$ (68,361)	$ 691,873
Variances – 2021 versus 2020:					
Price	43,420	6,483	49,028	49	98,980
Volume	(10,001)	(612)	7,854	869	(1,890)
Smelter terms	—	—	—	18,510	18,510
2021	293,646	362,037	200,723	(48,933)	807,473
Variances – 2022 versus 2021:					
Price	(45,590)	676	(3,710)	(1,270)	(49,894)
Volume	17,089	(63,719)	9,428	(2,172)	(39,374)
Smelter terms	(91)	(84)	—	402	227
2022	$ 265,054	$ 298,910	$ 206,441	$ (51,973)	$ 718,432

Average market and realized metals prices for 2022, 2021 and 2020 were as follows:

	Average price for the year ended December 31,		
	2022	2021	2020
Silver – London PM Fix ($/ounce)	$ 21.75	$ 25.17	$ 20.51
Realized price per ounce	21.53	25.24	21.15
Gold – London PM Fix ($/ounce)	1,801	1,800	1,770
Realized price per ounce	1,803	1,796	1,757
Lead – LME Final Cash Buyer ($/pound)	0.98	1.00	0.83
Realized price per pound	1.01	1.03	0.84
Zinc – LME Final Cash Buyer ($/pound)	1.58	1.36	1.03
Realized price per pound	1.41	1.44	1.03

Average realized prices differ from average market prices primarily because concentrate sales are generally recorded as revenues at the time of shipment at forward prices for the estimated month of settlement, which differ from average market prices. Due to the time elapsed between shipment of concentrates and final settlement with customers, we must estimate the prices at which sales of our metals will be settled. Previously recorded sales are adjusted to estimated settlement metals prices each period through final settlement. We recorded net negative price adjustments to provisional settlements of $20.8 million in 2022. For 2021 and 2020 we recorded positive price adjustments to provisional settlements of $9.3 million and $8.0 million, respectively. The price adjustments related to silver, gold, zinc and lead contained in our concentrate sales were partially offset by gains and losses on forward contracts for those metals for each year (see *Note 9* of *Notes to Consolidated Financial Statements* for more information). The gains and losses on these contracts are included in revenues and impact the realized prices for silver, gold, lead and zinc. Realized prices are calculated by dividing gross revenues for each metal (which include the price adjustments and gains and losses on the forward contracts discussed above) by the payable quantities of each metal included in products sold during the period.

Total metals production and sales volumes for each period are shown in the following table:

	Year Ended December 31,		
	2022	2021	2020
Silver – Ounces produced	14,182,987	12,887,240	13,542,957
Payable ounces sold	12,311,595	11,633,802	12,305,917
Gold – Ounces produced	175,807	201,327	208,962
Payable ounces sold	165,818	201,610	202,694
Lead – Tons produced	48,713	43,010	34,127
Payable tons sold	41,423	36,707	29,108
Zinc – Tons produced	64,748	63,617	63,112
Payable tons sold	43,658	43,626	46,349

The difference between what we report as “ounces/tons produced” and “payable ounces/tons sold” is attributable to the difference between the quantities of metals contained in our products versus the portion of those metals actually paid for by our customers according to the terms of our sales contracts. Differences can also arise from inventory changes incidental to shipping schedules, or variances in ore grades which impact the amount of metals contained in concentrates produced and sold.

Sales, total cost of sales, gross profit, Cash Cost, After By-product Credits, per Ounce (non-GAAP) and All-In Sustaining Cost, After By-product Credits, per Ounce ("AISC") (non-GAAP) at our operations for 2022, 2021 and 2020 were as follows (in thousands, except for Cash Cost and AISC, each After By-Product Credits, per Ounce):

	Silver				Gold		
	Greens Creek	Lucky Friday	Other [3]	Total Silver [2]	Casa Berardi	Nevada Operations & Other [4]	Total Gold
2022:							
Sales	$ 335,062	$ 147,814	—	$ 482,876	$ 235,136	$ 893	$ 236,029
Total cost of sales	(232,718)	(116,598)	—	(349,316)	(248,898)	(4,535)	(253,433)
Gross profit (loss)	$ 102,344	$ 31,216	—	$ 133,560	$ (13,762)	$ (3,642)	$ (17,404)
Cash Cost, After By-product Credits, per Silver or Gold Ounce [1]	$ 0.70	$ 5.06	—	$ 2.06	$ 1,478	$ —	$ 1,478
AISC, After By-product Credits, per Silver or Gold Ounce [1]	$ 5.77	$ 12.86	—	$ 11.25	$ 1,825	$ —	$ 1,825
2021:							
Sales	$ 384,843	$ 131,488	$ 176	$ 516,507	$ 245,152	$ 45,814	$ 290,966
Total cost of sales	(213,113)	(97,538)	(247)	(310,898)	(229,829)	(48,945)	(278,774)
Gross profit (loss)	$ 171,730	$ 33,950	$ (71)	$ 205,609	$ 15,323	$ (3,131)	$ 12,192
Cash Cost, After By-product Credits, per Silver or Gold Ounce [1]	$ (0.65)	$ 6.60		$ 1.37	$ 1,125	$ 1,137	$ 1,127
AISC, After By-product Credits, per Silver or Gold Ounce [1]	$ 3.19	$ 14.34		$ 9.19	$ 1,399	$ 1,211	$ 1,374
2020:							
Sales	$ 327,820	$ 63,025	$ 32,906	$ 423,751	$ 209,224	$ 58,898	$ 268,122
Total cost of sales	(210,748)	(56,706)	(24,104)	(291,558)	(194,414)	(44,801)	(239,215)
Gross profit (loss)	$ 117,072	$ 6,319	$ 8,802	$ 132,193	$ 14,810	$ 14,097	$ 28,907
Cash Cost, After By-product Credits, per Silver or Gold Ounce [1]	$ 4.88	$ 9.34		$ 5.18	$ 1,131	$ 716	$ 1,045
AISC, After By-product Credits, per Silver or Gold Ounce [1]	$ 7.97	$ 18.22		$ 11.37	$ 1,436	$ 787	$ 1,302

(1) A reconciliation of these non-GAAP measures to total cost of sales, the most comparable GAAP measure, can be found below in *Reconciliation of Total Cost of Sales (GAAP) to Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) and All-In Sustaining Cost, Before By-product Credits and All-In Sustaining Cost, After By-product Credits (non-GAAP).*

(2) The calculation of AISC, After By-product Credits, per Ounce for our consolidated silver properties includes corporate costs for general and administrative expense and sustaining exploration and capital costs.

(3) Includes results for San Sebastian, which was an operating segment prior to 2021.

(4) Other includes $474,000 of sales and $464,000 of cost of sales of the environmental services business acquired as part of the Alexco acquisition

While revenue from zinc, lead and gold by-products is significant, we believe that identification of silver as the primary product of Greens Creek and Lucky Friday is appropriate because:

- silver has historically accounted for a higher proportion of revenue than any other metal and is expected to do so in the future;
- we have historically presented each of these mines as a primary silver producer, based on the original analysis that justified putting the project into production, and believe that consistency in disclosure is important to our investors regardless of the relationships of metals prices and production from year to year;
- metallurgical treatment maximizes silver recovery; and
- the Greens Creek and Lucky Friday deposits are massive sulfide deposits containing an unusually high proportion of silver; and in most of their working areas, Greens Creek and Lucky Friday utilize selective mining methods in which silver is the metal targeted for highest recovery.

Accordingly, we believe the identification of zinc, lead and gold as by-product credits at Greens Creek and Lucky Friday is appropriate because of their lower economic value compared to silver and due to the fact that silver is the primary product we intend to produce. In addition, we have not consistently received sufficient revenue from any single by-product metal to warrant classification of such as a co-product.

We periodically review our revenues to ensure that reporting of primary products and by-products is appropriate. Because for Greens Creek and Lucky Friday we consider zinc, lead and gold to be by-products of our silver production, the values of these metals offset operating costs within our calculations of Cash Cost, After By-product Credits, per Silver Ounce and AISC, After By-product Credits, per Silver Ounce.

We believe the identification of silver as a by-product credit is appropriate at Casa Berardi and the Nevada Operations because of its lower economic value compared to gold and because gold is the primary product we intend to produce there. In addition, we do not receive sufficient revenue from silver at Casa Berardi or the Nevada Operations to warrant classification of such as a co-product. Because we consider silver to be a by-product of our gold production at Casa Berardi and Nevada Operations, the value of silver offsets operating costs within our calculations of Cash Cost, After By-product Credits, per Gold Ounce and AISC, After By-product Credits, per Gold Ounce.

For the year ended December 31, 2022, we reported loss applicable to common stockholders of $37.9 million compared to income of $34.5 million and a loss of $10.0 million in 2021 and 2020, respectively. The following factors contributed to those differences:

- Variances in gross profit (loss) at our operations as illustrated in the table above. See the *Greens Creek, Lucky Friday, Casa Berardi*, and *Nevada Operations* sections below.
- General and administrative costs were $43.4 million, $34.6 million and $35.6 million in 2022, 2021 and 2020 respectively. The increase in 2022 of $8.8 million reflects the impact of the Alexco acquisition, higher incentive compensation accruals and compensation adjustments effective July 1, 2022.
- Exploration and pre-development expense of $46.0 million, $47.9 million and $18.3 million in 2022, 2021 and 2020, respectively. In 2022, exploration was primarily at Keno Hill, San Sebastian, Casa Berardi, Greens Creek, Nevada Operations and Kinskuch, while pre-development expense included $3.0 million related to development of the decline to allow drilling of the Hatter Graben area in Nevada.
- Provision for closed operations and environmental matters of $8.8 million in 2022 compared to $14.6 million in 2021 and $3.9 million in 2020. The decrease in 2022 of $5.8 million is primarily due to the settlement in 2021 of a lawsuit for $6.5 million related to a 1989 agreement entered into by our subsidiary, CoCa Mines, Inc. and its

subsidiary, Creede Resources, Inc. The increase in 2021 of $10.7 million compared to 2020 is primarily due to the CoCa settlement, and increases of $2.1 million and $2.9 million for accrued estimated rehabilitation costs at the Troy Mine and Johnny M site in New Mexico, respectively (see *Note 14* of *Notes to Consolidated Financial Statements for more information*).

- Ramp-up and suspension costs of $24.1 million, $23.0 million and $24.9 million in 2022, 2021 and 2020, respectively. 2022 includes $2.1 million in Keno Hill ramp-up activities following completion of the Alexco acquisition in September 2022. 2022 and 2021 include full year care and maintenance for Nevada and San Sebastian. In 2020 Nevada and San Sebastian were placed on care-and-maintenance, with 2020 also including costs related to ramp-up activities at Lucky Friday and government COVID-19 suspension orders impacting Casa Berardi and San Sebastian.
- Other operating expense of $6.3 million, $14.3 million and $11.4 million in 2022, 2021 and 2020, respectively. The decrease in 2022 is primarily due to the receipt of $4.2 million in insurance proceeds related to a coverage lawsuit received during June and September 2022 and the completion of projects to identify and implement potential operation improvements at our operating sites, which drove the increase in cost for 2021 compared to 2020.
- Fair value adjustments, net resulted in losses of $4.7 million, $35.8 million and $11.8 million in 2022, 2021 and 2020, respectively. The components for each period are summarized in the following table (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Gain (loss) on derivative contracts	$ 844	$ (32,655)	$ (22,074)
Unrealized (loss) gain on investments in equity securities	(5,632)	(4,295)	10,268
Gain on disposition or exchange of investments	65	1,158	—
Total fair value adjustments, net	$ (4,723)	$ (35,792)	$ (11,806)

Prior to November 1, 2021, we did not designate and account for any of our base metal derivative contracts as cash flow hedges for accounting purposes and accordingly any changes in fair value of our base metals derivative contracts were recognized in gain(loss) on derivative contracts. Subsequent to November 1, 2021, any gains or losses on base metals derivative contracts designated as cash flow hedges are deferred in other comprehensive income until the transaction occurs.

- Net foreign exchange gain of $7.2 million in 2022 compared to a gain of $0.4 million and a loss of $4.6 million in 2021 and 2020, respectively, on translation of our monetary assets and liabilities at Casa Berardi and San Sebastian.
- Interest expense of $42.8 million, $41.9 million and $49.6 million in 2022, 2021 and 2020, respectively. The interest in 2022, 2021 and 2020 was primarily related to our Senior Notes. The higher expense in 2020 was primarily due to (i) interest recognized on both the Senior Notes and our previously outstanding 6.875% Senior Notes that were due in 2021 (the "2021 Notes") for an overlapping period of almost one month, as the Senior Notes were issued on February 19, 2020 and the 2021 Notes were redeemed on March 19, 2020, (ii) $1.7 million in unamortized initial purchaser discount on the 2021 Notes recognized as expense upon their redemption and (iii) higher interest related to amounts drawn on our revolving credit facility.
- Income and mining tax benefit of $7.6 million in 2022, compared to a benefit of $29.6 million in 2021 and a provision of $8.2 million in 2020,with the benefit in 2021 including $58.4 million for a reduction in the valuation allowance for U.S. deferred tax assets. See *Corporate Matters* and *Note 6* of *Notes to Consolidated Financial Statements* for more information.

Greens Creek

Dollars are in thousands (except per ounce and per ton amounts)

	Years Ended December 31,		
	2022	2021	2020
Sales	$ 335,062	$ 384,843	$ 327,820
Cost of sales and other direct production costs	(183,807)	(164,403)	(161,056)
Depreciation, depletion and amortization	(48,911)	(48,710)	(49,692)
Total cost of sales	(232,718)	(213,113)	(210,748)
Gross Profit	$ 102,344	$ 171,730	$ 117,072
Tons of ore milled	881,445	841,967	818,408
Production:			
Silver (ounces)	9,741,935	9,243,222	10,494,726
Gold (ounces)	48,216	46,088	48,491
Zinc (tons)	52,312	53,648	56,814
Lead (tons)	19,480	19,873	21,400
Payable metal quantities sold:			
Silver (ounces)	8,234,010	8,284,551	9,385,404
Gold (ounces)	35,508	40,149	42,407
Zinc (tons)	34,856	36,581	41,832
Lead (tons)	14,762	15,489	17,415
Ore grades:			
Silver ounces per ton	13.64	13.51	15.65
Gold ounces per ton	0.08	0.08	0.08
Zinc percent	6.69	7.11	7.58
Lead percent	2.68	2.87	3.13
Total production cost per ton	$ 196.73	$ 177.30	$ 179.37
Cash Cost, After By-product Credits, per Silver Ounce [1]	$ 0.70	$ (0.65)	$ 4.88
AISC, After By-Product Credits, per Silver Ounce [1]	$ 5.77	$ 3.19	$ 7.97
Capital additions	$ 36,898	$ 23,883	$ 19,685

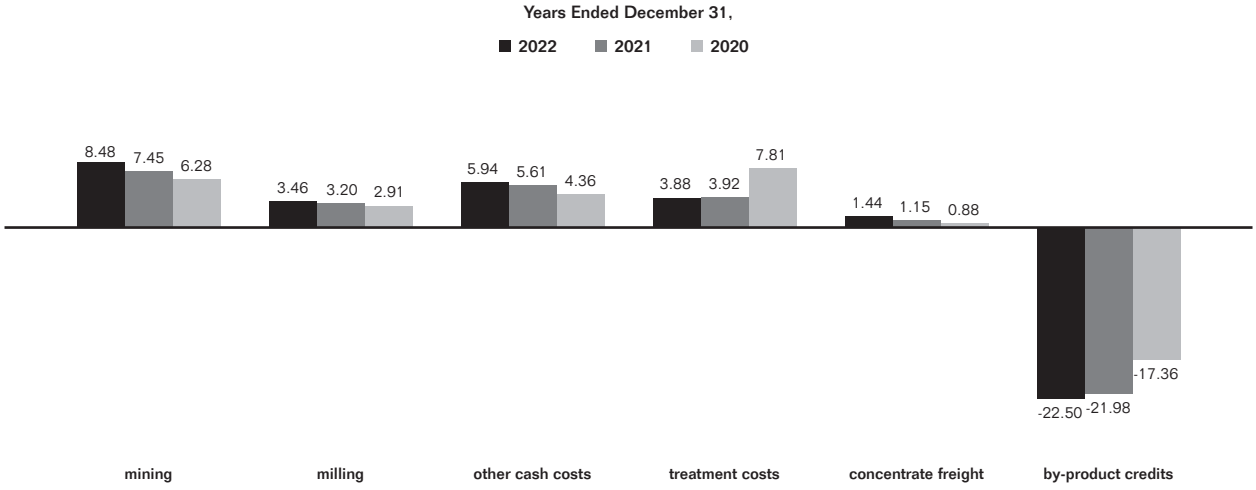
(1) A reconciliation of these non-GAAP measures to total cost of sales, the most comparable GAAP measure, can be found below in *Reconciliation of Total Cost of Sales (GAAP) to Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) and All-In Sustaining Cost, Before By-product Credits and All-In Sustaining Cost, After By-product Credits (non-GAAP).* At Greens Creek, gold, zinc and lead are considered to be by-products of our silver production, and the values of those metals therefore offset operating costs within our calculations of Cash Cost and AISC, After By-product Credits, per Silver Ounce.

Gross profit decreased by $69.4 million to $102.3 million in 2022 from $171.7 million in 2021, as lower realized prices for all metals sold other than gold, and lower payable metal quantities sold compared to 2021, was further compounded by higher production costs reflecting inflationary pressures and more tons milled, and unfavorable changes in concentrate smelter terms. See *Item 1A. Risk Factors – Our profitability could be affected by inflation, including the prices of other commodities*" for a discussion of certain risks related to our operations profitability.

Gross profit of $171.7 million in 2021, was $54.7 million higher than in 2020, reflecting higher realized prices and a favorable changes in concentrate smelter terms which contributed $23.3 million to gross profit. The impacts of the factors above were partially offset by lower metal sales volume primarily due to lower ore grades.

Capital additions increased by $13 million in 2022 to $36.9 million compared to 2021. Significant components of the 2022 capital additions were development of $18.7 million, $5.8 million in mobile equipment, $4.9 million in additional new camp housing and $5.8 million in mine infrastructure.

The chart below illustrates the factors contributing to the variances in Cash Cost, After By-product Credits, Per Silver Ounce for 2022 compared to 2021 and 2020:



The following table summarizes the components of Cash Cost, After By-product Credits, per Silver Ounce:

	Years Ended December 31,		
	2022	2021	2020
Cash Cost, Before By-product Credits, per Silver Ounce	$ 23.20	$ 21.33	$ 22.24
By-product credits per silver ounce	(22.50)	(21.98)	(17.36)
Cash Cost, After By-product Credits, per Silver Ounce	$ 0.70	$ (0.65)	$ 4.88

The following table summarizes the components of AISC, After By-product Credits, per Silver Ounce:

	Years Ended December 31,		
	2022	2021	2020
AISC, Before By-product Credits, per Silver Ounce	$ 28.27	$ 25.17	$ 25.33
By-product credits per silver ounce	(22.50)	(21.98)	(17.36)
AISC, After By-product Credits, per Silver Ounce	$ 5.77	$ 3.19	$ 7.97

The increase in Cash Cost and AISC, each After By-product Credits, per Silver Ounce in 2022 compared to 2021 was primarily due to higher production costs and sustaining capital expenditures, partially offset by higher by-product credits and production. The decrease in Cash Cost and AISC, each After By-product Credits, per Silver Ounce in 2021 compared to 2020 was primarily due to higher by-product credits.

Restrictions imposed by the State of Alaska beginning in late March 2020 in response to the COVID-19 virus pandemic, including the requirement for employees returning to Alaska to self-quarantine for 14 days (changed in June 2020 to 7 days and subsequently discontinued), caused us to revise the normal operating procedures and incur additional costs for staffing operations at Greens Creek, including for quarantining employees from late March 2020 through the second quarter of 2021.

Lucky Friday

Dollars are in thousands (except per ounce and per ton amounts)

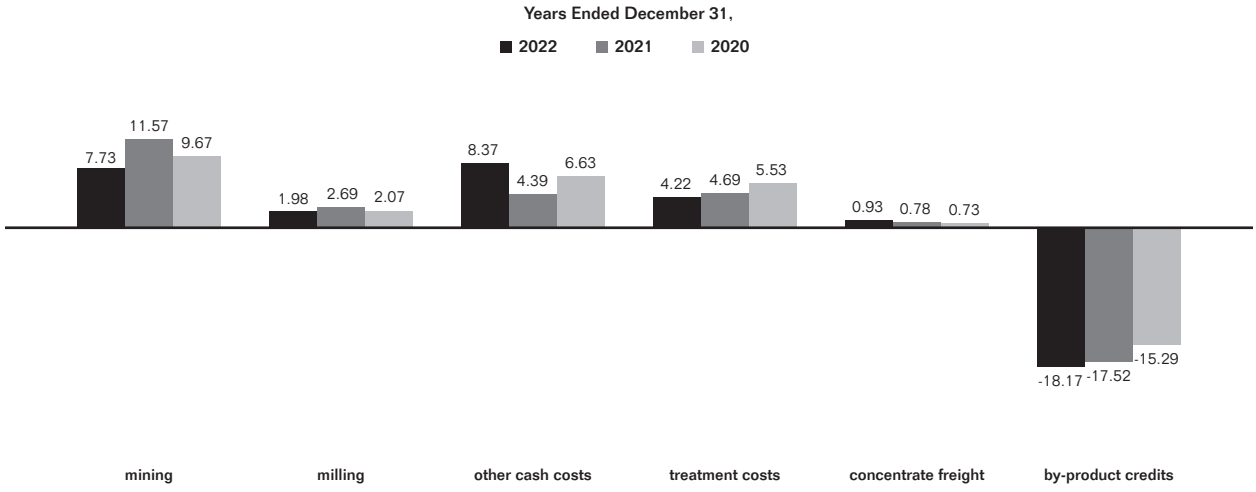
	Years Ended December 31,		
	2022	2021	2020
Sales	$ 147,814	$ 131,488	$ 63,025
Cost of sales and other direct production costs	(82,894)	(70,692)	(45,233)
Depreciation, depletion and amortization	(33,704)	(26,846)	(11,473)
Total cost of sales	(116,598)	(97,538)	(56,706)
Gross profit	$ 31,216	$ 33,950	$ 6,319
Tons of ore milled	356,907	321,837	179,208
Production:			
Silver (ounces)	4,412,764	3,564,128	2,031,874
Lead (tons)	29,233	23,137	12,727
Zinc (tons)	12,436	9,969	6,298
Payable metal quantities sold:			
Silver (ounces)	4,039,435	3,288,261	1,866,883
Lead (tons)	26,660	21,218	11,692
Zinc (tons)	8,802	7,046	4,517
Ore grades:			
Silver ounces per ton	13.00	11.64	11.85
Lead percent	8.70	7.60	7.49
Zinc percent	3.90	3.44	3.88
Total production cost per ton	$ 223.55	$ 191.50	$ 251.49
Cash Cost, After By-product Credits, per Silver Ounce [1]	$ 5.06	$ 6.60	$ 9.34
AISC, After By-product Credits, per Silver Ounce [1]	$ 12.86	$ 14.34	$ 18.22
Capital additions	$ 50,992	$ 29,885	$ 25,776

(1) A reconciliation of these non-GAAP measures to total cost of sales, the most comparable GAAP measure, can be found below in *Reconciliation of Total Cost of Sales (GAAP) to Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) and All-In Sustaining Cost, Before By-product Credits and All-In Sustaining Cost, After By-product Credits (non-GAAP).* At Lucky Friday, lead and zinc are considered to be by-products of our silver production, and the values of those metals therefore offset operating costs within our calculations of Cash Cost and AISC, each After By-product Credits, per Silver Ounce.

Gross profit in 2022 of $31.2 million, was $2.7 million lower than 2021, due to lower realized prices and higher production costs in 2022 reflecting inflationary cost pressures and more tons milled. The increase in gross profit in 2021 of $27.6 million to $34.0 million compared to 2020 reflected high ore tonnage and metal production as a result of returning to full production during after the strike during the fourth quarter of 2020 (discussed further below). See I*tem 1A. Risk Factors – Our profitability could be affected by inflation, including the prices of other commodities*" for a discussion of certain risks related to our operations profitability.

Total capital additions increased by $21.1 million in 2022 to $51 million compared to 2021 as investments were made to support sustained higher throughput. Significant components related to development $18.5 million, the service hoist $6.6 million, coarse ore bunker $4.0 million, shaft and related infrastructure $4.4 million, pond 4 $6.2 million and underground mobile equipment $6.2 million.

The chart below illustrates the factors contributing to the variances in Cash Cost, After By-product Credits, Per Silver Ounce for 2022, 2021 and the fourth quarter of 2020. Total production cost per ton, Cash Cost, After By-product Credits, per Silver Ounce and AISC, After By-product Credits per Silver Ounce are not presented for the first three quarters of 2020, as production was limited due to the strike and results are not comparable.



The following table summarizes the components of Cash Cost, After By-product Credits, per Silver Ounce:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Three Months Ended December 31, 2020
Cash Cost, Before By-product Credits, per Silver Ounce	$ 23.23	$ 24.12	24.63
By-product credits per silver ounce	(18.17)	(17.52)	(15.29)
Cash Cost, After By-product Credits, per Silver Ounce	$ 5.06	$ 6.60	$ 9.34

The following table summarizes the components of AISC, After By-product Credits, per Silver Ounce:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Three Months Ended December 31, 2020
AISC, Before By-product Credits, per Silver Ounce	$ 31.03	$ 31.86	$ 33.51
By-product credits per silver ounce	(18.17)	(17.52)	(15.29)
AISC, After By-product Credits, per Silver Ounce	$ 12.86	$ 14.34	$ 18.22

The decreases in Cash Cost and AISC, each After By-product Credits, per Silver Ounce in 2022 compared to 2021 and 2021 compared to the fourth quarter of 2020 are due to increased silver production and higher by-product credits, partially offset by higher production costs and sustaining capital expenditures.

Following settlement of the unionized employees' strike in early 2020, we commenced restaffing and ramp-up procedures and the mine returned to full production in the fourth quarter of 2020. During the strike, which lasted from March 13, 2017 until January 7, 2020, when the union ratified a new collective bargaining agreement, salaried personnel performed limited production and capital improvements. Costs related to ramp-up activities totaled $8.0 million in 2020 and included non-cash depreciation expense of $6.3 million, and are reported in a separate line item on our consolidated statements of operations. These ramp-up and suspension costs are excluded from the calculation of gross profit, total production cost per ton, Cash Cost, After By-product Credits, per Silver Ounce and AISC, After By-product Credits, per Silver Ounce, when presented.

Casa Berardi

Dollars are in thousands (except per ounce and per ton amounts)

	Years Ended December 31,		
	2022	2021	2020
Sales	$ 235,136	$ 245,152	$ 209,224
Cost of sales and other direct production costs	(187,936)	(149,085)	(133,862)
Depreciation, depletion and amortization	(60,962)	(80,744)	(60,552)
Total cost of sales	(248,898)	(229,829)	(194,414)
Gross (loss) profit	$ (13,762)	$ 15,323	$ 14,810
Tons of ore milled	1,588,739	1,528,246	1,283,701
Production:			
Gold (ounces)	127,590	134,511	121,492
Silver (ounces)	28,289	33,571	24,142
Payable metal quantities sold:			
Gold (ounces)	130,245	135,987	117,671
Silver (ounces)	31,788	30,022	25,659
Ore grades:			
Gold ounces per ton	0.09	0.10	0.12
Silver ounces per ton	0.02	0.03	0.02
Total production cost per ton	$ 117.89	$ 98.60	$ 105.71
Cash Cost, After By-product Credits, per Gold Ounce [1]	$ 1,478	$ 1,125	$ 1,131
AISC, After By-product Credits, per Gold Ounce [1]	$ 1,825	$ 1,399	$ 1,436
Capital additions	$ 39,667	$ 49,617	$ 40,840

(1) A reconciliation of these non-GAAP measures to cost of sales and other direct production costs and depreciation, depletion and amortization, the most comparable GAAP measure, can be found below in *Reconciliation of Total Cost of Sales (GAAP) to Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) and All-In Sustaining Cost, Before By-product Credits and All-In Sustaining Cost, After By-product Credits (non-GAAP).* At Casa Berardi, silver is considered to be a by-product of our gold production, and the value of silver therefore offsets operating costs within our calculations of Cash Cost and AISC, each After By-product Credits, per Gold Ounce.

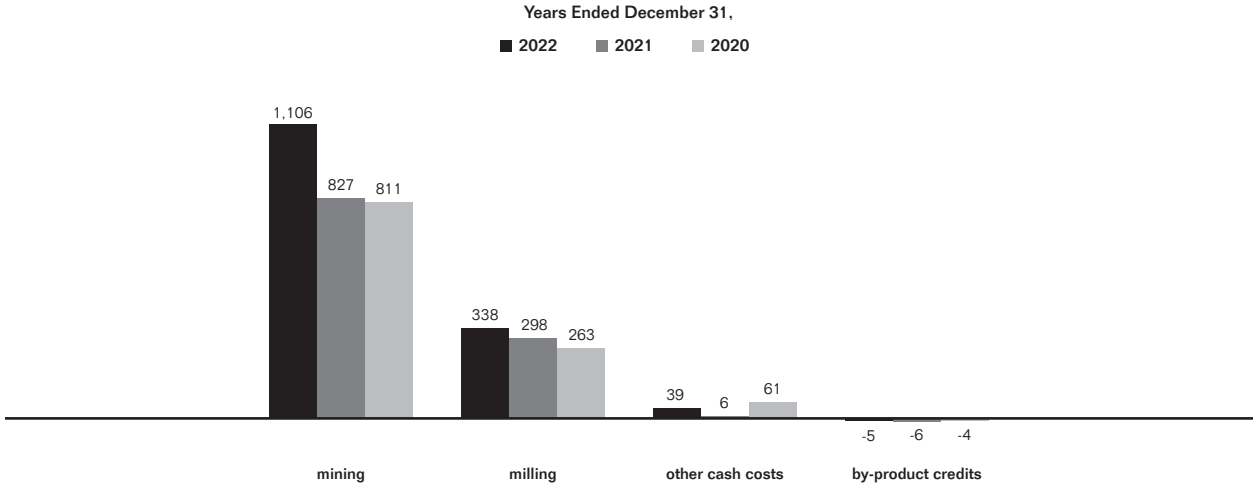
Gross profit decreased by $29.1 million to a gross loss of $13.8 million in 2022 compared to 2021 as higher average realized gold prices did not offset the impact of lower gold production and higher cost of sales. The higher cost of sales in 2022 resulted from increased production costs due to: (i) increase in ore tonnage by 4% compared to 2021 as more lower grade surface material was processed (ii) higher operating costs reflecting inflationary pressures particularly for labor and consumables (iii) higher mill contractor costs related to maintenance and optimization activities, and (iv) higher underground maintenance costs resulting from repairs and replacements of major components for the production fleet. Depreciation, depletion and amortization expense was lower in 2022 compared to 2021 due to the impact of higher reserves in 2021 on units-of-production depreciation and lower asset additions and sales quantities. See *Item 1A. Risk Factors – Our profitability could be affected by inflation, including the prices of other commodities*" for a discussion of certain risks related to our operations profitability.

Gross profit increased in 2021 compared to 2020 due to higher average realized gold prices and increase gold production, partially offset by higher cost of sales. The higher cost of sales in 2021 resulted from increased production costs due to: (i) increase in ore tonnage by 19% compared to 2020 (ii) mill contractor costs related to maintenance and optimization activities, and (iii) higher underground maintenance costs resulting from repairs and replacements of major components for the production fleet. Depreciation,

depletion and amortization expense was also higher in 2021 compared to 2020 due to the impact of lower reserves in 2021 on units-of-production depreciation and asset additions could with higher sales quantities. The lower production in 2020 was partially due to a government COVID-19-related order. We suspended operations at Casa Berardi from March 24, 2020 until April 15, 2020, in response to the Government of Quebec's COVID-19 order for the mining industry. The suspension-related costs totaling $1.6 million for 2020 are reported in a separate line item on our consolidated statements of operations and excluded from the calculations of cost of sales and other direct production costs and depreciation, depletion and amortization, total production cost per ton, and Cash Cost and AISC, After By-product Credits, per Gold Ounce.

Total capital additions decreased by $10.0 million in 2022 compared to 2021 primarily due to completion of the new 160 zone open pit mine development in 2021, which commenced ore production during the fourth quarter of 2021. Significant components of 2022 capital expenditures were development of $20.6 million, tailings dam construction costs of $7.6 million and $6.1 million on machinery and equipment. Capital additions increased by $8.8 million in 2021 compared to 2020, primarily due to new 160 zone open pit mine development.

The chart below illustrates the factors contributing to Cash Cost, After By-product Credits, Per Gold Ounce for 2022, 2021 and 2020:



The following table summarizes the components of Cash Cost, After By-product Credits, per Gold Ounce:

	Years Ended December 31,		
	2022	2021	2020
Cash Cost, Before By-product Credits, per Gold Ounce	$ 1,483	$ 1,131	$ 1,135
By-product credits per gold ounce	(5)	(6)	(4)
Cash Cost, After By-product Credits, per Gold Ounce	$ 1,478	$ 1,125	$ 1,131

The following table summarizes the components of AISC, After By-product Credits, per Gold Ounce:

	Years Ended December 31,		
	2022	2021	2020
AISC, Before By-product Credits, per Gold Ounce	$ 1,830	$ 1,405	$ 1,440
By-product credits per gold ounce	(5)	(6)	(4)
AISC, After By-product Credits, per Gold Ounce	$ 1,825	$ 1,399	$ 1,436

The increase in Cash Cost and AISC, each After By-product Credits, per Gold Ounce for 2022 compared to 2021 was due to lower gold production, and higher production costs, as discussed above, with AISC, After By-product Credits, per Gold Ounce also impacted by lower sustaining capital, offset by higher exploration.

The decrease in Cash Cost and AISC, each After By-product Credits, per Gold Ounce for 2021 compared to 2020 was due to higher gold production, partially offset by higher production costs, as discussed above, with AISC, After By-product Credits, per Gold Ounce also impacted by lower sustaining capital, offset by higher exploration.

Nevada Operations

Dollars are in thousands (except per ounce and per ton amounts)

	Years Ended December 31,		
	2022	2021	2020
Sales	$ 419	$ 45,814	$ 58,898
Cost of sales and other direct production costs	(3,709)	(33,604)	(21,956)
Depreciation, depletion and amortization	(361)	(15,341)	(22,845)
Total cost of sales	(4,070)	(48,945)	(44,801)
Gross (loss) profit	$ (3,651)	$ (3,131)	$ 14,097

During 2019, a decision was made to suspend the Nevada Operations activities. Production was suspended at the Hollister mine in the third quarter of 2019 and at the Midas mine and Aurora mill in late 2019. Development ceased at Fire Creek in the second quarter of 2019 when the decision was made to limit near-term production to areas of the mine where development was already completed. Mining of non-refractory ore at Fire Creek in areas where development had already been performed was completed in the fourth quarter of 2020. During 2021, production and revenue was generated from processing of the stockpiled non-refractory ore at the Midas mill and third-party

processing of refractory ore in a roaster and autoclave facility, respectively. Fire Creek was placed on care-and-maintenance in the second quarter of 2021 after processing of the remaining non-refractory ore stockpile. During 2022, mining of remnant refractory ore was undertaken during the third and fourth quarters, with the refractory ore sold to a third party. The gross loss in 2022 resulted primarily from inventory write-downs. The gross loss in 2021 compared to gross profit in 2020 was due to reduced production and higher costs, including inventory write-downs. See Item *1A. Risk Factors – Our profitability could be affected by inflation, including the prices of other commodities*" for a discussion of certain risks related to our operations profitability.

We spent $15.5 million on exploration activities and pre-development activities during 2022. Suspension-related costs are reported in a separate line item on our consolidated statements of operations and excluded from the calculations of cost of sales and other direct production costs and depreciation, depletion and amortization, total production costs per ton and Cash Cost and AISC, After By-product Credits, per Gold Ounce.

See Item *1A. Risk Factors – Operation, Development, Exploration and Acquisition Risks* for a discussion of certain risks relating to our recent and ongoing analysis of the carrying value of the Nevada assets.

Keno Hill

We acquired Keno Hill as part of the Alexco acquisition on September 7, 2022, see *Note 1* of *Notes to Consolidated Financial Statements* for more information. Following announcement of the acquisition on July 5, 2022, we advanced $25 million as a loan to Alexco to fund the development of Keno Hill. Since September 7, 2022, we have spent $19.7 million on capital expenditures on Keno Hill development with 1,752 feet developed through December 31, 2022. We expect Keno Hill to be in production during the third quarter of 2023. Keno Hill has not generated any revenue since we acquired it, due to being in development. $2.3 million of site specific costs were included in the line item "Ramp-up and suspension costs" on our consolidated statement of operations and comprehensive income for 2022. Exploration costs of $2.0 million were also incurred at Keno Hill since we acquired it.

Corporate Matters

Employee Benefit Plans

Our defined benefit pension plans, while providing a significant benefit to our employees, have historically represented a significant liability to us. During 2022, the funded status of our plans increased to an asset of $27.0 million at December 31, 2022 compared to a liability of $6.0 million at December 31, 2021. The decreased liability was primarily attributable to a higher discount rate assumption of 5.54% (2021:2.86%), partially offset by a lower return on plan assets, reflecting current market conditions. During 2022, we contributed a total of approximately $9.7 million in shares of our common stock to the plans (see *Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities* for more information). We do not expect to be required to contribute to our defined benefit plans in 2023, but we may choose to do so. See *Note 5* of *Notes to Consolidated Financial Statements* for more information. We periodically examine the defined benefit pension plans and supplemental excess retirement plan for affordability and competitiveness.

Income and Mining Taxes

Each reporting period we assess our deferred tax balance based on a review of long-range forecasts and quarterly activity. As part of the Klondex Mines Ltd. ("Klondex") acquisition in July 2018, we acquired a U.S. consolidated tax group (the "Nevada U.S. Group") that is not consolidated with the existing consolidated U.S. tax group of Hecla Mining Company and subsidiaries ("Hecla U.S. Group").

Our net U.S. deferred tax asset in the Hecla U.S. Group is $21.0 million at December 31, 2022 compared to $31.5 million at December 31, 2021. The decrease of $10.5 million is primarily related to utilization of tax loss carryforward and reduction of deferred tax liabilities. In 2021 a release of valuation allowance of $58.4 million was recorded, based on a change in circumstances and weight of applicable evidence reviewed to support a more likely than not conclusion for utilization of the deferred tax assets. We are relying on all available evidence including reversal of deferred taxable temporary differences and a forecast of future taxable income along with a history of positive earnings to support the release. Our net U.S. deferred tax liability in the Nevada U.S. Group is $30.7 million at December 31, 2022 compared to $31.5 million at December 31, 2021. The decrease of $0.8 million is primarily related to deferral of interest expense deduction.

Our net Canadian deferred tax liability at December 31, 2022 was $95.2 million, a decrease of $9 million from the $104.2 million net deferred tax liability at December 31, 2021. The decrease was due to current period activity partially offset with the acquisition of Alexco which added $12.0 million deferred tax liability. The deferred tax liability is primarily related to the excess of the carrying value of the mineral resource assets over the tax bases of those assets for Canadian tax reporting.

Our Mexican net deferred tax asset at December 31, 2022 remains at zero with no change from December 31, 2021. The valuation allowance increased $2.4 million due to inability to recognize the benefit of tax losses incurred related to exploration activities at our operations in Mexico.

As a result of the Tax Cuts and Jobs Act ("TCJA") enacted in December 2017 under Internal Revenue Code Section 174, a requirement to capitalize and amortize research and experimental expenditures for tax years beginning after December 31, 2021 is now effective. This modification has not materially impacted us.

As discussed in Note 6 of Notes to Consolidated Financial Statements, our effective tax rate for 2022 was 17%, reflecting a tax benefit of $7.6 million on pre-tax loss of $44.9 million, compared to (535)% for 2021, reflecting a tax benefit of $29.6 million on a pre-tax income of $5.5 million. We are subject to income taxes in the United States and other foreign jurisdictions. The overall effective tax rate will continue to be dependent upon the geographic distribution of our earnings in different jurisdictions, the U.S. deduction for percentage depletion, fluctuation in foreign currency exchange rates and deferred tax asset valuation allowance changes. As a result, the 2022 effective tax rate could vary significantly from that of 2021. The other relevant provisions of the TCJA that became effective in 2018 consist of global intangible low-taxed income tax and base erosion and anti-abuse tax; however, these provisions have not materially impacted us.

Reconciliation of Total Cost of Sales (GAAP) to Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) and All-In Sustaining Cost, Before By-product Credits and All-In Sustaining Cost, After By-product Credits (non-GAAP)

The tables below present reconciliations between the most comparable GAAP measure of total cost of sales to the non-GAAP measures of (i) Cash Cost, Before By-product Credits, (ii) Cash Cost, After By-product Credits, (iii) AISC, Before By-product Credits and (iv) AISC, After By-product Credits for our operations and for the Company for the years ended December 31, 2022, 2021 and 2020.

Cash Cost, After By-product Credits, per Ounce and AISC, After By-product Credits, per Ounce are measures developed by precious metals companies (including the Silver Institute and the World Gold Council) in an effort to provide a uniform standard for comparison purposes. There can be no assurance, however, that these non-GAAP measures as we report them are the same as those reported by other mining companies.

Cash Cost, After By-product Credits, per Ounce is an important operating statistic that we utilize to measure each mine's operating performance. We use AISC, After By-product Credits, per Ounce as a measure of our mines' net cash flow after costs for exploration, pre-development, reclamation, and sustaining capital. This is similar to the Cash Cost, After By-product Credits, per Ounce non-GAAP measure we report, but also includes on-site exploration, reclamation, and sustaining capital costs. Current GAAP measures used in the mining industry, such as cost of goods sold, do not capture all the expenditures incurred to discover, develop and sustain silver and gold production.

Cash Cost, After By-product Credits, per Ounce and AISC, After By-product Credits, per Ounce also allow us to benchmark the performance of each of our mines versus those of our competitors. As a silver and gold mining company, we also use these statistics on an aggregate basis, aggregating the Greens Creek and Lucky Friday mines to compare our performance with that of other silver mining companies, and aggregating Casa Berardi and Nevada Operations for comparison with other gold mining companies. Similarly, these statistics are useful in identifying acquisition and investment opportunities as they provide a common tool for measuring the financial performance of other mines with varying geologic, metallurgical and operating characteristics.

Cash Cost, Before By-product Credits and AISC, Before By-product Credits include all direct and indirect operating cash costs related directly to the physical activities of producing metals, including mining, processing and other plant costs, third-party refining expense, on-site general and administrative costs and royalties. AISC, Before By-product Credits for each mine also includes on-site exploration, reclamation, and sustaining capital costs. AISC, Before By-product Credits for our consolidated silver properties also includes corporate costs for general and administrative expense and sustaining exploration and capital costs. By-product credits include revenues earned from all metals other than the primary metal produced at each operation. As depicted in the tables below, by-product credits comprise an essential element of our silver unit cost structure, distinguishing our silver operations due to the polymetallic nature of their orebodies.

In addition to the uses described above, Cash Cost, After By-product Credits, per Ounce and AISC, After By-product Credits, per Ounce provide management and investors an indication of operating cash flow and net cash flow, respectively, after consideration of the average price received from production. We also use these measurements for the comparative monitoring of performance of our mining operations period-to-period from a cash flow perspective. However, comparability of Cash Cost, After By-product Credits, per Silver Ounce and AISC, After By-product Credits, per Silver Ounce for 2022 to 2021 and 2020 is impacted by, among other factors, (i) the return to full production at Lucky Friday in the fourth quarter of 2020 and (ii) suspension of production at San Sebastian in the fourth quarter of 2020 and discontinuation of San Sebastian being reported as an operating segment in 2021.

The Casa Berardi, Nevada Operations and combined gold properties information below reports Cash Cost, After By-product Credits, per Ounce and AISC, After By-product Credits, per Ounce for the production of gold, their primary product, and by-product revenues earned from silver, which is a by-product at Casa Berardi and the Nevada Operations. Only costs and ounces produced relating to operations with the same primary product are combined to represent Cash Cost, After By-product Credits, per Ounce and AISC, After By-product Credits, per Ounce. Thus, the gold produced at Casa Berardi and Nevada Operations is not included as a by-product credit when calculating Cash Cost, After By-product Credits, per Silver Ounce and AISC, After By-product Credits, per Silver Ounce for the total of Greens Creek, Lucky Friday and San Sebastian, our combined silver properties. Similarly, the silver produced at our other two operations is not included as a by-product credit when calculating the gold metrics for Casa Berardi and the Nevada Operations. As depicted in the tables below, by-product credits from the silver production at our primary gold properties comprise an element of our gold unit cost structure.

In thousands (except per ounce amounts)

	Year Ended December 31, 2022			
	Greens Creek	Lucky Friday [2]	Corporate and Other [3]	Total Silver
Total cost of sales	$ 232,718	$ 116,598	$ —	$ 349,316
Depreciation, depletion and amortization	(48,911)	(33,704)	—	(82,615)
Treatment costs	37,836	18,605	—	56,441
Change in product inventory	5,885	2,049	—	7,934
Reclamation and other costs	(1,489)	(1,034)	—	(2,523)
Cash Cost, Before By-product Credits [1]	226,039	102,514	—	328,553
Reclamation and other costs	2,821	1,128	—	3,949
Exploration	5,920	—	2,567	8,487
Sustaining capital	40,705	33,306	334	74,345
General and administrative	—	—	43,384	43,384
AISC, Before By-product Credits [1]	275,485	136,948	46,285	458,718
By-product credits:				
Zinc	(113,835)	(27,607)	—	(141,442)
Gold	(75,596)	—	—	(75,596)
Lead	(29,800)	(52,568)	—	(82,368)
Total By-product credits	(219,231)	(80,175)	—	(299,406)
Cash Cost, After By-product Credits	$ 6,808	$ 22,339	$ —	$ 29,147
AISC, After By-product Credits	$ 56,254	$ 56,773	$ 46,285	$ 159,312
Divided by silver ounces produced	9,742	4,413		14,155
Cash Cost, Before By-product Credits, per Silver Ounce	$ 23.20	$ 23.23		$ 23.21
By-product credits per ounce	(22.50)	(18.17)		(21.15)
Cash Cost, After By-product Credits, per Silver Ounce	$ 0.70	$ 5.06		$ 2.06
AISC, Before By-product Credits, per Silver Ounce	$ 28.27	$ 31.03		$ 32.40
By-product credits per ounce	(22.50)	(18.17)		(21.15)
AISC, After By-product Credits, per Silver Ounce	$ 5.77	$ 12.86		$ 11.25

In thousands (except per ounce amounts)

	Year Ended December 31, 2022		
	Casa Berardi	Nevada Operations and Other [4]	Total Gold
Total cost of sales	$ 248,898	$ 4,535	$ 253,433
Depreciation, depletion and amortization	(60,962)	(361)	(61,323)
Treatment costs	1,866	—	1,866
Change in product inventory	186	—	186
Reclamation and other costs	(819)	—	(819)
Exclusion of Nevada Operations and Other costs	—	(4,174)	(4,174)
Cash Cost, Before By-product Credits [1]	189,169	—	189,169
Reclamation and other costs	819	—	819
Exploration	6,627	—	6,627
Sustaining capital	36,883	—	36,883
AISC, Before By-product Credits [1]	233,498	—	233,498
By-product credits:			
Silver	(610)	—	(610)
Total By-product credits	(610)	—	(610)
Cash Cost, After By-product Credits	$ 188,559	$ —	$ 188,559
AISC, After By-product Credits	$ 232,888	$ —	$ 232,888
Divided by gold ounces produced	128	—	128
Cash Cost, Before By-product Credits, per Gold Ounce	$ 1,483	$ —	$ 1,483
By-product credits per ounce	(5)	—	(5)
Cash Cost, After By-product Credits, per Gold Ounce	$ 1,478	$ —	$ 1,478
AISC, Before By-product Credits, per Gold Ounce	$ 1,830	$ —	$ 1,830
By-product credits per ounce	(5)	—	(5)
AISC, After By-product Credits, per Gold Ounce	$ 1,825	$ —	$ 1,825

In thousands (except per ounce amounts)

	Year Ended December 31, 2022		
	Total Silver	Total Gold	Total
Total cost of sales	$ 349,316	$ 253,433	$ 602,749
Depreciation, depletion and amortization	(82,615)	(61,323)	(143,938
Treatment costs	56,441	1,866	58,307
Change in product inventory	7,934	186	8,120
Exclusion of Nevada Operations and Other	—	(4,174)	(4,174)
Reclamation and other costs	(2,523)	(819)	(3,342)
Cash Cost, Before By-product Credits [1]	328,553	189,169	517,722
Reclamation and other costs	3,949	819	4,768
Exploration	8,487	6,627	15,114
Sustaining capital	74,345	36,883	111,228
General and administrative	43,384	—	43,384
AISC, Before By-product Credits [1]	458,718	233,498	692,216
By-product credits:			
Zinc	(141,442)	—	(141,442)
Gold	(75,596)	—	(75,596)
Lead	(82,368)	—	(82,368)
Silver		(610)	(610)
Total By-product credits	(299,406)	(610)	(300,016)
Cash Cost, After By-product Credits	$ 29,147	$ 188,559	$ 217,706
AISC, After By-product Credits	$ 159,312	$ 232,888	$ 392,200
Divided by ounces produced	14,155	128	
Cash Cost, Before By-product Credits, per Ounce	$ 23.21	$ 1,483	
By-product credits per ounce	(21.15)	(5)	
Cash Cost, After By-product Credits, per Ounce	$ 2.06	$ 1,478	
AISC, Before By-product Credits, per Ounce	$ 32.40	$ 1,830	
By-product credits per ounce	(21.15)	(5)	
AISC, After By-product Credits, per Ounce	$ 11.25	$ 1,825	

In thousands (except per ounce amounts)

	Year Ended December 31, 2021			
	Greens Creek	Lucky Friday [2]	Corporate and Other [3]	Total Silver
Total cost of sales	$ 213,113	$ 97,538	$ 247	$ 310,898
Depreciation, depletion and amortization	(48,710)	(26,846)	(152)	(75,708)
Treatment costs	36,099	16,723	—	52,822
Change in product inventory	80	(406)	—	(326)
Reclamation and other costs [5]	(3,466)	(1,039)	(95)	(4,600)
Cash Cost, Before By-product Credits [1]	197,116	85,970	—	283,086
Reclamation and other costs	3,390	1,056		4,446
Exploration	4,591	—	2,226	6,817
Sustaining capital	27,582	26,517	210	54,309
General and administrative [5]	—	—	34,570	34,570
AISC, Before By-product Credits [1]	232,679	113,543	37,006	383,228
By-product credits:				
Zinc	(100,214)	(19,479)	—	(119,693)
Gold	(72,011)	—	—	(72,011)
Lead	(30,922)	(42,966)	—	(73,888)
Total By-product credits	(203,147)	(62,445)	—	(265,592)
Cash Cost, After By-product Credits	$ (6,031)	$ 23,525	$ —	$ 17,494
AISC, After By-product Credits	$ 29,532	$ 51,098	$ 37,006	$ 117,636
Divided by silver ounces produced	9,243	3,564		12,807
Cash Cost, Before By-product Credits, per Silver Ounce	$ 21.33	$ 24.12		$ 22.11
By-product credits per ounce	(21.98)	(17.52)		(20.74)
Cash Cost, After By-product Credits, per Silver Ounce	$ (0.65)	$ 6.60		$ 1.37
AISC, Before By-product Credits, per Silver Ounce	$ 25.17	$ 31.86		$ 29.93
By-product credits per ounce	(21.98)	(17.52)		(20.74)
AISC, After By-product Credits, per Silver Ounce	$ 3.19	$ 14.34		$ 9.19

In thousands (except per ounce amounts)

	Year Ended December 31, 2021		
	Casa Berardi [6]	Nevada Operations [4]	Total Gold
Total cost of sales	$ 229,829	$ 48,945	$ 278,774
Depreciation, depletion and amortization	(80,744)	(15,341)	(96,085)
Treatment costs	1,513	1,731	3,244
Change in product inventory	2,439	(10,907)	(8,468)
Reclamation and other costs [5]	(841)	300	(541)
Cash Cost, Before By-product Credits [1]	152,196	24,728	176,924
Reclamation and other costs	841	1,008	1,849
Exploration	5,326	—	5,326
Sustaining capital	30,643	511	31,154
AISC, Before By-product Credits [1]	189,006	26,247	215,253
By-product credits:			
Silver	(839)	(1,152)	(1,991)
Total By-product credits	(839)	(1,152)	(1,991)
Cash Cost, After By-product Credits	$ 151,357	$ 23,576	$ 174,933
AISC, After By-product Credits	$ 188,167	$ 25,095	$ 213,262
Divided by gold ounces produced	135	21	156
Cash Cost, Before By-product Credits, per Gold Ounce	$ 1,131	$ 1,193	$ 1,140
By-product credits per ounce	(6)	(56)	(13)
Cash Cost, After By-product Credits, per Gold Ounce	$ 1,125	$ 1,137	$ 1,127
AISC, Before By-product Credits, per Gold Ounce	$ 1,405	$ 1,267	$ 1,387
By-product credits per ounce	(6)	(56)	(13)
AISC, After By-product Credits, per Gold Ounce	$ 1,399	$ 1,211	$ 1,374

In thousands (except per ounce amounts)

	Year Ended December 31, 2021		
	Total Silver	Total Gold	Total
Total cost of sales	$ 310,898	$ 278,774	$ 589,672
Depreciation, depletion and amortization	(75,708)	(96,085)	(171,793)
Treatment costs	52,822	3,244	56,066
Change in product inventory	(326)	(8,468)	(8,794)
Reclamation and other costs	(4,600)	(541)	(5,141)
Cash Cost, Before By-product Credits [1]	283,086	176,924	460,010
Reclamation and other costs	4,446	1,849	6,295
Exploration	6,817	5,326	12,143
Sustaining capital	54,309	31,154	85,463
General and administrative	34,570	—	34,570
AISC, Before By-product Credits [1]	383,228	215,253	598,481
By-product credits:			
Zinc	(119,693)	—	(119,693)
Gold	(72,011)	—	(72,011)
Lead	(73,888)	—	(73,888)
Silver	—	(1,991)	(1,991)
Total By-product credits	(265,592)	(1,991)	(267,583)
Cash Cost, After By-product Credits	$ 17,494	$ 174,933	$ 192,427
AISC, After By-product Credits	$ 117,636	$ 213,262	$ 330,898
Divided by ounces produced	12,807	156	
Cash Cost, Before By-product Credits, per Ounce	$ 22.11	$ 1,140	
By-product credits per ounce	(20.74)	(13)	
Cash Cost, After By-product Credits, per Ounce	$ 1.37	$ 1,127	
AISC, Before By-product Credits, per Ounce	$ 29.93	$ 1,387	
By-product credits per ounce	(20.74)	(13)	
AISC, After By-product Credits, per Ounce	$ 9.19	$ 1,374	

In thousands (except per ounce amounts)

	Year Ended December 31, 2020			
	Greens Creek	Lucky Friday [2]	Corporate and Other [3]	Total Silver
Total cost of sales	$ 210,748	$ 56,706	$ 24,104	$ 291,558
Depreciation, depletion and amortization	(49,692)	(11,473)	(3,548)	(64,713)
Treatment costs	77,122	4,590	287	81,999
Change in product inventory	(3,144)	2,340	(2,357)	(3,161)
Reclamation and other costs	(1,608)	(274)	(1,198)	(3,080)
Lucky Friday cash costs excluded	—	(31,442)	—	(31,442)
Cash Cost, Before By-product Credits [1]	233,426	20,447	17,288	271,161
Reclamation and other costs	3,154	222	418	3,794
Exploration	354	—	1,788	2,142
Sustaining capital	28,797	7,154	337	36,288
General and administrative [5]	—	—	33,759	33,759
AISC, Before By-product Credits [1]	265,731	27,823	53,590	347,144
By-product credits:				
Zinc	(79,413)	(4,273)	—	(83,686)
Gold	(74,615)	—	(12,586)	(87,201)
Lead	(28,193)	(8,421)	—	(36,614)
Silver	—	—	—	
Total By-product credits	(182,221)	(12,694)	(12,586)	(207,501)
Cash Cost, After By-product Credits	$ 51,205	$ 7,753	$ 4,702	$ 63,660
AISC, After By-product Credits	$ 83,510	$ 15,129	$ 41,004	$ 139,643
Divided by silver ounces produced	10,495	830	955	12,280
Cash Cost, Before By-product Credits, per Silver Ounce	$ 22.24	$ 24.63		$ 22.08
By-product credits per ounce	(17.36)	(15.29)		(16.90)
Cash Cost, After By-product Credits, per Silver Ounce	$ 4.88	$ 9.34		$ 5.18
AISC, Before By-product Credits, per Silver Ounce	$ 25.33	$ 33.51		$ 28.27
By-product credits per ounce	(17.36)	(15.29)		(16.90)
AISC, After By-product Credits, per Silver Ounce	$ 7.97	$ 18.22		$ 11.37

In thousands (except per ounce amounts)

	Year Ended December 31, 2020		
	Casa Berardi	Nevada Operations [4]	Total
Total cost of sales	$ 194,414	$ 44,801	$ 239,215
Depreciation, depletion and amortization	(60,552)	(22,845)	(83,397)
Treatment costs	2,591	45	2,636
Change in product inventory	2,226	15,869	18,095
Reclamation and other costs	(773)	(978)	(1,751)
Exclusion of Nevada Operations Costs	—	(13,511)	(13,511)
Cash Cost, Before By-product Credits [1]	137,906	23,381	161,287
Reclamation and other costs	386	654	1,040
Exploration	2,231	—	2,231
Sustaining capital	34,431	1,600	36,031
AISC, Before By-product Credits [1]	174,954	25,635	200,589
By-product credits:			
Silver	(499)	(635)	(1,134)
Total By-product credits	(499)	(635)	(1,134)
Cash Cost, After By-product Credits	$ 137,407	$ 22,746	$ 160,153
AISC, After By-product Credits	$ 174,455	$ 25,000	$ 199,455
Divided by gold ounces produced	121	32	153
Cash Cost, Before By-product Credits, per Gold Ounce	$ 1,135	$ 736	$ 1,052
By-product credits per ounce	(4)	(20)	(7)
Cash Cost, After By-product Credits, per Gold Ounce	$ 1,131	$ 716	$ 1,045
AISC, Before By-product Credits, per Gold Ounce	$ 1,440	$ 807	$ 1,309
By-product credits per ounce	(4)	(20)	(7)
AISC, After By-product Credits, per Gold Ounce	$ 1,436	$ 787	$ 1,302

In thousands (except per ounce amounts)

	Year Ended December 31, 2020		
	Total Silver	Total Gold	Total
Total cost of sales	$ 291,558	$ 239,215	$ 530,773
Depreciation, depletion and amortization	(64,713)	(83,397)	(148,110)
Treatment costs	81,999	2,636	84,635
Change in product inventory	(3,161)	18,095	14,934
Reclamation and other costs	(3,080)	(1,751)	(4,831)
Lucky Friday cash costs excluded	(31,442)	(13,511)	(44,953)
Cash Cost, Before By-product Credits [1]	271,161	161,287	432,448
Reclamation and other costs	3,794	1,040	4,834
Exploration	2,142	2,231	4,373
Sustaining capital	36,288	36,031	72,319
General and administrative	33,759	—	33,759
AISC, Before By-product Credits [1]	347,144	200,589	547,733
By-product credits:			
Zinc	(83,686)	—	(83,686)
Gold	(87,201)	—	(87,201)
Lead	(36,614)	—	(36,614)
Silver	—	(1,134)	(1,134)
Total By-product credits	(207,501)	(1,134)	(208,635)
Cash Cost, After By-product Credits	$ 63,660	$ 160,153	$ 223,813
AISC, After By-product Credits	$ 139,643	$ 199,455	$ 339,098
Divided by ounces produced	12,280	153	
Cash Cost, Before By-product Credits, per Ounce	$ 22.08	$ 1,052	
By-product credits per ounce	(16.90)	(7)	
Cash Cost, After By-product Credits, per Ounce	$ 5.18	$ 1,045	
AISC, Before By-product Credits, per Ounce	$ 28.27	$ 1,309	
By-product credits per ounce	(16.90)	(7)	
AISC, After By-product Credits, per Ounce	$ 11.37	$ 1,302	

(1) Includes all direct and indirect operating costs related to the physical activities of producing metals, including mining, processing and other plant costs, third-party refining and marketing expense, non-discretionary on-site general and administrative costs, royalties and mining production taxes, before by-product revenues earned from all metals other than the primary metal produced at each operation. AISC, Before By-product Credits also includes on-site exploration, reclamation, and sustaining capital costs.

(2) The unionized employees at Lucky Friday were on strike from March 2017 until January 2020, and production at Lucky Friday had been limited from the start of the strike until the ramp-up was substantially completed in the fourth quarter of 2020. Costs related to ramp-up activities totaling approximately $8.0 million in 2020 and includes $6.3 million in non-cash depreciation expense for that period, have been excluded from the calculations of total cost of sales, Cash Cost, Before By-product Credits, Cash Cost, After By-product Credits, AISC, Before By-product Credits, and AISC, After By-product Credits.

(3) Includes results for San Sebastian, which was an operating segment prior to 2021, and corporate costs. AISC, Before By-product Credits for our consolidated silver properties includes non-discretionary corporate costs for general and administrative expense, exploration and sustaining capital.

(4) Production was suspended at the Hollister mine in the third quarter of 2019 and at the Midas mine and Aurora mill in late 2019, and at the Midas mill and Fire Creek mine in mid-2021. Suspension-related costs at Nevada Operations totaling $19.7 million for 2022, $20.4 million for 2021 and $13.5 million for 2020 are reported in a separate line item on our consolidated statements of operations and excluded from the calculations of total cost of sales and Cash Cost and AISC, each After By-product Credits, per Gold Ounce for 2021 and 2020. During the second half of 2020, all ore mined at Nevada Operations was stockpiled, with no ore milled and no production reported during the period. As a result, costs incurred at Nevada Operations during the second half of 2020 were excluded from the calculations of Cash Cost and AISC, each, After By-product Credits, per Gold Ounce. As part of the Alexco acquisition in 2022, we acquired an environmental services business and their cost of sales of $0.5 million are included as Other.

(5) Excludes the discretionary portion of 2020 general and administrative costs for Greens Creek, Casa Berardi, Lucky Friday and corporate of $0.6 million, $0.4 million, $0.1 million and $1.8 million, respectively.

(6) In late March 2020, the Government of Quebec ordered the mining industry to reduce to minimum operations as part of the fight against COVID-19, causing us to suspend our Casa Berardi operations from March 24 until April 15, when mining operations resumed, resulting in reduced mill throughput. Suspension-related costs totaling $1.6 million for 2020 are reported in a separate line item on our consolidated statements of operations and excluded from the calculations of total cost of sales and Cash Cost and AISC, each After By-product Credits, per Gold Ounce.

Financial Liquidity and Capital Resources

Liquidity overview

We have a disciplined cash management strategy of maintaining financial flexibility to execute our capital priorities and provide long-term value to our stockholders. Consistent with that strategy, we aim to maintain an acceptable level of net debt and sufficient liquidity to fund debt service costs, operations, capital expenditures, exploration and pre-development projects, while returning cash to stockholders through dividends and potential share repurchases.

At December 31, 2022, we had $104.7 million in cash and cash equivalents, of which $17.9 million was held in foreign subsidiaries' local currency denominated accounts readily convertible to U.S. dollars that we anticipate utilizing for near-term operating, exploration or capital costs by those foreign operations. We also have USD cash and cash equivalent balances held by our foreign subsidiaries that, if repatriated to the United States, may be subject to withholding taxes. We expect that there would be no additional tax burden upon repatriation after considering the cash cost associated with the withholding taxes. We believe that our liquidity and capital resources from our U.S. operations are adequate to fund our U.S. operations and corporate activities.

Pursuant to our common stock dividend policy described in *Note 11* of *Notes to Consolidated Financial Statements*, our Board of Directors declared and paid dividends on common stock totaling $12.4 million in 2022, $20.1 million in 2021 and $8.6 million in 2020. Our dividend policy has a silver-linked component which ties the amount of declared common stock dividends to our realized silver price for the preceding quarter. Another component of our common stock dividend policy anticipates paying an annual minimum dividend. In each of May and September 2021, our Board of Directors approved an increase in our silver-linked dividend policy by $0.01 per year, and in September 2021 also approved a reduction in the minimum realized silver price threshold to $20 from $25 per ounce. We realized silver prices of $24.68, $20.68, $18.30 and $22.03 in the first, second, third and fourth quarters of 2022, respectively, thus satisfying the criterion for the silver-linked dividend component of our common stock dividend policy, with the exception of the third quarter. As a result, on May 5, 2022, August 4, 2022, and February 10, 2023, our Board of Directors declared quarterly cash dividends of $0.00625 per share of common stock, consisting of $0.00375 per share for the minimum dividend component and $0.0025 per share for the silver-linked dividend component of our dividend policy. On November 7, 2022, our Board of Directors declared a quarterly dividend of $0.00375 per share for the minimum dividend component. For illustrative purposes only, the table below summarizes potential dividend amounts under our dividend policy.

Quarterly Average Realized Silver Price ($ per ounce)	Quarterly Silver-Linked Dividend ($ per share)	Annualized Minimum Dividend ($ per share)	Annualized Silver-Linked Dividend ($ per share)	Annualized Dividends per Share: Silver-Linked and Minimum ($ per share)
<$ 20	$ —	$ —	$ 0.015	$ 0.015
$ 20	$ 0.0025	$ 0.01	$ 0.015	$ 0.025
$ 25	$ 0.0100	$ 0.04	$ 0.015	$ 0.055
$ 30	$ 0.0150	$ 0.06	$ 0.015	$ 0.075
$ 35	$ 0.0250	$ 0.10	$ 0.015	$ 0.115
$ 40	$ 0.0350	$ 0.14	$ 0.015	$ 0.155
$ 45	$ 0.0450	$ 0.18	$ 0.015	$ 0.195
$ 50	$ 0.0550	$ 0.22	$ 0.015	$ 0.235

The declaration and payment of dividends on common stock is at the sole discretion of our board of directors, and there can be no assurance that we will continue to declare and pay common stock dividends in the future.

Pursuant to our stock repurchase program described in *Note 11* of *Notes to Consolidated Financial Statements*, we are authorized to repurchase up to 20 million shares of our outstanding common stock from time to time in open market or privately negotiated transactions, depending on prevailing market conditions and other factors. The repurchase program may be modified, suspended or discontinued by us at any time. As of December 31, 2022, 934,100 shares had been purchased in prior periods at an average price of $3.99 per share, leaving 19.1 million shares that may yet be purchased under the program. We have not repurchased any shares since June 2014. The closing price of our common stock at February 10, 2023, was $5.72.

As discussed in *Note 11* of *Notes to Consolidated Financial Statements*, pursuant to an equity distribution agreement dated February 18, 2021, we may offer and sell up to 60 million shares of our common stock from time to time to or through sales agents in "at-the-market" (ATM) offerings. Sales of the shares, if any, will be made by means of ordinary brokers transactions or as otherwise agreed between the Company and the agents as principals. Whether or not we engage in sales from time to time may depend on a variety of factors, including share price, our cash resources, customary black-out restrictions, and whether we have any material inside information. The agreement can be terminated by us at any time. Any sales of shares under the equity distribution agreement are registered under the Securities Act of 1933, as amended, pursuant to a shelf registration statement on Form S-3. As of December 31, 2022, we had sold 3,860,199 shares under the agreement for proceeds of $17.3 million, net of commissions and fees of approximately $0.3 million. The sales occurred during September through December 2022.

As a result of our current cash balances, the performance of our current and expected operations, current metals prices, proceeds from potential at-the-market sales of common stock, and availability under our New Credit Agreement (as defined in *Note 8* of *Notes to Consolidated Financial Statements*), we believe we will be able to meet our obligations and other potential cash requirements during the next 12 months from the date of this report. Our obligations and other uses of cash may include, but are not limited to: debt service obligations related to the Senior Notes and our Series 2020-A Senior Notes due July 9, 2025 (the "IQ Notes") issued to Investissement Québec, a financing arm of the Québec government, which have total principal of CAD$48.2 million and bear interest at a rate of 6.515%; principal and interest payments under our New Credit Agreement; deferral of revenues, care-and-maintenance and other costs related to addressing the impacts of COVID-19 on our operations; capital expenditures at our operations; potential acquisitions of other mining companies or properties; regulatory matters; litigation; potential repurchases of our common stock under the program described above; and payment of dividends on common stock, if declared by our board of directors. We currently estimate a range of approximately $190 to $200 million will be spent in 2023 on capital expenditures, primarily for equipment, infrastructure, and development at our mines, before any lease financing. We also estimate exploration and

pre-development expenditures will total approximately $33 million in 2023. Our expenditures for these items and our related plans for 2023 may change based upon our financial position, metals prices, and other considerations. Our ability to fund the activities described above will depend on our operating performance, metals prices, our ability to estimate revenues and costs, sources of liquidity available to us, including the revolving credit facility, and other factors. A sustained downturn in metals prices, significant increase in operational or capital costs or other uses of cash, our inability to access the credit facility or the sources of liquidity discussed above, or other factors beyond our control could impact our plans. See *Item 1A. Risk Factors – An extended decline in metals prices, an increase in operating or capital costs, or treatment charges, mine accidents or closures, increasing regulatory obligations, or our inability to convert resources or exploration targets to reserves may cause us to record write-downs, which could negatively impact our results of operations* and *We have a substantial amount of debt that could impair our financial health and prevent us from fulfilling our obligations under our existing and future indebtedness.*

We may defer some capital expenditures and/or exploration and pre-development activities, engage in asset sales or secure additional capital if necessary to maintain liquidity. We also may pursue additional acquisition opportunities, which could require additional equity issuances or other forms of financing. We cannot assure you that such financing will be available to us.

Our liquid assets excluding restricted cash include (in millions):

	December 31,		
	2022	2021	2020
Cash and cash equivalents held in U.S. dollars	$ 86.8	$ 196.2	$ 116.4
Cash and cash equivalents held in foreign currency	17.9	13.8	13.4
Total cash and cash equivalents	104.7	210.0	129.8
Marketable equity securities, current and non-current	24.0	14.4	19.3
Total cash, cash equivalents and investments	$ 128.7	$ 224.4	$ 149.1

Cash and cash equivalents decreased by $105.3 million in 2022, for the reasons discussed below. Cash and cash equivalents held in foreign currencies represents balances in CAD and Mexican Pesos ("MXN"), and increased by $4.1 million in 2022 due to an increase in CAD held. The value of current and non-current marketable equity securities increased by $9.6 million.

	Year Ended December 31,		
	2022	2021	2020
Cash provided by operating activities (in millions)	$ 89.9	$ 220.3	$ 180.8

Cash provided by operating activities decreased by $130.4 million in 2022 compared to 2021. The decrease was due to lower income, adjusted for non-cash items, further compounded by the negative impact of working capital and other operating asset and liability changes. Income, adjusted for non-cash items, was lower by $82.3 million primarily due to lower income from operations, which was mainly a result of lower realized silver, lead and zinc prices, higher treatment charges and an insignificant contribution from the Nevada Operations in 2022. Working capital and other operating asset and liability changes resulted in a net cash decrease of $29.3 million in 2022 compared to an increase in cash of $18.9 million in 2021. Significant variances in working capital changes between 2022 and 2021 resulted from lower cash flows from changes in inventories and accounts payable and accrued liabilities.

Cash provided by operating activities increased by $39.5 million in 2021 compared to 2020. The increase was due to higher income, adjusted for non-cash items, partially offset by the impact of working capital and other operating asset and liability changes. Income, adjusted for non-cash items, was higher by $42.9 million primarily due to higher income from operations, which was mainly a result of higher realized silver, gold, lead and zinc prices and lower treatment charges. Working capital and other operating asset and liability changes resulted in a net cash increase of $18.9 million in 2021 compared to an increase in cash of $22.4 million in 2020. Significant variances in working capital changes between 2021 and 2020 resulted from lower cash flows from changes in accounts payable, accruals for incentive compensation and accounts receivable, partially offset by a reduction in inventory.

	Year Ended December 31,		
	2022	2021	2020
Cash used in investing activities (in millions)	$ (187.3)	$ (107.0)	$ (92.9)

Capital expenditures were $149.4 million in 2022, which was $40.3 million higher than 2021 excluding $11.9 million in non-cash finance lease additions. The increase included $19.7 million for Keno Hill following the Alexco acquisition and higher expenditures at Greens Creek and Lucky Friday, partially offset by lower expenditures at Casa Berardi. As a result of the Alexco acquisition, we assumed a cash balance of $9.0 million, net of transaction costs of $5.1 million having advanced $25.0 million to Alexco pre-acquisition, to enable them to fund development of the Keno Hill mining district prior to acquisition closing. During 2022, we acquired investments in other mining companies and short term investments for a total of $32.0 million, and disposed of the short-term investments and a mining company investment, generating total proceeds of $9.4 million.

Capital expenditures were $109.0 million in 2021, including $9.1 million for acquisition of royalty interests and land at our operations and excluding non-cash finance lease additions of $4.9 million, which was $18.0 million higher than 2020. The increase was due to increased spending at Lucky Friday and Casa Berardi. We recognized $1.8 million in proceeds from the exchange of investments in 2021 and purchased investments having a cost basis of $2.2 million during 2020.

	Year Ended December 31,		
	2022	2021	2020
Cash used in financing activities (in millions)	$ (7.5)	$ (32.6)	$ (19.4)

During 2022, we drew down and repaid $25.0 million on our New Credit Agreement. We had no borrowings or repayments of debt during 2021. In 2020, we had an aggregate draw of $210.0 million on our revolving credit facility, with repayments of the same amount in that year. In addition, in 2020 we received $469.5 million and $36.8 million in net proceeds from the issuance of our Senior Notes and IQ Notes, respectively, and had debt repayments of $506.5 million for redemption of our 2021 Notes. In 2022, 2021 and 2020, we paid total cash dividends on our common and preferred stock of $12.9 million, $20.7 million and $9.2 million, respectively. We made payments on our finance leases of $7.6 million, $7.3 million, and $6.0 million in 2022, 2021, and 2020, respectively. We issued stock under our ATM program described above for net proceeds of $17.3 million in 2022. We also purchased shares of our common stock for $3.7 million, $4.5 million, and $2.7 million in 2022, 2021, and 2020, respectively, as a result of our

employees' election to utilize net share settlement to satisfy their tax withholding obligations related to incentive compensation paid in stock and vesting of restricted stock units. See *Note 11* of *Notes to Consolidated Financial Statements* for more information.

Exchange rate fluctuations between the U.S. dollar and the Canadian dollar and Mexican peso resulted in decreases in our cash balance of $0.3 million, $0.5 million and $1.1 million, during 2022, 2021 and 2020, respectively.

Contractual Obligations and Contingent Liabilities and Commitments

The table below presents our fixed, non-cancelable contractual obligations and commitments primarily related to our Senior Notes, IQ Notes, revolving credit facility, outstanding purchase orders and certain service contract commitments, and lease arrangements as of December 31, 2022 (in thousands):

	Payments Due By Period				
	Less than 1 year	2-3 years	4-5 years	After 5 years	Total
Purchase and contractual obligations [1]	$ 40,831	$ —	$ —	$ —	$ 40,831
Commitment fees [2]	1,717	179	179	—	2,075
Finance lease commitments [3]	9,352	10,993	1,875	—	22,220
Operating lease commitments [4]	3,167	2,559	2,445	6,408	14,579
Senior Notes [5]	34,438	68,876	68,876	479,302	651,492
IQ Notes [6]	2,320	39,132	—	—	41,452
Total contractual cash obligations	$ 91,825	$ 121,739	$ 73,375	$ 485,710	$ 772,649

(1) Consists of open purchase orders and commitments of approximately $9.8 million at Greens Creek, $1.7 million at Casa Berardi, $22.8 million at Lucky Friday, $1.9 million at the Nevada Operations and $4.5 million at Keno Hill.

(2) The New Credit Agreement provides for a $150 million revolving credit facility, under which $25 million was drawn as of September 30, 2022 and repaid October 4, 2022 . We had $7.8 million in letters of credit outstanding as of December 31, 2022. The amounts in the table above assume no additional amounts will be drawn in future periods, and include only the standby fee on the current undrawn balance under the New Credit Agreement. For more information on our credit facility, see *Note 8* of *Notes to Consolidated Financial Statements*.

(3) Includes scheduled finance lease payments of $13.4 million, $4.9 million, $1.2 million and $2.7 million (including interest) for equipment at Greens Creek, Lucky Friday, Casa Berardi and Keno Hill, respectively. These leases have fixed payment terms and contain bargain purchase options at the end of the lease periods. See *Note 8* of *Notes to Consolidated Financial Statements* for more information.

(4) We enter into operating leases in the normal course of business. Substantially all lease agreements have fixed payment terms based on the passage of time. Some lease agreements provide us with the option to renew the lease or purchase the leased property. Our future operating lease obligations would change if we exercised these renewal options and if we entered into additional operating lease arrangements. See *Note 8* of *Notes to Consolidated Financial Statements* for more information.

(5) On February 19, 2020, we completed an offering of $475 million in aggregate principal amount of our Senior Notes. The Senior Notes bear interest at a rate of 7.25% per year with interest payable on February 15 and August 15 of each year, commencing August 15, 2020. See *Note 8* of *Notes to Consolidated Financial Statements* for more information.

(6) On July 9, 2020, we entered into a note purchase agreement pursuant to which we issued our IQ Notes for CAD$50 million (approximately USD$36.8 million at the time of the transaction) in aggregate principal amount. The IQ Notes bear interest on amounts outstanding at a rate of 6.515% per year, payable on January 9 and July 9 of each year, commencing January 9, 2021. See *Note 8* of *Notes to Consolidated Financial Statements* for more information.

We record liabilities for estimated costs associated with mine closure, reclamation of land and other environmental matters. At December 31, 2022, our liabilities for these matters totaled $117.0 million. Future expenditures related to closure, reclamation and environmental expenditures at our other sites are difficult to estimate, although we anticipate we will incur expenditures relating to these obligations over the next 30 years. For additional information relating to our environmental obligations, see *Note 4* of *Notes to Consolidated Financial Statements* and *Item 1A. Risk Factors – Our environmental obligations may exceed the provisions we have made*. As discussed in *Note 14* of *Notes to Consolidated Financial Statements*, we are involved in various other legal proceedings which may result in obligations in excess of provisions we have made.

Critical Accounting Estimates

Our significant accounting policies are described in *Note 2* of *Notes to Consolidated Financial Statements*. As described in such *Note 2*, we are required to make estimates and assumptions that affect the reported amounts and related disclosures of assets, liabilities, revenue, and expenses. Our estimates are based on our experience and our interpretation of economic, political, regulatory, and other factors that affect our business prospects. Actual results may differ significantly from our estimates.

We believe that our most critical accounting estimates are related to future metals prices; obligations for environmental, reclamation, and closure matters; mineral reserves and resources; accounting for business combinations; valuation of deferred tax assets and assumptions used in accounting for our pension plans, as they require us to make assumptions that are highly uncertain at the time the accounting estimates are made and changes in them are reasonably likely to occur from period to period. Management has discussed the development and selection of these critical accounting estimates with the Audit Committee of our board of directors, and the Audit Committee has reviewed the disclosures presented below. In addition, there are other items within our financial statements that require estimation, but are not deemed to be critical. However, changes in estimates used in these and other items could have a material impact on our financial statements.

Future Metals Prices

Metals prices are key components in estimates that determine the valuation of some of our significant assets and liabilities, including properties, plants, equipment and mineral interests, deferred tax assets, and certain accounts receivable. Metals prices are also an important component in the estimation of reserves and resources. As shown above in *Item 1. – Business*, metals prices have historically been volatile. Silver demand arises from investment demand, particularly in exchange-traded funds, industrial demand, and consumer demand. Gold demand arises primarily from investment and consumer demand. Investment demand for silver and gold can be influenced by several factors, including: the value of the U.S. dollar and other currencies, changing U.S. budget deficits, widening availability of exchange-traded funds, interest rate levels, the health of credit markets, and inflationary expectations. Uncertainty related to (i) the political environment in the U.S., (ii) U.S. and global trading policies (including tariffs), (iii) a global economic recovery, (iv) recent uncertainty in China and (v) from the current downturn and continued uncertainty resulting from the COVID-19 outbreak and any subsequent variants, could result in continued investment demand for precious metals. Industrial demand for silver is closely linked to world Gross Domestic Product growth and industrial fabrication levels, as it is difficult to substitute for silver in industrial fabrication. Consumer demand is driven significantly by demand for jewelry and other retail products. We believe that long-term industrial and economic trends, including demand for metals to decarbonize the economy and urbanization and growth of the middle class in countries such as China and India, will result in continued consumer demand for silver and gold and industrial demand for silver. However, the global economy has been significantly impacted by the COVID-19 outbreak, with the ultimate severity and duration of the downturn unknown. There can be no assurance whether these trends will continue or how they will impact prices of the metals we produce. In the past, we have recorded impairments to our asset carrying values because of low prices, and we can offer no assurance that prices will either remain at their current levels or increase.

Processes supporting valuation of our assets and liabilities that are most significantly affected by metals prices include analysis of asset carrying values, depreciation, reserves and resources, and deferred income taxes. On at least an annual basis – and more frequently if circumstances warrant – we examine our depreciation rates, reserve

estimates, and the valuation allowances on our deferred tax assets. We examine the carrying values of our assets as changes in facts and circumstances warrant. In our evaluation of carrying values and deferred taxes, we apply several pricing views to our forecasting model, including current prices, analyst price estimates, forward-curve prices, and historical prices (see *Mineral Reserves and Resources*, below, regarding prices used for reserve and resource estimates). Using applicable accounting guidance and our view of metals markets, we use the probability-weighted average of the various methods to determine whether the values of our assets are fairly stated, and to determine the level of valuation allowances, if any, on our deferred tax assets. In addition, estimates of future metals prices are used in the valuation of certain assets in the determination of the purchase price allocations for our acquisitions (see *Business Combinations* below).

Sales of concentrates sold directly to customers are recorded as revenues upon completion of the performance obligations and transfer of control of the product to the customer (generally at the time of shipment) using estimated forward metals prices for the estimated month of settlement. Due to the time elapsed between shipment of concentrates to the customer and final settlement with the customer, we must estimate the prices at which sales of our metals will be settled. Previously recorded sales and trade accounts receivable are adjusted to estimated settlement prices until final settlement by the customer. Changes in metals prices between shipment and final settlement result in changes to revenues and accounts receivable previously recorded upon shipment. As a result, our trade accounts receivable balances related to concentrate sales are subject to changes in metals prices until final settlement occurs. For more information, see *Note 3* of *Notes to Consolidated Financial Statements*.

We utilize financially-settled forward contracts to manage our exposure to changes in prices for silver, gold, zinc and lead. See *Item 7A. – Quantitative and Qualitative Disclosures About Market Risk – Commodity-Price Risk Management* below for more information on our contract programs. Effective November 1, 2021, we designated the contracts for lead and zinc as hedges for accounting purposes, with gains and losses deferred to accumulated other comprehensive income until the hedged product ships. Prior to November 1, 2021, these contracts were not designated as hedges for accounting purposes and were therefore marked-to-market through earnings each period. Changes in silver, gold, zinc and lead prices between the dates that the contracts are entered into and their settlements will result in changes to the fair value asset or liability associated with the contracts, with a corresponding gain or loss for silver and gold contracts recognized in earnings and gain or loss for lead and zinc contracts deferred to accumulated other comprehensive income (loss).

Obligations for Environmental, Reclamation and Closure Matters

Accrued reclamation and closure costs can represent a significant and variable liability on our balance sheet. We have estimated our liabilities under appropriate accounting guidance; however, the ranges of liability could exceed the liabilities recognized. If substantial damages were awarded, claims were settled, or remediation costs incurred in excess of our accruals, our financial results or condition could be materially adversely affected.

Mineral Reserves and Resources

Critical estimates are inherent in the process of determining our reserves and resources. Our reserves and resources are affected largely by our assessment of future metals prices, as well as by engineering and geological estimates of ore grade, accessibility and production cost. See *Item 2. – Properties* above for the metals price assumptions used in our estimates of reserves and resources as of December 31, 2022, 2021 and 2020. Our assessment of reserves and resources occurs at least annually, and periodically utilizes external audits.

Reserves and resources are a key component in the valuation of our properties, plants and equipment. Reserve estimates are used in determining appropriate rates of units-of-production depreciation, with net book value of many assets depreciated over remaining estimated reserves. Reserves and resources are also a key component in forecasts, with which we compare future cash flows to current asset values in an effort to ensure that carrying values are reported appropriately. Our forecasts are also used in determining the level of valuation allowances on our deferred tax assets. Reserves and resources also play a key role in the valuation of certain assets in the determination of the purchase price allocations for acquisitions. Annual reserve and resource estimates are also used to determine conversions of resources and exploration targets beyond the known reserve resulting from business combinations to depreciable reserves, in periods subsequent to the business combinations (see *Business Combinations* below). Reserves and resources are a culmination of many estimates and are not guarantees that we will recover the indicated quantities of metals or that we will do so at a profitable level.

Business Combinations

When acquiring a company, we evaluate whether the transaction should be accounted for as an asset acquisition or a business combination. If substantially all, generally interpreted as greater than 90% of the fair value is attributable to a single asset, the transaction is accounted for as an asset acquisition, and the transaction costs are capitalized. In a business combination, transaction costs are expensed. Regardless of whether we account for an acquisition as an asset acquisition or business combination, we are required to allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The valuation of assets acquired and liabilities assumed requires management to make significant estimates and assumptions, especially with respect to long-lived assets (including resources and exploration targets beyond the known reserve). These estimates include future metals prices and mineral reserves and resources, as discussed above. Management may also be required to make estimates related to the valuation of deferred tax assets or liabilities as part of the purchase price allocation for business combinations. In some cases, we use third-party appraisers to determine the fair values of property and other identifiable assets.

Valuation of Deferred Tax Assets

Our deferred income tax assets include certain future tax benefits. We record a valuation allowance against any portion of those deferred income tax assets when we believe, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized. We review the likelihood that we will realize the benefit of our deferred tax assets and therefore the need for valuation allowances on a quarterly basis, or more frequently if events indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or consolidated group recording the net deferred tax asset is considered, along with all other available positive and negative evidence.

Certain categories of evidence carry more weight in the analysis than others based upon the extent to which the evidence may be objectively verified. We look to the nature and severity of cumulative pretax losses (if any) in the current three-year period ending on the evaluation date or the expectation of future pretax losses and the existence and frequency of prior cumulative pretax losses.

We utilize a rolling twelve quarters of pre-tax income or loss as a measure of our cumulative results in recent years. Concluding that a valuation allowance is not required is difficult when there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years. However, a cumulative three year loss is not solely determinative of the need for a valuation allowance. We also consider all other available positive and negative evidence in our analysis.

Other factors considered in the determination of the probability of the realization of the deferred tax assets include, but are not limited to:

- Earnings history;
- Projected future financial and taxable income based upon existing reserves and long-term estimates of commodity prices;
- The duration of statutory carry forward periods;
- Prudent and feasible tax planning strategies readily available that may alter the timing of reversal of the temporary difference;

- Nature of temporary differences and predictability of reversal patterns of existing temporary differences; and
- The sensitivity of future forecasted results to commodity prices and other factors.

The Company assesses available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. A significant piece of objective negative evidence is recent pretax losses and/or expectations of future pretax losses. Such objective evidence limits the ability to consider other subjective evidence including projections for future growth. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are increased or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as our projections for growth.

See *Note 6* of *Notes to Consolidated Financial Statements* for additional detail on the valuation allowance.

Pension Plan Accounting Assumptions

We are required to make a number of assumptions in estimating the future benefit obligations for, and fair value of assets included in, our pension plans, which impact the amount of liability and net periodic pension cost recognized related to our plans. These include assumptions for applicable discount rates, the expected rate of return on plan assets and the rate of future employee compensation increases. See *Note 5* of *Notes to Consolidated Financial Statements* for more information on the accounting for our pension plans and the related assumptions.

New Accounting Pronouncements

Accounting Standards Updates Adopted

In August 2020, the Financial Accounting Standards Board ("FASB") issued ASU No. 2020-06 Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The update is to address issues identified as a result of the complexity associated with applying GAAP to certain financial instruments with characteristics of liabilities and equity. The update is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years and with early adoption permitted. We adopted the update as of January 1, 2022, which did not have a material impact on our consolidated financial statements or disclosures.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires entities to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 2014-09, *Revenue from Contracts with Customers (Topic 606).* The update will generally result in an entity recognizing contract assets and contract liabilities at amounts consistent with those recorded by the acquiree immediately before the acquisition date rather than at fair value. The update is effective on a prospective basis for fiscal years beginning after December 15, 2022, with early adoption permitted. We adopted the new standard effective January 1, 2022, which did not have a material impact on our consolidated financial statements or disclosures.

Accounting Standards Updates to Become Effective in Future Periods

In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform*, in response to the 2017 United Kingdom Financial Conduct Authority ("FCA") announcement that after 2021 it would no longer compel banks to submit the rates required to calculate the London Interbank Offered Rate ("LIBOR"), which have been widely used as reference rates for various securities and financial contracts, including loans, debt and derivatives. This announcement indicated that the continuation of LIBOR on the current basis would not be guaranteed after 2021. Subsequently in March 2021, the FCA announced some USD LIBOR tenors (overnight, 1 month, 3 month, 6 month and 12 month) will continue to be published until June 30, 2023. Regulators in the U.S. and other jurisdictions have been working to replace these rates with alternative reference interest rates that are supported by transactions in liquid and observable markets, such as SOFR. Our New Credit Agreement references SOFR-based rates, compared to our prior credit facility which referenced LIBOR based- rates. Certain of our derivative instruments reference LIBOR-based rates and were amended to eliminate the LIBOR-based rate references prior to January 1, 2023. We do not expect a significant impact to our financial results, financial position or cash flows from the transition from LIBOR to alternative reference interest rates, but we will continue to monitor the impact of this transition until it is completed.

Guarantor Subsidiaries

Presented below are Hecla's condensed consolidating financial statements as required by Rule 3-10 of Regulation S-X of the Securities Exchange Act of 1934, as amended, resulting from the guarantees by certain of Hecla's subsidiaries of the Senior Notes and IQ Notes (see *Note 8* of *Notes to Consolidated Financial Statements* for more information). As of December 31, 2022, the Guarantors consist of the following Hecla 100%-owned subsidiaries: Hecla Limited; Silver Hunter Mining Company; Rio Grande Silver, Inc.; Hecla MC Subsidiary, LLC; Hecla Silver Valley, Inc.; Burke Trading, Inc.; Hecla Montana, Inc.; Revett Silver Company; RC Resources, Inc.; Troy Mine Inc.; Revett Exploration, Inc.; Revett Holdings, Inc.; Mines Management, Inc.; Newhi, Inc.; Montanore Minerals Corp.; Hecla Alaska LLC; Hecla Greens Creek Mining Company; Hecla Admiralty Company; Hecla Juneau Mining Company; Klondex Holdings Inc.; Klondex Gold & Silver Mining Co.; Klondex Midas Holdings Limited; Klondex Aurora Mine Inc.; Klondex Hollister Mine Inc.; and Hecla Quebec, Inc. We completed the offering of the Senior Notes on February 19, 2020 under our shelf registration statement previously filed with the SEC. We issued the IQ Notes in four equal tranches between July and October 2020.

The condensed consolidating financial statements below have been prepared from our financial information on the same basis of accounting as the consolidated financial statements set forth elsewhere in this report. Investments in the subsidiaries are accounted for under the equity method. Accordingly, the entries necessary to consolidate Hecla, the Guarantors, and our non-guarantor subsidiaries are reflected in the eliminations column. In the course of preparing consolidated financial statements, we eliminate the effects of various transactions conducted between Hecla and its subsidiaries and among the subsidiaries. While valid at an individual subsidiary level, such activities are eliminated in consolidation because, when taken as a whole, they do not represent business activity with third-party customers, vendors, and other parties. Examples of such eliminations include the following:

- ***Investments in subsidiaries.*** The acquisition of a company results in an investment in debt or equity capital on the records of the parent company and a contribution to debt or equity capital on the records of the subsidiary. Such investments and capital contributions are eliminated in consolidation.
- ***Capital contributions***. Certain of Hecla's subsidiaries do not generate cash flow, either at all or that is sufficient to meet their capital needs, and their cash requirements are routinely met with inter-company advances from their parent companies. Generally on an annual basis, when not otherwise intended as debt, the boards of directors of such parent companies declare contributions of capital to their subsidiary companies, which increase the parents' investment and the subsidiaries' additional paid-in capital. In consolidation, investments in subsidiaries and related additional paid-in capital are eliminated.
- ***Debt.*** At times, inter-company debt agreements have been established between certain of Hecla's subsidiaries and their parents. The related debt liability and receivable balances, accrued interest expense (if any) and income activity (if any), and payments of principal and accrued interest amounts (if any) by the subsidiary companies to their parents are eliminated in consolidation.
- ***Dividends.*** Certain of Hecla's subsidiaries which generate cash flow routinely provide cash to their parent companies through inter-company transfers. On at least an

annual basis, the boards of directors of such subsidiary companies declare dividends to their parent companies, which reduces the subsidiaries' retained earnings and increases the parents' dividend income. In consolidation, such activity is eliminated.

- ***Deferred taxes.*** Our ability to realize deferred tax assets and liabilities is considered for two consolidated tax groups of subsidiaries within the United States: The Nevada U.S. Group and the Hecla U.S. Group. Within each tax group, all subsidiaries' estimated future taxable income contributes to the ability of their tax group to realize all such assets and liabilities. However, when Hecla's subsidiaries are viewed independently, we use the separate return method to assess the realizability of each subsidiary's deferred tax assets and whether a valuation allowance is required against such deferred tax assets. In some instances, a parent company or subsidiary may possess deferred tax assets whose realization depends on the future taxable income of other subsidiaries on a consolidated-return basis, but would not be considered realizable if such parent or subsidiary filed on a separate stand-alone basis. In such a situation, a valuation allowance is assessed on that subsidiary's deferred tax assets, with the resulting adjustment reported in the eliminations column of the guarantor and parent's financial statements, as is the case in the financial statements set forth below. The separate return method can result in significant eliminations of deferred tax assets and liabilities and related income tax provisions and benefits. Non-current deferred tax asset balances are included in other non-current assets on the consolidating balance sheets and make up a large portion of that item, particularly for the guarantor balances.

Separate financial statements of the Guarantors are not presented because the guarantees by the Guarantors are joint and several and full and unconditional, except for certain customary release provisions, including: (1) the sale or disposal of all or substantially all of the assets of the Guarantor; (2) the sale or other disposition of the capital stock of the Guarantor; (3) the Guarantor is designated as an unrestricted entity in accordance with the applicable provisions of the indenture; (4) Hecla ceases to be a borrower as defined in the indenture; and (5) upon legal or covenant defeasance or satisfaction and discharge of the indenture.

Condensed Consolidating Balance Sheets

As of December 31, 2022

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets			(in thousands)		
Cash and cash equivalents	$ 69,889	$ 20,152	$ 14,702	$ —	$ 104,743
Other current assets	4,959	147,103	10,922	—	162,984
Properties, plants, equipment and mineral interests - net	1,913	2,288,199	279,678	—	2,569,790
Intercompany receivable (payable)	(159,442)	(598,248)	303,433	454,257	—
Investments in subsidiaries	2,128,366	—	—	(2,128,366)	—
Other non-current assets	355,631	20,870	43,241	(330,087)	89,655
Total assets	$ 2,401,316	$ 1,878,076	$ 651,976	$ (2,004,196)	$ 2,927,172
Liabilities and Stockholders' Equity					
Current liabilities	$ (93,660)	$ 134,016	$ 13,939	$ 124,171	$ 178,466
Long-term debt	506,364	11,378	0	—	517,742
Non-current portion of accrued reclamation	—	101,900	6,508	—	108,408
Non-current deferred tax liability	—	113,876	11,970	—	125,846
Other non-current liabilities	9,645	6,720	1,378	—	17,743
Stockholders' equity	1,978,967	1,510,186	618,181	(2,128,367)	1,978,967
Total liabilities and stockholders' equity	$ 2,401,316	$ 1,878,076	$ 651,976	$ (2,004,196)	$ 2,927,172

Condensed Consolidating Statements of Operations and Comprehensive (Loss) Income

Year Ended December 31, 2022

	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
			(in thousands)		
Revenues	$ (5,823)	$ 724,255	$ 473	$ —	$ 718,905
Cost of sales	824	(459,169)	(466)	—	(458,811)
Depreciation, depletion, and amortization	—	(143,938)	—	—	(143,938)
General and administrative	(18,645)	(22,807)	(1,932)	—	(43,384)
Exploration and pre-development	(684)	(37,341)	(8,016)	—	(46,041)
Equity in earnings of subsidiaries	2,219	—	—	(2,219)	—
Other income (expense)	(39,901)	(39,904)	(5,424)	13,584	(71,645)
(Loss) income before income taxes	(62,010)	21,096	(15,365)	11,365	(44,914)
Benefit (provision) from income and mining taxes	24,662	(3,624)	115	(13,587)	7,566
Net (loss) income	(37,348)	17,472	(15,250)	(2,222)	(37,348)
Preferred stock dividends	(552)	—	—	—	(552)
(Loss) income applicable to common stockholders	(37,900)	17,472	(15,250)	(2,222)	(37,900)
Net income (loss)	(37,348)	17,472	(15,250)	(2,222)	(37,348)
Changes in comprehensive income (loss)	30,904	—	—	—	30,904
Comprehensive (loss) income	$ (6,444)	$ 17,472	$ (15,250)	$ (2,222)	$ (6,444)

	Condensed Consolidating Statements of Cash Flows				
	Year Ended December 31, 2022				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
			(in thousands)		
Cash flows from operating activities	$ 381,771	$ (196,017)	$ (206,375)	$ 110,511	$ 89,890
Cash flows from investing activities:					
Additions to properties, plants, equipment and mineral interests	—	(130,104)	(19,274)	—	(149,378)
Other investing activities, net	(587,685)	4,097	(19,967)	565,660	(37,895)
Cash flows from financing activities:					
Dividends paid to stockholders	(12,932)	—	—	—	(12,932)
Borrowings of debt	25,000	—	—	—	25,000
Repayments of debt	(25,000)	(6,918)	(715)	—	(32,633)
Other financing activity	113,628	334,809	240,799	(676,171)	13,065
Effect of exchange rate changes on cash	—	200	(473)	—	(273)
Changes in cash, cash equivalents and restricted cash and cash equivalents	(105,218)	6,067	(6,005)	—	(105,156)
Beginning cash, cash equivalents and restricted cash and cash equivalents	175,108	15,135	20,820	—	211,063
Ending cash, cash equivalents and restricted cash and cash equivalents	$ 69,890	$ 21,202	$ 14,815	$ —	$ 105,907

Forward-Looking Statements

The foregoing discussion and analysis, as well as certain information contained elsewhere in this report, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, and are intended to be covered by the safe harbor created thereby. See the discussion in Special *Note on Forward-Looking Statements* included prior to *Item 1*.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following discussion about our exposure to market risks and risk-management activities includes forward-looking statements that involve risk and uncertainties, as well as summarizes the financial instruments held by us at December 31, 2022 which are sensitive to changes in commodity prices, foreign exchange rates and interest rates and are not held for trading purposes. Actual results could differ materially from those projected in the forward-looking statements. In the normal course of business, we also face risks that are either non-financial or non-quantifiable (see *Item 1A. Risk Factors* above).

Metals Prices

Changes in the market prices of silver, gold, lead and zinc can significantly affect our profitability and cash flow. As discussed in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates*, metals prices can fluctuate due to numerous factors beyond our control. As discussed below, we utilize financially-settled forward and put option contracts to manage our exposure to changes in prices for silver, gold, zinc and lead.

Provisional Sales

Sales of all metals products sold directly to customers, including by-product metals, are recorded as revenues when performance obligations have been completed and the transaction price can be determined or reasonably estimated. For concentrate sales, revenues are generally recorded at the time of shipment at forward prices for the estimated month of settlement. Due to the time elapsed between shipment to the customer and the final settlement with the customer we must estimate the prices at which sales of our concentrates will be settled. Previously recorded sales are adjusted to estimated settlement metals prices until final settlement by the customer. Changes in metals prices between shipment and final settlement will result in changes to revenues previously recorded upon shipment. Metals prices can and often do fluctuate widely and are affected by numerous factors beyond our control (see I*tem 1A. Risk Factors – A substantial or extended decline in metals prices would have a material adverse effect on us*). At December 31, 2022, metals contained in concentrate sales and exposed to future price changes totaled approximately 3.1 million ounces of silver, 7,580 ounces of gold, 18.6 million pounds of zinc, and 12 million pounds of lead. If the price for each metal were to change by 10%, the change in the total value of the concentrates sold would be approximately $11.8 million. However, as discussed in *Commodity-Price Risk Management* below, at times, subject to management's discretion, we utilize a program designed and intended to mitigate the risk of price adjustments with limited mark-to-market financially-settled forward contracts for our silver, gold, zinc and lead sales. Therefore, the impact of changes in prices on the value of concentrates sold would be substantially offset by a gain or loss on forward contracts to the extent such contracts are utilized.

Commodity-Price Risk Management

We may at times use commodity forward sales commitments, commodity swap contracts and commodity put and call option contracts to manage our exposure to fluctuation in the prices of certain metals we produce. Contract positions are designed to ensure that we will receive a defined minimum price for certain quantities of our production, thereby partially offsetting our exposure to fluctuations in market prices. Our risk management policy allows for up to 75% of our planned metals price exposure for five years into the future, with certain other limitations, to be covered under such programs that would establish a ceiling for prices to be realized on future sales. These instruments do, however, expose us to (i) credit risk in the event of non-performance by counterparties for contracts in which the contract price exceeds the spot price of a commodity and (ii) price risk to the extent that the spot price exceeds the contract price for quantities of our production covered under contract positions.

We are currently using financially-settled forward contracts to manage the exposure to changes in prices of silver, gold, zinc and lead contained in our concentrate shipments between the time of shipment and final settlement. In addition, we are using financially-settled forward contracts to manage the exposure to changes in prices of zinc and lead (but not silver and gold) contained in our forecasted future concentrate shipments. The following tables summarize the quantities of metals committed under forward sales contracts at December 31, 2022 and 2021:

	Ounces/pounds under contract (in 000's)				Average price per ounce/pound			
December 31, 2022	Silver (ounces)	Gold (ounces)	Zinc (pounds)	Lead (pounds)	Silver (ounces)	Gold (ounces)	Zinc (pounds)	Lead (pounds)
Contracts on provisional sales								
2023 settlements	3,124	8	18,629	11,960	$ 21.55	$ 1,795	$ 1.38	$ 0.98
Contracts on forecasted sales								
2023 settlements	—	—	37,533	75,618	N/A	N/A	$ 1.34	$ 1.00
2024 settlements	—	—	—	45,856	N/A	N/A	N/A	$ 0.99

	Ounces/pounds under contract (in 000's)				Average price per ounce/pound			
December 31, 2021	Silver (ounces)	Gold (ounces)	Zinc (pounds)	Lead (pounds)	Silver (ounces)	Gold (ounces)	Zinc (pounds)	Lead (pounds)
Contracts on provisional sales								
2021 settlements	1,814	6	13,371	4,575	$ 23.02	$ 1,812	$ 1.39	$ 0.96
Contracts on forecasted sales								
2022 settlements	—	—	57,706	59,194	N/A	N/A	$ 1.28	$ 0.98
2023 settlements	—	—	76,280	71,650	N/A	N/A	$ 1.29	$ 1.00

Effective November 1, 2021, we designated the contracts for lead and zinc contained in our forecasted future shipments as hedges for accounting purposes, with gains and losses deferred to accumulated other comprehensive loss until the hedged product ships. Prior to November 1, 2021, these contracts were not designated as hedges for accounting purposes and were therefore marked-to-market through earnings each period. The forward contracts for silver and gold contained in our concentrate shipments have not been designated as hedges and are marked-to-market through earnings each period.

At December 31, 2022 and 2021, we recorded the following balances for the fair value of forward and put option contracts held at that time (in millions):

	December 31, 2022			December 31, 2021		
Balance sheet line item:	Contracts in an asset position	Contracts in a liability position	Net asset (liability)	Contracts in an asset position	Contracts in a liability position	Net asset (liability)
Other current assets	$ 1.2	$ —	$ 1.2	$ —	$ —	$ —
Other non-current assets	0.1	—	0.1	—	—	—
Current derivatives liability	0	(12.1)	(12.1)	0.7	(20.1)	(19.4)
Non-current derivatives liability	—	(2.5)	(2.5)	0.4	(18.9)	(18.5)

Net realized and unrealized gains of approximately $16.8 million related to the effective portion of the contracts designated as hedges were included in accumulated other comprehensive loss as of December 31, 2022. Realized and unrealized gains and losses will be transferred from accumulated other comprehensive loss to current earnings as the underlying forecasted sales transaction is recognized. We estimate approximately $8.4 million in net realized and unrealized gains included in accumulated other comprehensive loss as of December 31, 2022 will be reclassified to current earnings in the next twelve months. The realized gains arose due to cash settlement of zinc contracts prior to maturity in 2022 for proceeds of $17.4 million. There were no early settlements in 2021 or 2020. We recognized a net loss of $5.8 million during 2022 on the contracts utilized to manage exposure to prices of metals in our concentrate shipments, which is included in sales of products. The net loss recognized on the contracts offsets gains related to price adjustments on our provisional concentrate sales, both of which resulted from changes to silver, gold, lead and zinc prices between the time of sale and final settlement.

We recognized a $32.9 million net loss during 2021 on the contracts utilized to manage exposure to changes in prices for forecasted future sales prior to their hedge designation. The net loss on these contracts is included in the fair value adjustments, net line item under other income (expense), as they relate to forecasted future sales, as opposed to sales that have already taken place but are subject to final pricing (as discussed in the preceding paragraph). The net loss for 2021 is the result of increasing zinc and lead prices. These programs, when utilized and the contracts are not settled prior to their maturity, are designed to mitigate the impact of potential future declines in silver, gold, zinc and lead prices from the price levels established in the contracts (see average price information above). When those prices increase compared to the contract prices, we incur losses on the contracts.

Foreign Currency

We operate or have mining interests in Canada and Mexico, which exposes us to risks associated with fluctuations in the exchange rates between the USD and CAD and MXN, respectively. We have determined the functional currency for our Canadian and Mexican operations is the USD. As such, foreign exchange gains and losses associated with the re-measurement of monetary assets and liabilities from CAD and MXN to USD are recorded to earnings each period. For the year ended December 31, 2022, we recognized a net foreign exchange gain of $7.2 million. Foreign currency exchange rates are influenced by a number of factors beyond our control. A 10% change in the exchange rate between the USD and CAD from the rate at December 31, 2022 would have resulted in a change of approximately $8.0 million in our net foreign exchange gain or loss. A 10% change in the exchange rate between the USD and MXN from the rate at December 31, 2022 would have resulted in a change of approximately $0.2 million in our net foreign exchange gain or loss.

We utilize a program to manage our exposure to fluctuations in the exchange rate between the USD and CAD and the impact on our future operating costs denominated in CAD. In November 2021, we initiated a similar program related to future development costs denominated in CAD, and have used a similar program, on a limited basis, related to interest payments on our IQ Notes (see *Note 9* of *Notes to Consolidated Financial Statements*). The programs utilize forward contracts to buy CAD. Each contract related to operating costs is designated as a cash flow hedge, while contracts related to development and interest costs have not been designated as hedges as of December 31, 2022. As of December 31, 2022, we had 278 forward contracts outstanding to buy a total of CAD$499 million having a notional amount of US$377.4 million. The CAD contracts are

related to cash operating costs at Casa Berardi forecasted to be incurred from 2023 through 2026 and have CAD-to-USD exchange rates ranging between 1.26 and 1.3765. Our risk management policy allows for up to 75% of our planned cost exposure for five years into the future to be covered under such programs, and for potential additional programs to manage other foreign currency-related exposure areas. These instruments do, however, expose us to (i) credit risk in the form of non-performance by counterparties for contracts in which the contract exchange rate exceeds the spot exchange rate of a currency and (ii) exchange rate risk to the extent that the spot exchange rate exceeds the contract exchange rate for amounts of our operating costs covered under contract positions.

As of December 31, 2022 and 2021, we recorded the following balances for the fair value of the contracts (in millions):

	December 31,	
Balance sheet line item:	**2022**	**2021**
Other current assets	$ 1.1	$ 2.7
Other non-current assets	0.4	2.5
Current derivative liabilities	4.0	0.0
Non-current derivative liabilities	3.6	0.0

Net unrealized losses of approximately $7.1 million related to the effective portion of the hedges were included in accumulated other comprehensive income (loss) as of December 31, 2022. Unrealized gains and losses will be transferred from accumulated other comprehensive loss to current earnings as the underlying operating expenses are recognized. We estimate approximately $3.7 million in net unrealized losses included in accumulated other comprehensive income (loss) as of December 31, 2022 would be reclassified to current earnings in the next twelve months. Net realized gains of approximately $0.8 million on contracts related to underlying expenses which have been recognized were transferred from accumulated other comprehensive loss and included in cost of sales and other direct production costs for the year ended December 31, 2022. Net unrealized gains of approximately $0.1 million related to contracts not designated as hedges and no net unrealized gains or losses related to ineffectiveness of the hedges were included in fair value adjustments, net on our consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2022.

Interest Rates

We have a $150 million credit facility, and amounts drawn on the facility are subject to variable rates of interest based on a spread over the London Interbank Offered Rate or an alternative base rate. Interest rates fluctuate due to economic factors beyond our control. We had no amount drawn under the facility as of December 31, 2022. See *Note 8* of *Notes to Consolidated Financial Statements* for more information on our credit facility.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Consolidated Financial Statements are included herein beginning on page F-1. Financial statement schedules are omitted as they are not applicable or the information required in the schedule is already included in the Consolidated Financial Statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of management, including the CEO and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures as required by Exchange Act Rules 13a-15(e) and 15(d)-15(e) as of the end of the reporting period covered by this report. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures, including controls and procedures designed to ensure that information required to be disclosed by us is accumulated and communicated to our management (including our CEO and CFO), were effective as of December 31, 2022 in assuring them in a timely manner that material information required to be disclosed in this report has been properly recorded, processed, summarized and reported.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over our financial reporting, which is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

Because of its inherent limitations, any system of internal control over financial reporting, no matter how well designed, may not prevent or detect misstatements due to the possibility that a control can be circumvented or overridden or that misstatements due to error or fraud may occur that are not detected. Also, because of changes in conditions, internal control effectiveness may vary over time.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2022, using criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and concluded that we have maintained effective internal control over financial reporting as of December 31, 2022, based on these criteria.

Our internal control over financial reporting as of December 31, 2022 has been audited by BDO USA, LLP, an independent registered public accounting firm, as stated in the attestation report which is included herein.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

On September 7, 2022, we completed the acquisition of Alexco Resources Corp. ("Alexco"). We are in the process of evaluating the existing controls and procedures of Alexco and integrating Alexco into our internal control over financial reporting. In accordance with SEC Staff guidance permitting a company to exclude an acquired business from management's assessment of the effectiveness of internal control over financial reporting for the year in which the acquisition is completed, we have excluded the newly acquired Alexco from our assessment of the effectiveness of internal control over financial reporting as of December 31, 2022. Alexco represented 9.7% of our total assets as of December 31, 2022, and 16.1% of our net loss for the year ended December 31, 2022.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Hecla Mining Company
Coeur d'Alene, Idaho

Opinion on Internal Control over Financial Reporting

We have audited Hecla Mining Company's (the "Company's") internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2022, and the related notes and our report dated February 17, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

As indicated in the accompanying Item 9A, Management's Annual Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Alexco Resource Corp. ("Alexco"), which was acquired on September 7, 2022, and which is included in the consolidated balance sheet of the Company as of December 31, 2022, and the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for the year then ended. Alexco constituted 9.7% of total assets and net assets, respectively, as of December 31, 2022, and 0.1% and 16.1% of revenues and net loss, respectively, for the year then ended. Management did not assess the effectiveness of internal control over financial reporting of Alexco because of the timing of the acquisition which was completed on September 7, 2022. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Alexco.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, LLP

Spokane, Washington
February 17, 2023

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

In accordance with our restated certificate of incorporation, our board of directors is divided into three classes. The terms of office of the directors in each class expire at different times. The directors are elected for three-year terms. The Effective Dates listed below for each director indicate their current term of office. All officers are elected for a term which ordinarily expires on the date of the meeting of the board of directors immediately following the annual meeting of stockholders. The positions and ages listed below for our current directors and officers are as of the scheduled date of our next annual meeting of stockholders in May 2022. There are no arrangements or understandings between any of the directors or officers and any other person(s) pursuant to which such directors or officers were elected.

	Age at May 23, 2023	Position and Committee Assignments	Effective Dates
Phillips S. Baker, Jr.	63	President and CEO,	5/22 — 5/23
		Director [1]	5/20 — 5/23
Russell D. Lawlar	43	Senior Vice President, Chief Financial Officer and Treasurer	5/22 — 5/23
Lauren M. Roberts	57	Senior Vice President and Chief Operating Officer	5/22 — 5/23
Michael L. Clary	55	Senior Vice President – Chief Administrative Officer	5/22 — 5/23
Kurt D. Allen	61	Vice President – Exploration	5/22 — 5/23
David C. Sienko	54	Vice President and General Counsel	5/22 — 5/23
Robert D. Brown	54	Vice President – Corporate Development & Sustainability	5/22 — 5/23
Catherine J. Boggs	68	Director [2,3,4]	5/21 — 5/24
George R. Johnson	74	Director [2,3,5]	5/20 — 5/23
Alice Wong	63	Director [2,5]	2/21 — 5/23
Stephen F. Ralbovsky	69	Director [2,3,5]	5/21 — 5/24
Charles B. Stanley	64	Director [4,5]	5/22 — 5/25

(1) Member of Executive Committee
(2) Member of Audit Committee
(3) Member of Governance and Social Responsibility Committee
(4) Member of Compensation Committee
(5) Member of Health, Safety, Environmental and Technical Committee

Phillips S. Baker, Jr., has been our Chief Executive Officer since May 2003 and has served as our President and as a member of the Board of Directors since November 2001. Mr. Baker served as Chairman of the Board for the National Mining Association from October 2017 to October 2020, and as a director for QEP Resources, Inc. from May 2010 to March 2021. He began his career in the mining industry in 1986 and has been an officer or director of many public companies since 1990.

Russell D. Lawlar was appointed Senior Vice President and Chief Financial Officer in March 2021. He was appointed Treasurer in February 2018. Mr. Lawlar has held various positions of increasing responsibility since 2010, including being the Controller at the Company's Greens Creek operation from February 2015 to February 2018.

Lauren M. Roberts was appointed Senior Vice President and Chief Operating Officer in August 2019. Prior to that, Mr. Roberts was Chief Operating Officer for Kinross Gold Corporation from October 2016 to April 2019, and Senior Vice President, Corporate Development for Kinross Gold Corporation from November 2015 to October 2016. He previously worked for Hecla in various roles from January 1989 to November 1996.

Michael L. Clary was appointed Senior Vice President – Chief Administrative Officer in July 2021. Prior to that, he was Vice President – Human Resources and Senior Counsel from March 2020 to June 2021. Mr. Clary also served in various roles for the Company, including Director – Human Resources and Senior Counsel from July 2018 to March 2020 and Senior Counsel from April 2006 to July 2018. He has also held a number of positions at the Company's operations in both Idaho and Nevada, including Controller/HR Manager at the Lucky Friday mine when he first joined Hecla in February 1994.

Kurt D. Allen was appointed Vice President – Exploration in July 2021. Prior to his appointment he was Director of Exploration from October 2019 to July 2021. Prior to that, Mr. Allen held various geology positions with Hecla in both exploration and operations including Director of New Projects from June 2012 to June 2019. He also held a number of positions at the Company's operations in Idaho, Mexico, and Nevada from June 1987 to June 2012.

David C. Sienko was appointed Vice President and General Counsel in January 2010. Prior to his appointment, Mr. Sienko was a partner with the law firm K&L Gates LLP from 2004 to January 2010, where he specialized in corporate and securities law.

Robert D. Brown was appointed Vice President - Corporate Development & Sustainability in August 2021, and prior to that was Vice President – Corporate Development from January 2016 to August 2021. He was also appointed as President of our Canadian subsidiary, Hecla Canada Ltd. in August 2021, and prior to that was Vice President – Corporate Development of Hecla Canada Ltd. from January 2016 to August 2021. Prior to joining Hecla, Mr. Brown was President of Septemus Consulting Ltd. (a private consulting firm providing technical and corporate support for exploration, development, and production companies) from October 2011 to December 2015.

Catherine "Cassie" J. Boggs has served as a director since January 2017 and became Chairwoman of the Board in May 2023. Ms. Boggs was the General Counsel at Resource Capital Funds (a mining-focused private equity firm) from January 2011 until her retirement in February 2019. She has served as a board member of Capital Limited (a global drilling company, listed on the London Stock Exchange) since September 2021, and as an Intermittent Expert in mining with the US Department of Commerce's Commercial Law Development Program since November 2019. Ms. Boggs was a board member of Funzeleo (a non-profit dedicated to inspiring and preparing youth for high-demand science and math-based careers) from January 2016 to September 2021, as well as serving as a board member and President of the Rocky Mountain Mineral Law Foundation (a non-profit organization dedicated to the study of laws and regulations relating to mining, oil and gas, energy, public lands, water, environmental and international law) from July 2011 to July 2015. She served on the board of US Energy Corp. (an oil and gas company) from June 2019 to December 2019. She is also currently serving as an Adjunct Professor at the University of Denver, Sturm College of Law.

George R. Johnson has served as a director since March 2016. Mr. Johnson was Senior Vice President of Operations of B2Gold Corporation (a Canadian-based gold producing company) from August 2009 until his retirement in April 2015. He has served on the Board of Directors of B2Gold Corporation since March 2016.

Alice Wong has served as a director since February 2021. Ms. Wong has served as Senior Vice President and Chief Corporate Officer of Cameco Corporation since 2011. She was Cameco's Vice President of Safety, Health, Environment, Quality and Regulatory Relations from 2008 to 2011, and Vice President of Investor, Corporate and Government Relations from 2005 to 2008. She has been a Board member of SaskEnergy Incorporated (a natural gas distribution crown corporation) since December 2016, as well as a member of the Mining Association of Canada since June 2016, Canadian Nuclear Association since January 2013, and Saskatchewan Mining Association since

January 2013. In 2021, she was named a Catalyst Honours Champion in recognition of her significant contributions to advancing women and championing inclusion in the workplace and being a role model for inclusive leadership in corporate Canada.

Stephen F. Ralbovsky has served as a director since March 2016. Mr. Ralbovsky has been the founder and principal of Wolf Sky Consulting LLC (a tax consulting firm) since June 2014. Prior to that, he was a partner with PricewaterhouseCoopers LLP (an accounting firm) from February 1987 until his retirement in June 2014, where he concentrated his practice on public companies operating in the mining industry. Mr. Ralbovsky is a part-time Professor of Practice at the University of Arizona James E. Rogers College of Law, where he teaches Global Mining Taxation, and is a member of several organizations, including AICPA, Arizona Society of CPAs, National Mining Association, and Society for Mining, Metallurgy and Exploration.

Charles B. Stanley has served as a director since May 2007. Mr. Stanley is Managing Member of Cutthroat Energy, LLC (a private oil and gas producer). Prior to that, Mr. Stanley was Chief Executive Officer, President and Director of QEP Resources, Inc. (a natural gas and oil exploration and production company) from May 2010 until his retirement in January 2019, and Chairman of QEP's Board of Directors from May 2012 until his retirement in January 2019.

Information with respect to our directors is set forth under the caption "Proposal 1 - Election of Class III Directors" in our proxy statement to be filed pursuant to Regulation 14A for the annual meeting scheduled to be held on May 23, 2023 (the Proxy Statement), which information is incorporated herein by reference.

Reference is made to the information set forth in the first paragraph under the caption "Report of the Audit Committee," and under the caption "Corporate Governance and Related Matters," in the Proxy Statement to be filed pursuant to Regulation 14A, which information is incorporated herein by reference.

Reference is made to the information set forth under the caption "Available Information" in *Item 1* for information about the Company's Code of Conduct, which information is incorporated herein by reference.

There have been no material changes to the procedures by which stockholders may recommend director nominees.

ITEM 11. EXECUTIVE COMPENSATION

Reference is made to the information set forth under the caption "Compensation Discussion and Analysis;" the caption "Compensation of Named Executive Officers;" the caption "Compensation of Non-Management Directors;" the caption "Compensation Committee Interlocks and Insider Participation;" and the caption "Compensation Committee Report" in the Proxy Statement to be filed pursuant to Regulation 14A, which information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Reference is made to the information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" and the caption "Equity Compensation Plan Information" in the Proxy Statement to be filed pursuant to Regulation 14A, which information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Reference is made to the information set forth under the captions "Certain Relationships and Related Transactions" and "Director Independence" of the Proxy Statement to be filed pursuant to Regulation 14A, which information is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Reference is made to the information set forth under the caption "Audit and Non-Audit Fees" in the Proxy Statement to be filed pursuant to Regulation 14A, which information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)	(1)	Financial Statements
		See Index to Financial Statements on Page F-1
(a)	(2)	Financial Statement Schedules
		Not applicable
(a)	(3)	Exhibits

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HECLA MINING COMPANY

By: /s/ Phillips S. Baker, Jr.
Phillips S. Baker, Jr.
President, Chief Executive Officer and Director

Date: February 17, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Phillips S. Baker, Jr.
Phillips S. Baker, Jr.
President, Chief Executive Officer and Director
(principal executive officer)
February 17, 2023
Date

/s/ Catherine J. Boggs
Catherine J. Boggs
Director
February 17, 2023
Date

/s/ Russell D. Lawlar
Russell D. Lawlar
Senior Vice President, Chief Financial Officer
(principal financial and accounting officer)
February 17, 2023
Date

/s/ Charles B. Stanley
Charles B. Stanley
Director
February 17, 2023
Date

/s/ Stephen F. Ralbovsky
Stephen F. Ralbovsky
Director
February 17, 2023
Date

/s/ Alice Wong
Alice Wong
Director
February 17, 2023
Date

/s/ George R. Johnson
George R. Johnson
Director
February 17, 2023
Date

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm
(BDO USA, LLP; Spokane, Washington; PCAOB ID#243) F-2
Consolidated Statements of Operations and Comprehensive Income (Loss)
for the Years Ended December 31, 2022, 2021 and 2020..... F-4
Consolidated Statements of Cash Flows for the Years Ended December 31, 2022, 2021 and 2020 ..... F-5
Consolidated Balance Sheets at December 31, 2022 and 2021 ..... F-6
Consolidated Statements of Changes in Stockholders' Equity
for the Years Ended December 31, 2022, 2021 and 2020..... F-7
Notes to Consolidated Financial Statements..... F-8

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and Board of Directors

Hecla Mining Company
Coeur d'Alene, Idaho

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Hecla Mining Company and Subsidiaries (the "Company") as of December 31, 2022 and 2021, the related consolidated statements of operations and comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated February 17, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Accounting for Income Taxes

As described in Notes 2 and 6 to the consolidated financial statements, the Company recorded a deferred tax asset of $331.9 million, which is presented net of a valuation allowance of $72.9 million, total deferred tax liabilities of $436.6 million and a net deferred tax liability of $104.7 million as of December 31, 2022. The valuation allowance is primarily related to net operating losses. As of December 31, 2022, a $5.1 million valuation allowance remains in the U.S. group, $28.9 million in the Nevada group, $28.8 million in the Canada jurisdiction and $10.1 million in the Mexican jurisdiction.

We identified the Company's estimate of its valuation allowance for the U.S. tax group as a critical audit matter. Specifically, the Company's evaluation of positive and negative evidence and estimates of future taxable income to determine the amount of valuation allowance required on its deferred tax assets involve significant management judgments. Auditing these elements involved especially challenging and subjective auditor judgment due to the nature and extent of audit effort required to address these matters including the need for specialized knowledge and skill in assessing these estimates.

The primary procedures we performed to address this critical audit matter included:

- Evaluating positive and negative evidence supporting the estimate of the U.S. tax group's deferred tax asset valuation allowance including forecasted taxable income and trends in metals market pricing.
- Testing the estimates included in management's future taxable income by 1) comparing expected production of base and precious metals, as well as production costs to previous years' actual results, 2) analyzing pricing estimates by obtaining supporting market data from third-party sources, and 3) developing independent expectations of the significant assumptions in management's forecasting models.
- Utilizing personnel with specialized knowledge and skill to assist in analyzing management's estimate of its valuation allowance for the U.S. tax group.

Mineral Reserves and Resources and Impairment of Long-Lived Assets

As discussed in Note 2 to the consolidated financial statements, reserves and resources are a key component in the valuation of properties, plants, equipment, and mineral interests. Management reviews and evaluates the net carrying value of all facilities, including idle facilities, upon the occurrence of events or changes in circumstances that indicate that the related carrying amounts may not be recoverable. Tests for recoverability of each property is based on the estimated undiscounted future cash flows that will be generated from operations at each property, the estimated salvage value of the surface plant and equipment, and the value associated with property interests.

We identified the assessment of the recoverability of the Company's properties and facilities as a critical audit matter, specifically the assumptions used in the underlying future cash flows that will be generated from operations at each property. These assumptions include 1) metals to be recovered from proven and probable mineral reserves, 2) metals prices, and 3) market values of mineral interests. Auditing these assumptions involved especially challenging and subjective auditor judgment due to the nature and extent of audit effort required to address these matters.

The primary procedures we performed to address this critical audit matter included:

- Evaluating management's determination of properties and facilities with an identified triggering event in 2022 by assessing current operating results and market prices.
- Assessing management's assumptions for metals prices underlying estimates of future cash flows, and market value of minerals in the carrying value models by comparing to prior five-year trends and agreeing to underlying market data from third-party sources.
- Testing management's assumptions for metals to be recovered from identified resources and exploration targets beyond proven and probable by agreeing the amounts to the Company's reserves and resources report and evaluating management's experts.

Asset Acquisition of Alexco Resources Corp.

As discussed in Note 1 to the consolidated financial statements, the Company completed the acquisition of the remaining 90.1% of Alexco Resource Corp. ("Alexco") for non-cash consideration of 17,992,875 shares of Company common stock valued at $68.7 million. Total consideration for the acquisition, deemed to be an asset acquisition under accounting principles generally accepted in the United States of America, was $81.5 million of which $76.4 million was non cash, including fair value of the Company's common stock issued and the fair value of the 9.9% Alexco investment held by the Company prior to completion of the acquisition and previously accounted for as marketable equity securities of $7.7 million. Total consideration was allocated to the acquired assets and assumed liabilities based on the estimated fair values at the acquisition date, which primarily consisted of mineral interest of $236.6 million, a related deferred tax liability of $12.9 million, net liabilities of $7.2 million and a silver stream liability of $135 million.

We identified the determination of the fair value of the acquired assets and assumed liabilities as a critical audit matter. Specifically, the assumptions applied in determining the fair value of the mineral interest and related deferred tax liability which also impacts classification of the transaction as an asset acquisition. The valuation of mineral interest requires management to make significant estimates and assumptions including future metals prices, forecasted cash flows and resources and exploration targets beyond the known reserve. Additionally, valuation of the deferred tax asset includes assessment of feasible tax planning strategies. Auditing these elements involved especially challenging and subjective auditor judgment due to the nature and extent of audit effort required to address these matters including the need for specialized knowledge and skill in assessing these estimates.

The primary procedures we performed to address this critical audit matter included:

- Utilizing personnel with specialized knowledge and skill to assist in analyzing management's estimates of the fair value of mineral assets including the resources and exploration targets beyond the known reserve and metals pricing.
- Assessing management's assumptions applied in the future cash flows that support the valuation of the mineral interests by 1) agreeing metals pricing as of the date of the acquisition to reputable third-party sources; and 2) assessing the accuracy of future undiscounted cash flows through retrospective review and setting independent expectations by actual operating results of a comparative mine site.
- Evaluating management's conclusion that the transaction is an asset acquisition under ASC 805, *Business Combinations*, by testing the calculation of the screen test.
- Utilizing personnel with specialized knowledge and skill to assist in analyzing management's tax planning strategies supporting the realizability of deferred tax assets.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2001

Spokane, Washington
February 17, 2023

HECLA MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

(Dollars and shares in thousands, except per share amounts)

	Year Ended December 31,		
	2022	2021	2020
Sales	$ 718,905	$ 807,473	$ 691,873
Cost of sales and other direct production costs	458,811	417,879	382,663
Depreciation, depletion and amortization	143,938	171,793	148,110
Total cost of sales	602,749	589,672	530,773
Gross profit	116,156	217,801	161,100
Other operating expenses:			
General and administrative	43,384	34,570	35,561
Exploration and pre-development	46,041	47,901	18,295
Provision for closed operations and environmental matters	8,793	14,571	3,929
Ramp-up and suspension costs	24,114	23,012	24,911
Other operating expense	6,262	14,327	11,426
Total other operating expenses	128,594	134,381	94,122
(Loss) income from operations	(12,438)	83,420	66,978
Other expense:			
Fair value adjustments, net	(4,723)	(35,792)	(11,806)
Foreign exchange gain (loss), net	7,211	417	(4,605)
Other net expense	7,829	(574)	(2,256)
Interest expense, net	(42,793)	(41,945)	(49,569)
Total other expense:	(32,476)	(77,894)	(68,236)
(Loss) income before income and mining taxes	(44,914)	5,526	(1,258)
Income and mining tax benefit (provision)	7,566	29,569	(8,199)
Net (loss) income	(37,348)	35,095	(9,457)
Preferred stock dividends	(552)	(552)	(552)
Income (loss) applicable to common stockholders	$ (37,900)	$ 34,543	$ (10,00)
Comprehensive income (loss):			
Net (loss) income	$ (37,348)	$ 35,095	$ (9,457)
Other comprehensive income (loss), net of tax:			
Unrealized gain (loss) and amortization of prior service on pension plans	17,067	16,740	(3,559)
Unrealized gain (loss) on derivative contracts designated as hedge transactions	13,837	(12,307)	7,980
Total change in accumulated other comprehensive income (loss), net	$ 30,904	$ 4,433	$ 4,421
Comprehensive (loss) income	$ (6,444)	$ 39,528	$ (5,036)
Basic (loss) income per common share after preferred dividends	$ (0.07)	$ 0.06	$ (0.02)
Diluted (loss) income per common share after preferred dividends	$ (0.07)	$ 0.06	$ (0.02)
Weighted average number of common shares outstanding – basic	557,344	536,192	527,329
Weighted average number of common shares outstanding – diluted	557,344	542,176	527,329

The accompanying notes are an integral part of the consolidated financial statements.

HECLA MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2022	2021	2020
Operating activities:			
Net (loss) income	$ (37,348)	$ 35,095	$ (9,457)
Non-cash elements included in net income (loss):			
Depreciation, depletion and amortization	145,147	172,651	155,006
Fair value adjustments, net	24,182	15,040	(4,690)
Adjustment of inventory to net realizable value	2,646	6,524	—
Provision for reclamation and closure costs	9,572	11,514	6,189
Deferred income taxes	(25,546)	(48,049)	(3,818)
Stock compensation	6,012	6,082	6,458
Foreign exchange (gain) loss	(9,210)	(79)	2,680
Other non-cash items	3,736	2,663	6,032
Changes in assets and liabilities:			
Accounts receivable	8,669	(5,405)	(1,080)
Inventories	(18,230)	16,919	(13,208)
Other current and non-current assets	(12,388)	(1,678)	2,381
Accounts payable and accrued liabilities	(24,981)	(795)	19,379
Accrued payroll and related benefits	13,732	1,270	14,445
Accrued taxes	(7,927)	6,457	3,561
Accrued reclamation and closure costs and other non-current liabilities	11,824	2,128	(3,085)
Net cash provided by operating activities	89,890	220,337	180,793
Investing activities:			
Additions to properties, plants, equipment and mineral interests	(149,378)	(109,048)	(91,016)
Pre-acquisition advance to Alexco	(25,000)	—	—
Acquisition, net	8,953	—	—
Purchase of carbon credits	—	(869)	—
Proceeds from sale or exchange of investments	9,375	1,811	—
Proceeds from disposition of properties, plants, equipment and mineral interests	748	1,077	331
Purchases of investments	(31,971)	—	(2,216)
Net cash used in investing activities	(187,273)	(107,029)	(92,901)
Financing activities:			
Proceeds from issuance of common stock, net of offering costs	17,278	—	—
Dividends paid to common and preferred stockholders	(12,932)	(20,672)	(9,152)
Acquisition of treasury shares from employee equity awards	(3,677)	(4,525)	(2,745)
Borrowings of debt	25,000	—	716,327
Repayments of debt	(25,000)	—	(716,500)
Repayments of finance leases	(7,633)	(7,285)	(5,953)
Other	(536)	(116)	(1,356)
Net cash used in financing activities	(7,500)	(32,598)	(19,379)
Effect of exchange rates on cash	(273)	(530)	(1,107)
Net (decrease) increase in cash, cash equivalents and restricted cash and cash equivalents	(105,156)	80,180	67,406
Cash, cash equivalents and restricted cash and cash equivalents at beginning of year	211,063	130,883	63,477
Cash, cash equivalents and restricted cash and cash equivalents at end of year	$ 105,907	$ 211,063	$ 130,883
Supplemental disclosure of cash flow information:			
Cash (paid) received during year for:			
Interest	$ (37,200)	$ (37,565)	$ (34,853)
Income and mining taxes	$ (14,405)	$ (12,105)	$ 7,913
Significant non-cash investing and financing activities:			
Addition of finance lease obligations	$ 11,887	$ 4,870	$ 9,113
Recognition of operating lease liabilities and right-of-use assets	$ 6,842	$ 4,874	$ —
Common stock contributed to pension plans	$ 9,740	$ 22,250	$ 16,032
Common stock issued for 401(k) match	$ 4,470	$ 4,339	$ 4,624
Common stock issued to Alexco Resource Corp. stockholders	$ 68,733	$ —	$ —
Common stock issued to settle acquired silver stream	$ 135,000	$ —	$ —
Payment of accrued compensation in restricted stock units	$ —	$ —	$ 5,096
Equity securities received from exchange of investments	$ —	$ 3,626	$ —

See Notes 3 and 10 for additional non-cash investing and financing activities.
The accompanying notes are an integral part of the consolidated financial statements.

HECLA MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	December 31,	
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 104,743	$ 210,010
Accounts receivable:		
Trade	45,146	36,437
Other, net	10,695	8,149
Inventories:		
Concentrates, doré, stockpiled ore, and metals in transit and in-process	37,303	25,906
Materials and supplies	53,369	41,859
Other current assets	16,471	19,266
Total current assets	267,727	341,627
Investments	24,018	10,844
Restricted cash and investments	1,164	1,053
Properties, plants, equipment and mineral interests, net	2,569,790	2,310,810
Operating lease right-of-use assets	11,064	12,435
Deferred tax assets	21,105	45,562
Other non-current assets	32,304	6,477
Total assets	$ 2,927,172	$ 2,728,808
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	$ 84,747	$ 68,100
Accrued payroll and related benefits	37,579	28,714
Accrued taxes	4,030	12,306
Finance leases	9,483	5,612
Accrued reclamation and closure costs	8,591	9,259
Accrued interest	14,454	14,454
Derivative liabilities	16,125	19,353
Other current liabilities	3,457	2,585
Total current liabilities	178,466	160,383
Accrued reclamation and closure costs	108,408	103,972
Long-term debt including finance leases	517,742	515,871
Deferred tax liability	125,846	149,706
Pension liability	—	4,673
Derivatives liabilities	6,066	18,528
Other non-current liabilities	11,677	14,888
Total liabilities	948,205	968,021
Commitments and contingencies (Notes 4, 5, 8, 9, 13 and 14)		
STOCKHOLDERS' EQUITY		
Preferred stock, 5,000,000 shares authorized:		
Series B preferred stock, $0.25 par value, issued 2022 – 157,776 shares (2021 – 157,816 shares issued and outstanding), liquidation preference – $7,891	39	39
Common stock, $0.25 par value, authorized 750,000,000 shares; issued 2022 – 607,619,495 shares and 2021 – 545,534,760 shares	151,819	136,391
Capital surplus	2,260,290	2,034,485
Accumulated deficit	(403,931)	(353,651)
Accumulated other comprehensive income (loss), net	2,448	(28,456)
Less treasury stock, at cost; 2022 – 8,132,553 and 2021 – 7,395,295 shares issued and held in treasury	(31,698)	(28,021)
Total stockholders' equity	1,978,967	1,760,787
Total liabilities and stockholders' equity	$ 2,927,172	$ 2,728,808

The accompanying notes are an integral part of the consolidated financial statements.

HECLA MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2022, 2021 and 2020

(Dollars in thousands)

	Series B Preferred Stock	Common Stock	Capital Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss), net	Treasury Stock	Total
Balances, January 1, 2020	$ 39	$ 132,292	$ 1,973,700	$ (349,220)	$ (37,310)	$ (22,967)	$ 1,696,534
Net loss	—	—	—	(9,457)	—	—	(9,457)
Stock issued to directors (391,000 shares)	—	97	1,389	—	—	—	1,486
Stock issued for 401(k) match (1,584,000 shares)	—	397	4,227	—	—	—	4,624
Restricted stock units granted	—	—	4,975	—	—	—	4,975
Restricted stock unit distributions (1,702,000 shares)	—	426	(426)	—	—	(1,479)	(1,479)
Common stock ($0.01625 per share) and Series B Preferred stock ($2.63 per share) dividends declared	—	—	—	(9,151)	—	—	(9,151)
Common stock issued for employee incentive compensation (2,800,000 shares)	—	700	4,396	—	—	(1,266)	3,830
Treasury shares issued to charitable foundation (650,000 shares)	—	—	—	(246)	—	2,216	1,970
Common stock issued to pension plans (2,869,000 shares)	—	717	15,315	—	—	—	16,032
Other comprehensive income	—	—	—	—	4,421	—	4,421
Balances, December 31, 2020	39	134,629	2,003,576	(368,074)	(32,889)	(23,496)	1,713,785
Net income	—	—	—	35,095	—	—	35,095
Stock issued to directors (207,000 shares)	—	52	1,792	—	—	—	1,844
Stock issued for 401(k) match (685,000 shares)	—	172	4,167	—	—	—	4,339
Restricted stock units granted	—	—	4,238	—	—	—	4,238
Restricted stock unit distributions (1,653,000 shares)	—	413	(413)	—	—	(4,525)	(4,525)
Common stock ($0.0375 per share) and Series B Preferred stock ($2.63 per share) dividends declared	—	—	—	(20,672)	—	—	(20,672)
Common stock issued to pension plans (4,500,000 shares)	—	1,125	21,125	—	—	—	22,250
Other comprehensive income	—	—	—	—	4,433	—	4,433
Balances, December 31, 2021	39	136,391	2,034,485	(353,651)	(28,456)	(28,021)	1,760,787
Net loss	—	—	—	(37,348)	—	—	(37,348)
Stock issued to directors (68,816 shares)	—	25	392	—	—	—	417
Stock issued for 401(k) match (978,964 shares)	—	245	4,225	—	—	—	4,470
Restricted stock units granted	—	—	5,595	—	—	—	5,595
Restricted stock and performance stock unit distributions (2,192,795 shares)	—	447	(447)	—	—	(3,677)	(3,677)
Common stock ($0.0375 per share) and Series B Preferred stock ($2.63 per share) dividends declared	—	—	—	(12,932)	—	—	(12,932)
Common stock issued to pension plans (2,190,000 shares)	—	548	9,192	—	—	—	9,740
Common stock issued to Alexco Resource Corp. stockholders (17,992,875 shares)	—	4,498	64,235	—	—	—	68,733
Common stock issued to settle the acquired silver stream (34,800,990 shares)	—	8,700	126,300	—	—	—	135,000
Common stock issued upon conversion of 40 Series B Preferred stock (128 shares)	—	—	—	—	—	—	—
Common stock issued under ATM program (3,860,199 shares)	—	965	16,313	—	—	—	17,278
Other comprehensive income	—	—	—	—	30,904	—	30,904
Balances, December 31, 2022	$ 39	$ 151,819	$ 2,260,290	$ (403,931)	$ 2,448	$ (31,698)	$ 1,978,967

The accompanying notes are an integral part of the consolidated financial statements.

Note 1: The Company

Hecla Mining Company, and its affiliates and subsidiaries (collectively, "Hecla," "we," "us" or "the Company"), is the largest silver producer in the United States. In addition to operating mines in Alaska, Idaho and Quebec, Canada, the Company is developing a mine in the Yukon, Canada, and owns a number of exploration and pre-development projects in world-class silver and gold mining districts throughout North America. Our current holding company structure dates from the incorporation of Hecla Mining Company in 2006 and the renaming of our subsidiary (previously Hecla Mining Company) as Hecla Limited. Hecla Limited was incorporated on October 14, 1891 as an Idaho Corporation in northern Idaho's Silver Valley. We believe we are the oldest operating precious metals mining company in the United States and the largest silver producer in the United States. Our corporate offices are in Coeur d'Alene, Idaho and Vancouver, British Columbia. The cash flow and profitability of the Company's operations are significantly affected by the market price of silver, gold, lead and zinc, which are affected by numerous factors beyond our control.

On September 7, 2022, we completed the acquisition of the remaining 90.1% of Alexco Resource Corp. ("Alexco") for non-cash consideration of 17,992,875 shares of Company common stock valued at $68.7 million. Total consideration for the acquisition, deemed to be an asset acquisition under accounting principles generally accepted in the United States of America ("GAAP"), was $81.5 million of which $76.4 million was non-cash, including the fair value of our common stock issued and the fair value of the 9.9% Alexco investment held by us prior to the completion of the acquisition and previously accounted for as marketable equity securities of $7.7 million. Acquisition costs also included transaction costs of $5.1 million. The total consideration was allocated to the acquired assets and assumed liabilities based on their estimated fair values on the acquisition date, which primarily consisted of mineral interests of $236.6 million, a related deferred tax liability of $12.9 million, net liabilities of $7.2 million and a silver stream liability of $135 million. Immediately following the closure of the acquisition, we settled the silver stream liability with the stream holder for 34,800,990 shares of our common stock. Prior to September 7, 2022, the Company advanced $25 million to Alexco to fund its operations on market terms. The advance was assumed upon acquisition and is eliminated upon consolidation.

References to "CAD" and "MXN" refer to the Canadian Dollar and Mexican Peso, respectively.

Note 2: Summary of Significant Accounting Policies

A. Principles of Consolidation, Basis of Presentation and Other Information — Our Consolidated Financial Statements have been prepared in accordance with GAAP, and include our accounts and our wholly-owned subsidiaries' accounts. All inter-company balances and transactions have been eliminated in consolidation.

B. Assumptions and Use of Estimates — Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts and related disclosure of assets, liabilities, revenue and expenses at the date of the consolidated financial statements and reporting periods. We consider our most critical accounting estimates to be future metals prices; obligations for environmental, reclamation and closure matters and mineral reserves and resources. Other significant areas requiring the use of management assumptions and estimates relate to reserves for contingencies and litigation; asset impairments, including long-lived assets; valuation of deferred tax assets; and post-employment, post-retirement and other employee benefit assets and liabilities. We have based our estimates on historical experience and various other assumptions that we believe to be reasonable. Accordingly, actual results may differ materially from these estimates under different assumptions or conditions.

C. Cash and Cash Equivalents — Cash and cash equivalents consist of all cash balances and highly liquid investments with a remaining maturity of three months or less when purchased and are carried at fair value. Cash and cash equivalents are invested in money market funds, certificates of deposit, U.S. government and federal agency securities, municipal securities and corporate bonds.

D. Investments — We determine the appropriate classification of our investments at the time of purchase and re-evaluate such determinations at each reporting date. Currently all our investments are comprised of marketable equity securities and are carried at fair value. Marketable securities we anticipate selling within the next twelve months are included in other current assets. Gains and losses on the sale of securities are recognized on a specific identification basis. Gains and losses are included as a component of a separate line item, "fair value adjustments, net," on our consolidated statements of operations and comprehensive income (loss).

E. Inventories — Major types of inventories include materials and supplies and metals product inventory, which is determined by the stage at which the ore is in the production process (stockpiled ore, in-process and finished goods). Product inventories are stated at the lower of full cost of production or estimated net realizable value based on current metals prices. Materials and supplies inventories are stated at average cost.

Stockpiled ore inventory represents ore that has been mined, hauled to the surface, and is available for further processing. Stockpiles are measured by estimating the number of tons added and removed from the stockpile, the amount of contained metal ounces or pounds (based on assay data) and the estimated metallurgical recovery rates (based on the expected processing method). Costs are allocated to a stockpile based on relative values of material stockpiled and processed using current mining costs incurred up to the point of stockpiling the ore, including applicable overhead, depreciation, depletion and amortization relating to mining operations, and removed at each stockpile's average cost per recoverable unit.

In-process inventory represents material that is currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific processing facility, but include mill in-circuit, flotation, and carbon-in-leach. In-process material is measured based on assays of the material fed into the process and the projected recoveries of the respective processing plants. In-process inventory is valued at the lower of the average cost of the material fed into the process attributable to the source material coming from the mine and stockpile plus the in-process conversion costs, including applicable amortization relating to the process facilities incurred to that point in the process, or net realizable value.

Finished goods inventory includes doré and concentrates at our operations, doré in transit to refiners or at refiners waiting to be processed, and bullion in our accounts at refineries.

F. Restricted Cash and Investments — Restricted cash and investments primarily represent investments in money market funds, certificates of deposit, and bonds of U.S. government agencies and are restricted primarily for reclamation funding or surety bonds. Restricted cash balances are carried at fair value. Non-current restricted cash and investments is reported in a separate line on the consolidated balance sheets and totaled $1.2 million and $1.1 million at December 31, 2022 and 2021, respectively.

G. Properties, Plants, Equipment and Mineral Interests – Costs are capitalized when it has been determined an ore body can be economically developed. The development stage begins at new projects when our management and/or board of directors makes the decision to bring a mine into commercial production, and ends when the production stage, or exploitation of reserves, begins. Expenditures incurred during the development and production stages for new assets, new facilities, alterations to existing facilities that extend the useful lives of those facilities, and major mine development expenditures are capitalized, including primary development costs such as costs of building access ways, shaft sinking, lateral development, drift development, ramps and infrastructure developments. Costs to improve, alter, or rehabilitate primary development assets which appreciably extend the life, increase capacity, or improve the efficiency or safety of such assets are also capitalized.

The costs of removing overburden and waste materials to access the ore body at an open-pit mine prior to the production stage are referred to as "pre-stripping costs." Pre-stripping costs are capitalized during the development stage. Where multiple open pits exist at an operation utilizing common facilities, pre-stripping costs are capitalized at each pit. The production stage of a mine commences when saleable materials, beyond a de minimis amount, are produced. Stripping costs incurred during the production

stage are treated as variable production costs included as a component of inventory, to be recognized in cost of sales and other direct production costs in the same period as the revenue from the sale of inventory.

Costs for exploration, pre-development, secondary development at operating mines, including drilling costs related to those activities (discussed further below), and maintenance and repairs on capitalized properties, plants and equipment are charged to operations as incurred. Exploration costs include those relating to activities carried out in search of previously unidentified resources or exploration targets, (a) at undeveloped concessions, or (b) at operating mines already containing proven and probable reserves, where a determination remains pending as to whether new target deposits outside of the existing reserve areas can be economically developed. Pre-development activities involve costs incurred in the exploration stage that may ultimately benefit production, such as underground ramp development, which are expensed due to the lack of evidence of economic viability, which is necessary to demonstrate future recoverability of these expenses. At an underground mine, secondary development costs are incurred for preparation of an ore body for production in a specific ore block, stope or work area, providing a relatively short-lived benefit only to the mine area they relate to, and not to the ore body as a whole. Primary development costs benefit long-term production, multiple mine areas, or the ore body as a whole, and are therefore capitalized.

Drilling, development and related costs are either classified as exploration, pre-development or secondary development, as defined above, and charged to operations as incurred, or capitalized, based on the following criteria:

- whether the costs are incurred to further define resources or exploration targets at and adjacent to existing reserve areas or intended to assist with mine planning within a reserve area;
- whether the drilling or development costs relate to an ore body that has been determined to be commercially mineable, and a decision has been made to put the ore body into commercial production; and
- whether, at the time the cost is incurred: (a) the expenditure embodies a probable future benefit that involves a capacity, singly or in combination with other assets, to contribute directly or indirectly to future net cash inflows, (b) we can obtain the benefit and control others' access to it, and (c) the transaction or event giving rise to our right to or control of the benefit has already occurred.

If all of these criteria are met, drilling, development and related costs are capitalized. Drilling and development costs not meeting all of these criteria are expensed as incurred. The following factors are considered in determining whether or not the criteria listed above have been met, and capitalization of drilling and development costs is appropriate:

- completion of a favorable economic study and mine plan for the ore body targeted;
- authorization of development of the ore body by management and/or the board of directors; and
- there is a justifiable expectation, based on applicable laws and regulations, that issuance of permits or resolution of legal issues and/or contractual requirements necessary for us to have the right to or control of the future benefit from the targeted ore body have been met.

Drilling and related costs of approximately $11.2 million, $5.2 million, and $4.4 million for the years ended December 31, 2022, 2021 and 2020, respectively, met our criteria for capitalization listed above at our production stage properties.

When assets are retired or sold, the costs and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in current period net income (loss).

Our mineral interests, which are tangible assets, include acquired undeveloped mineral interests and royalty interests. Undeveloped mineral interests include: (i) resources which are measured, indicated or inferred with insufficient drill spacing or quality to qualify as proven and probable reserves; and (ii) inferred material and exploration targets not immediately adjacent to existing proven and probable reserves but accessible within the immediate mine infrastructure. Residual values for undeveloped mineral interests represent the expected fair value of the interests at the time we plan to convert, develop, further explore or dispose of the interests and are evaluated at least annually.

H. Depreciation, Depletion and Amortization — Capitalized costs are depreciated or depleted using the straight-line method or units-of-production method at rates sufficient to depreciate such costs over the shorter of estimated productive lives of such facilities or the useful life of the individual assets. Productive lives range from 3 to 14 years, but do not exceed the useful life of the individual asset. Determination of expected useful lives for amortization calculations are made on a property-by-property or asset-by-asset basis at least annually. Our estimates for reserves and resources are a key component in determining our units-of-production depreciation rates, with net book value of many assets depreciated over remaining estimated reserves. Reserves are estimates made by our professional technical personnel of the amount of metals that they believe could be economically and legally extracted or produced at the time of the reserve determination (discussed in *J. Proven and Probable Mineral Reserves* below). Our estimates of proven and probable mineral reserves and resources may change, possibly in the near term, resulting in changes to depreciation, depletion and amortization rates in future reporting periods.

Undeveloped mineral interests and value beyond proven and probable reserves are not amortized until such time as there are proven and probable reserves or the related mineralized material is converted to proven and probable reserves. At that time, the basis of the mineral interest is amortized on a units-of-production basis. Pursuant to our policy on impairment of long-lived assets (discussed further below), if it is determined that an undeveloped mineral interest cannot be economically converted to proven and probable reserves and its carrying value exceeds its estimated undiscounted future cash flows, the basis of the mineral interest is reduced to its fair value and an impairment loss is recorded to expense in the period in which it is determined to be impaired.

I. Impairment of Long-lived Assets — Management reviews and evaluates the net carrying value of all facilities, including idle facilities, for impairment upon the occurrence of events or changes in circumstances that indicate that the related carrying amounts may not be recoverable. We perform the test for recoverability of each property based on the estimated undiscounted future cash flows that will be generated from operations at each property, the estimated salvage value of the surface plant and equipment, and the value associated with property interests.

Although management has made what it believes to be a reasonable estimate of factors based on current conditions and information, assumptions underlying future cash flows, which includes the estimated value of resources and exploration targets, are subject to significant risks and uncertainties. Estimates of undiscounted future cash flows are dependent upon, among other factors, estimates of: (i) metals to be recovered from proven and probable mineral reserves and identified resources and exploration targets beyond proven and probable reserves, (ii) future production and capital costs, (iii) estimated metals prices (considering current and historical prices, forward pricing curves and related factors) over the estimated remaining mine life and (iv) market values of mineral interests. It is possible that changes could occur in the near term that could adversely affect our estimate of future cash flows to be generated from our operating properties. If estimated undiscounted cash flows are less than the carrying value of a property, an impairment loss is recognized for the difference between the carrying value and fair value of the property.

J. Proven and Probable Mineral Reserves — At least annually, management reviews the reserves used to estimate the quantities and grades of ore at our mines which we believe can be recovered and sold economically. Management's calculations of proven and probable mineral reserves are based on financial, engineering and geological estimates, including future metals prices and operating costs, and an assessment of our ability to obtain the permits required to mine and process the material. From time to time, management obtains external audits or reviews of reserves.

Reserve estimates will change as existing reserves are depleted through production, as additional reserves are proven and added to the estimates and as market prices of metals, production or capital costs, smelter terms, the grade or tonnage of the deposit, throughput, dilution of the ore or recovery rates change.

K. Leases — Contractual arrangements are assessed at inception to determine if they represent or contain a lease. Right-of-use ("ROU") assets related to operating leases are separately reported in the Consolidated Balance Sheets. ROU assets related to finance leases are included in Properties, plants, equipment and mineral interests, net.

Separate current and non-current liabilities for operating and finance leases are reported on the Consolidated Balance Sheets.

Operating and finance lease ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the lease term. When the rate implicit to the lease cannot be readily determined, we utilize our incremental borrowing rate in determining the present value of the future lease payments. The incremental borrowing rate is derived from information available at the lease commencement date and represents the rate of interest that we would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. The ROU asset includes any lease payments made and lease incentives received prior to the commencement date. Operating lease ROU assets also include any cumulative prepaid or accrued rent when the lease payments are uneven throughout the lease term. The ROU assets and lease liabilities may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

L. Income and Mining Taxes — We provide for federal, state and foreign income taxes currently payable, as well as those deferred, due to timing differences between reporting income and expenses for financial statement purposes versus tax purposes. Federal, state and foreign tax benefits are recorded as a reduction of income taxes, when applicable. We record deferred tax liabilities and assets for expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax bases of those assets and liabilities, as well as operating loss and tax credit carryforwards, using enacted tax rates in effect in the years in which the differences are expected to reverse.

We evaluate uncertain tax positions in a two-step process, whereby (i) it is determined whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (ii) for those tax positions that meet the more-likely-than-not recognition threshold, the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement with the related tax authority would be recognized.

We evaluate our ability to realize deferred tax assets by considering the sources and timing of taxable income, including the reversal of existing temporary differences, the ability to carryback tax attributes to prior periods, qualifying tax-planning strategies, and estimates of future taxable income exclusive of reversing temporary differences. In determining future taxable income, the Company's assumptions include the amount of pre-tax operating income according to different state, federal and international taxing jurisdictions, the origination of future temporary differences, and the implementation of feasible and prudent tax-planning strategies. Should we determine that a portion of our deferred tax assets will not be realized, a valuation allowance is recorded in the period that such determination is made. When we determine, based on the existence of sufficient evidence, that more or less of the deferred tax assets are more likely than not to be realized, an adjustment to the valuation allowance is made in the period such a determination is made.

We classify as income taxes mine license taxes incurred in the states of Alaska and Idaho, the net proceeds taxes incurred in Nevada, mining duties in Mexico, and resource taxes incurred in Quebec and Yukon, Canada.

M. Reclamation and Remediation Costs (Asset Retirement Obligations) — At our operating properties, we record a liability for the present value of our estimated environmental remediation costs, and the related asset created with it, in the period in which the liability is incurred. The liability is accreted and the asset is depreciated over the life of the related assets. Adjustments for changes resulting from the passage of time and changes to either the timing or amount of the original present value estimate underlying the obligation are made in the period incurred.

At our non-operating properties, we accrue costs associated with environmental remediation obligations when it is probable that such costs will be incurred and they are reasonably estimable. Accruals for estimated losses from environmental remediation obligations have historically been recognized no later than completion of the remediation feasibility study for such facility and are charged to current earnings under provision for closed operations and environmental matters. Costs of future expenditures for environmental remediation are not discounted to their present value unless subject to a contractually obligated fixed payment schedule. Such costs are based on management's current estimate of amounts to be incurred when the remediation work is performed, within current laws and regulations.

Future closure, reclamation and environmental-related expenditures are difficult to estimate in many circumstances, due to the early stage nature of investigations, uncertainties associated with defining the nature and extent of environmental contamination, the application of laws and regulations by regulatory authorities, and changes in reclamation or remediation technology. We periodically review accrued liabilities for such reclamation and remediation costs as evidence becomes available indicating that our liabilities have potentially changed. Changes in estimates at our non-operating properties are reflected in current period net income (loss).

N. Revenue Recognition and Trade Accounts Receivable — Sales of all metals products sold directly to customers, including by-product metals, are recorded as revenues and accounts receivable upon completion of the performance obligations and transfer of control of the product to the customer. For sales of metals from refined doré, the performance obligation is met, the transaction price is known, and revenue is recognized at the time of transfer of control of the agreed-upon metal quantities to the customer by the refiner. For sales of unrefined doré and carbon material, the performance obligation is met, the transaction price is known, and revenue is recognized at the time of transfer of title and control of the doré or carbon containing the agreed-upon metal quantities to the customer. For concentrate sales, the performance obligation is met, the transaction price can be reasonably estimated, and revenue is recognized generally at the time of shipment at estimated forward prices for the anticipated month of settlement. Due to the time elapsed from shipment to the customer and the final settlement with the customer, we must estimate the prices at which sales of our concentrates will be settled. Previously recorded sales and accounts receivable are adjusted to estimated settlement metals prices until final settlement by the customer. As discussed in *P. Risk Management Contracts* below, we seek to mitigate this exposure by using financially-settled forward contracts for some of the metals contained in our concentrate shipments.

Refining, selling and shipping costs related to sales of doré, metals from doré, and carbon are recorded to cost of sales as incurred. Sales and accounts receivable for concentrate shipments are recorded net of charges by the customers for treatment, refining, smelting losses, and other charges negotiated by us with the customers. Charges are estimated by us upon shipment of concentrates based on contractual terms, and actual charges typically do not vary materially from our estimates. Costs charged by customers include fixed costs per ton of concentrate, and price escalators which allow the customers to participate in the increase of lead and zinc prices above a negotiated baseline.

O. Foreign Currency — The functional currency for our operations located in the U.S., Mexico and Canada is the U.S. dollar ("USD") for all periods presented. Accordingly, for Casa Berardi and Keno Hill in Canada and San Sebastian in Mexico, we have translated our monetary assets and liabilities at the period-end exchange rate, and non-monetary assets and liabilities at historical rates, with income and expenses translated at the average exchange rate for the current period. All translation gains and losses have been included in the current period net income (loss). Expenses incurred at our foreign operations and denominated in CAD and MXN expose us to exchange rate fluctuations between those currencies and the USD. As discussed in *P. Risk Management Contracts* below, we seek to mitigate this exposure by using financially-settled forward contracts to sell CAD and MXN.

We recognized a total net foreign exchange gain of $7.2 million and $0.4 million for the years ended December 31, 2022 and 2021, respectively, and a loss of $4.6 million for the year ended December 31, 2020.

P. Risk Management Contracts — We use derivative financial instruments as part of an overall risk-management strategy as a means of managing exposure to changes in metals prices and exchange rate fluctuations between the USD and CAD and MXN. We do not hold or issue derivative financial instruments for speculative trading purposes. We measure derivative contracts as assets or liabilities based on their fair value. Amounts recognized for the fair value of derivative asset and liability positions with the same counterparty and which would be settled on a net basis are offset against each other on our consolidated balance sheets. Gains or losses resulting from changes in the fair

value of derivatives in each period are recorded either in current earnings or other comprehensive income ("OCI"), depending on the use of the derivative, whether it qualifies for hedge accounting and whether that hedge is effective. Amounts deferred in OCI are reclassified to sales of products (for metals price-related contracts) or cost of sales (for foreign currency-related contracts). Ineffective portions of any change in fair value of a derivative are recorded in current period other operating income (expense). For derivatives qualifying as hedges, when the hedged items are sold, extinguished or terminated, or it is determined the hedged transactions are no longer likely to occur, gains or losses on the derivatives are reclassified from OCI to current earnings. As of December 31, 2022 and 2021, our foreign currency-related forward contracts qualified for hedge accounting, with unrealized gains and loss related to the effective portion of the contracts included in OCI. Our base metals price-related forward contracts were designated as hedges effective November 1, 2021. Prior to November 1, 2021 our metals price-related forward contracts and put option contracts did not qualify for hedge accounting and all unrealized gains and losses were therefore reported in earnings.

Q. Stock Based Compensation — The fair values of equity instruments granted to employees that have vesting periods are expensed over the vesting periods on a straight-line basis. The fair values of instruments having no vesting period are expensed when granted. Stock-based compensation expense is recorded among general and administrative expenses, exploration and pre-development and cost of sales and other direct production costs.

R. Basic and Diluted Income (Loss) Per Common Share — We calculate basic income (loss) per share on the basis of the weighted average number of shares of common stock outstanding during the period. Diluted income per share is calculated using the weighted average number of shares of common stock outstanding during the period plus the effect of potential dilutive common shares during the period using the treasury stock and if-converted methods.

S. Comprehensive Income (Loss) — In addition to net income (loss), comprehensive income (loss) includes certain changes in equity during a period, such as adjustments to minimum pension liabilities, adjustments to recognize the over-funded or under-funded status of our defined benefit pension plans, the change in fair value of derivative contracts designated as hedge transactions, and cumulative unrecognized changes in the fair value of available for sale debt investments, net of tax, if applicable.

T. Reclassifications — Certain amounts in prior years have been reclassified to conform with the 2022 presentation.

U. New Accounting Pronouncements —

Accounting Standards Updates Adopted – In August 2020, the Financial Accounting Standards Board ("FASB") issued ASU No. 2020-06 Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The update is to address issues identified as a result of the complexity associated with applying GAAP to certain financial instruments with characteristics of liabilities and equity. The update is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years and with early adoption permitted. We adopted the update as of January 1, 2022, which did not have a material impact on our consolidated financial statements or disclosures.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires entities to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The update will generally result in an entity recognizing contract assets and contract liabilities at amounts consistent with those recorded by the acquiree immediately before the acquisition date rather than at fair value. The update is effective on a prospective basis for fiscal years beginning after December 15, 2022, with early adoption permitted. We adopted the new standard effective January 1, 2022, which did not have a material impact on our consolidated financial statements or disclosures.

Accounting Standards Updates to Become Effective in Future Periods – In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform*, in response to the 2017 United Kingdom Financial Conduct Authority ("FCA") announcement that after 2021 it would no longer compel banks to submit the rates required to calculate the London Interbank Offered Rate ("LIBOR"), which have been widely used as reference rates for various securities and financial contracts, including loans, debt and derivatives. This announcement indicated that the continuation of LIBOR on the current basis would not be guaranteed after 2021. Subsequently in March 2021, the FCA announced some USD LIBOR tenors (overnight, 1 month, 3 month, 6 month and 12 month) will continue to be published until June 30, 2023. Regulators in the U.S. and other jurisdictions have been working to replace these rates with alternative reference interest rates that are supported by transactions in liquid and observable markets, such as SOFR. Our New Credit Agreement references SOFR-based rates, compared to our prior credit facility which referenced LIBOR based- rates. Certain of our derivative instruments reference LIBOR-based rates and were amended to eliminate the LIBOR-based rate references prior to January 1, 2023. We do not expect a significant impact to our financial results, financial position or cash flows from the transition from LIBOR to alternative reference interest rates, but we will continue to monitor the impact of this transition until it is completed.

Note 3: Business Segments, Sales of Products and Significant Customers

We discover, acquire and develop mines and other mineral interests and produce and market concentrates, containing silver, gold (in the case of Greens Creek), lead and zinc, (ii) carbon material containing silver and gold, and (iii) doré containing silver and gold. We are currently organized and managed in five reportable segments being: Greens Creek, Lucky Friday, Keno Hill, Casa Berardi and the Nevada Operations.

General corporate activities not associated with operating mines and their various exploration activities, as well as idle properties and San Sebastian, a former operating mine and reportable segment, and the acquired Alexco environmental remediation services, are presented as "other." Interest expense, interest income and income taxes are considered general corporate items, and are not allocated to our segments.

The tables below present information about our reportable segments as of and for the years ended December 31, 2022, 2021 and 2020 (in thousands).

	2022	2021	2020
Net sales to unaffiliated customers:			
Greens Creek	$ 335,062	$ 384,843	$ 327,820
Lucky Friday	147,814	131,488	63,025
Keno Hill	—	—	—
Casa Berardi	235,136	245,152	209,224
Nevada Operations	419	45,814	58,898
Other	474	176	32,906
Total sales to unaffiliated customers	$ 718,905	$ 807,473	$ 691,873
Income (loss) from operations:			
Greens Creek	$ 87,297	$ 164,666	$ 114,607
Lucky Friday	27,636	31,683	(1,711)
Keno Hill	(4,249)	—	—
Casa Berardi	(21,799)	5,807	10,379
Nevada Operations	(38,134)	(46,115)	(6,674)
Other	(63,189)	(72,621)	(49,623)
Total (loss) income from operations	$ (12,438)	$ 83,420	$ 66,978
Capital additions (excluding non-cash items):			
Greens Creek	$ 36,898	$ 23,883	$ 19,685
Lucky Friday	50,992	29,885	25,776
Keno Hill	19,725	—	—
Casa Berardi	39,667	49,617	40,840
Nevada Operations	333	5,470	4,003
Other	1,763	193	712
Total capital additions	$ 149,378	$ 109,048	$ 91,016
Depreciation, depletion and amortization:			
Greens Creek	$ 48,911	$ 48,710	$ 49,692
Lucky Friday	33,704	26,846	11,473
Keno Hill	—	—	—
Casa Berardi	60,962	80,744	60,552
Nevada Operations	361	15,341	22,845
Other	—	152	3,548
Total depreciation, depletion and amortization	$ 143,938	$ 171,793	$ 148,110
Other significant non-cash items:			
Greens Creek	$ 2,821	$ 3,653	$ 3,103
Lucky Friday	1,138	1,048	881
Keno Hill	1,669	—	—
Casa Berardi	1,520	1,284	(1,741)
Nevada Operations	4,384	7,740	2,039
Other	(816)	(20,030)	8,569
Total other significant non-cash items	$ 10,716	$ (6,305)	$ 12,851
Identifiable assets:			
Greens Creek	$ 582,687	$ 589,944	$ 610,360
Lucky Friday	571,510	516,545	520,463
Keno Hill	276,096	—	—
Casa Berardi	681,631	701,868	727,008
Nevada Operations	466,722	468,985	513,309
Other	348,526	451,466	329,070
Total identifiable assets	$ 2,927,172	$ 2,728,808	$ 2,700,210

The following are our long-lived assets by geographic area as of December 31, 2022 and 2021 (in thousands):

	2022	2021
United States	$ 1,670,676	$ 1,662,689
Canada	891,375	640,367
Mexico	7,739	7,754
Total long-lived assets	$ 2,569,790	$ 2,310,810

Following the acquisition of Alexco (see *Note 1*), our sales for 2022 are comprised of metal sales as described below and $474,000 of environmental services revenue.

Our products consist of metal concentrates and carbon material, which we sell to custom smelters, metal traders and third-party processors, and unrefined bullion bars (doré), which may be sold as doré or further refined before sale to precious metal traders. Revenue is recognized upon the completion of the performance obligations and transfer of control of the product to the customer.

For sales of metals from refined doré, which we currently have at Casa Berardi, the performance obligation is met, the transaction price is known, and revenue is recognized at the time of transfer of control of the agreed-upon metal quantities to the customer by the refiner. Refining, selling and shipping costs related to sales of doré and metals from doré are recorded to cost of sales as incurred.

For sales of carbon materials, transfer of control takes place, the performance obligation is met, the transaction price is known, and revenue is recognized generally at the time of arrival at the customer's facility.

For concentrate sales, which we currently have at Greens Creek and Lucky Friday, the performance obligation is met, the transaction price can be reasonably estimated, and revenue is recognized generally at the time of shipment. Concentrates sold at Lucky Friday typically leave the mine and are received by the customer within the same day. However, there is a period of time between shipment of concentrates from Greens Creek and their physical receipt by the customer, and judgment is required in determining when control has been transferred to the customer and the performance obligation has been met for those shipments. We have determined control is met, title is transferred and the performance obligation is met upon shipment of concentrate parcels from Greens Creek because, at that time, 1) legal title is transferred to the customer, 2) the customer has accepted the parcel and obtained the ability to realize all of the benefits from the product, 3) the concentrate content specifications are known, have been communicated to the customer, and the customer has the significant risks and rewards of ownership of it, 4) it is very unlikely a concentrate parcel from Greens Creek will be rejected by a customer upon physical receipt, and 5) we have the right to payment for the parcel.

Judgment is also required in identifying our concentrate sales performance obligations. Most of our concentrate sales involve "frame contracts" with smelters that can cover multiple years and specify certain terms under which individual parcels of concentrates are sold. However, some terms are not specified in the frame contracts and/or can be renegotiated as part of annual amendments to the frame contract. We have determined parcel shipments represent individual performance obligations satisfied at the point in time when control of the shipment is transferred to the customer.

The consideration we receive for our concentrate sales fluctuates due to changes in metals prices between the time of shipment and final settlement with the customer. However, we are able to reasonably estimate the transaction price for the concentrate sales at the time of shipment using forward prices for the month of settlement, and previously recorded sales and accounts receivable are adjusted to estimated settlement metals prices until final settlement with the customer. Also, it is unlikely a significant reversal of revenue for any one concentrate parcel will occur. As such, we use the expected value method to price the parcels until the final settlement date occurs, at which time the final transaction price is known. At December 31, 2022, metals contained in concentrate sales and exposed to future price changes totaled 3.1 million ounces of silver, 7,580 ounces of gold, 18.6 million pounds of zinc, and 12 million pounds of lead. However, as discussed in *Note 9*, we seek to mitigate the risk of price adjustments by using financially-settled forward contracts for some of our sales.

Sales and accounts receivable for concentrate shipments are recorded net of charges for treatment, refining, smelting losses, and other charges negotiated by us with the customers, which represent components of the transaction price. Charges are estimated by us upon shipment of concentrates based on contractual terms, and actual charges typically do not vary materially from our estimates. Costs charged by customers include fixed treatment and refining costs per ton of concentrate and may include price escalators which allow the customers to participate in the increase of lead and zinc prices above a negotiated baseline. Costs for shipping concentrates to customers are recorded to cost of sales as incurred.

Sales of metal concentrates and metal products are made principally to custom smelters, third-party processors and metal traders. The percentage of sales contributed by each segment is reflected in the following table:

	Year Ended December 31,		
	2022	2021	2020
Greens Creek	46.6%	47.6%	47.4%
Lucky Friday	20.6%	16.3%	9.1%
Casa Berardi	32.7%	30.4%	30.2%
Nevada Operations	0.1%	5.7%	8.5%
Other	—	—	4.8%
	100%	100%	100%

Sales of metal for the years ended December 31, 2022, 2021 and 2020 were as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Silver	$ 265,054	$ 293,646	$ 260,227
Gold	298,910	362,037	356,166
Lead	83,384	75,431	48,776
Zinc	123,057	125,292	95,065
Less: Smelter and refining charges	(51,973)	(48,933)	(68,361)
Sales of products	$ 718,432	$ 807,473	$ 691,873

The following is sales information by geographic area based on the location of smelters and metal traders (for concentrate shipments) and the location of parent companies (for doré sales to metal traders) for the years ended December 31, 2022, 2021 and 2020 (in thousands):

	2022	2021	2020
United States	$ 21,938	$ 71,278	$ 115,378
Canada	406,600	419,090	321,896
Japan	51,375	63,588	39,418
Netherlands	—	—	(923)
Korea	107,828	203,115	166,402
China	136,514	50,945	66,082
Total, excluding gains/losses on forward contracts	$ 724,255	$ 808,016	$ 708,253

Sales by significant product type for the years ended December 31, 2022, 2021 and 2020 were as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Doré and metals from doré	$ 255,608	$ 313,337	$ 266,536
Carbon	2,607	4,117	60,302
Silver concentrate	329,165	345,732	281,050
Zinc concentrate	109,177	112,448	76,481
Precious metals concentrate	27,698	32,382	23,884
Total, excluding gains/losses on forward contracts	$ 724,255	$ 808,016	$ 708,253

Sales of products for 2022, 2021 and 2020 included net losses of $5.8 million, $0.5 million, and $16.4 million, respectively, on derivative contracts for silver, gold, lead and zinc contained in our sales. See *Note 9* for more information.

Sales from continuing operations to significant metals customers as a percentage of total sales were as follows for the years ended December 31, 2022, 2021 and 2020:

	Year Ended December 31,		
	2022	2021	2020
Customer A	35.4%	37.2%	32.7%
Customer B	23.9%	21.5%	16.1%
Customer C	11.3%	21.6%	13.3%
Customer D	3.5%	6.2%	13.9%

Our trade accounts receivable balance related to contracts with customers was $45.1 million and $36.4 million at December 31, 2022 and 2021, respectively, and included no allowance for doubtful accounts.

We have determined our contracts do not include a significant financing component. For doré sales and sales of metal from doré, payment is received at the time the performance obligation is satisfied. Payment for carbon sales is received within a relatively short period of time after the performance obligation is satisfied. The amount of consideration for concentrate sales is variable, and we receive payment for a significant portion of the estimated value of concentrate parcels within a relatively short period of time after the performance obligation is satisfied.

We do not incur significant costs to obtain contracts, nor costs to fulfill contracts which are not addressed by other accounting standards. Therefore, we have not recognized an asset for such costs as of December 31, 2022 and 2021.

Note 4: Environmental and Reclamation Activities

The liabilities accrued for our reclamation and closure costs at December 31, 2022 and 2021 were as follows (in thousands):

	2022	2021
Operating properties:		
Greens Creek	$ 37,212	$ 37,474
Lucky Friday	13,343	13,543
Keno Hill	4,514	—
Casa Berardi	11,352	12,497
Nevada Operations	28,171	27,068
Non-operating properties:		
San Sebastian	1,989	4,451
Troy mine	6,980	4,813
Johnny M	8,961	8,947
All other sites	4,477	4,438
Total	116,999	113,231
Reclamation and closure costs, current	(8,591)	(9,259)
Reclamation and closure costs, long-term	$ 108,408	$ 103,972

The activity in our accrued reclamation and closure cost liability for the years ended December 31, 2022, 2021 and 2020 was as follows (in thousands):

Balance at January 1, 2020	$ 108,374
Accretion expense	5,912
Revision of estimated cash flows due to changes in reclamation plans	2,543
Payment of reclamation obligations	(781)
Balance at December 31, 2020	116,048
Accruals for estimated costs	4,952
Accretion expense	6,454
Revision of estimated cash flows due to changes in reclamation plans	(8,781)
Payment of reclamation obligations	(5,442)
Balance at December 31, 2021	113,231
Accruals for estimated costs	2,874
Accretion expense	5,995
Revision of estimated cash flows due to changes in reclamation plans	452
Payment of reclamation obligations	(5,553)
Balance at December 31, 2022	$ 116,999

Asset Retirement Obligations

Below is a reconciliation as of December 31, 2022 and 2021 (in thousands) of the asset retirement obligations ("ARO") which are included in our total accrued reclamation and closure costs of $117.0 million and $113.2 million, respectively, discussed above. The estimated reclamation and closure costs were discounted using credit adjusted, risk-free interest rates ranging from 5.75% to 14.5% from the time we incurred the obligation to the time we expect to pay the retirement obligation.

	2022	2021
Balance January 1	$ 95,033	$ 100,208
Changes in obligations due to changes in reclamation plans	452	(8,781)
Accretion expense	5,995	6,451
Payment of reclamation obligations	(4,860)	(2,845)
Balance at December 31	$ 96,620	$ 95,033

During 2022 following the acquisition of Alexco, we assumed an ARO of $4.4 million for Keno Hill. Payments for reclamation obligations were incurred at Lucky Friday and our former Mexico operation San Sebastian.

The AROs related to the changes described above were discounted using a credit adjusted, risk-free interest rate of between 2.75% and 7.5% and inflation rates ranging from 2% to 4%.

Note 5: Employee Benefit Plans

Pensions and Other Post-retirement Plans

We sponsor defined benefit pension plans covering substantially all U.S. employees and a Supplemental Excess Retirement Plan ("SERP") covering certain eligible employees. The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the two-year period ended December 31, 2022, and the funded status as of December 31, 2022 and 2021 (in thousands):

	Pension Benefits	
	2022	2021
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 195,862	$ 192,954
Service cost	6,262	5,820
Interest cost	5,476	4,990
Amendments	0	550
Change due to mortality change	486	548
Change due to discount rate change	(54,977)	(5,865)
Actuarial return (loss)	1,841	4,342
Benefits paid	(6,807)	(7,477)
Benefit obligation at end of year	148,143	195,862
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	189,874	148,052
Actual return on plan assets	(18,238)	27,049
Employer contributions	10,330	22,250
Benefits paid	(6,807)	(7,477)
Fair value of plan assets at end of year	175,159	189,874
Funded/(underfunded) status at end of year	$ 27,016	$ (5,988)

The following table provides the amounts recognized in the consolidated balance sheets as of December 31, 2022 and 2021 (in thousands):

	Pension Benefits	
	2022	2021
Non-current assets:		
Accrued benefit asset	$ 27,806	$ —
Current pension liability:		
Accrued benefit liability	(790)	(1,315)
Non-current pension liability:		
Accrued benefit liability	—	(4,673)
Accumulated other comprehensive loss	6,446	29,966
Net amount recognized	$ 33,462	$ 23,978

The benefit obligation and prepaid benefit costs were calculated by applying the following weighted average assumptions:

	Pension Benefits	
	2022	2021
Discount rate: net periodic pension cost	5.54%	2.64%
Discount rate: projected benefit obligation	5.54%	2.86%
Expected rate of return on plan assets	7.25%	6.40%
Rate of compensation increase: net periodic pension cost	5.00%/2.00% (1)	5.00%/2.00%
Rate of compensation increase: projected benefit obligation	5.00%/2.00% (1)	5.00%/2.00%

(1) 5.00% for 2023, 2.00% per year thereafter.

The above assumptions were calculated based on information as of December 31, 2022 and 2021, the measurement dates for the plans. The discount rate is based on the yield curve for investment-grade corporate bonds as published by the U.S. Treasury Department. The expected rate of return on plan assets is based upon consideration of the plan's current asset mix, historical long-term return rates and the plan's historical performance. Our current assumption for the rate on plan assets is 7.25%. The vested benefit obligation is determined based on the actuarial present value of benefits to which employees are currently entitled, based on employees' expected date of separation or retirement.

Net periodic pension cost for the plans consisted of the following in 2022, 2021, and 2020 (in thousands):

	Pension Benefits		
	2022	2021	2020
Service cost	$ 6,262	$ 5,820	$ 5,334
Interest cost	5,476	4,990	5,618
Expected return on plan assets	(13,452)	(9,252)	(7,489)
Amortization of prior service benefit	511	394	117
Amortization of net gain from earlier periods	2,049	4,502	4,652
Net periodic pension cost	$ 846	$ 6,454	$ 8,232

The service cost component of net periodic pension cost is included in the same line items of our consolidated financial statements as other employee compensation costs. The net (benefit)/expense of ($5.4 million), $0.6 million and $2.9 million for 2022, 2021 and 2020, respectively, related to all other components of net periodic pension cost is included in other (expense) income on our consolidated statements of operations and comprehensive (loss) income.

Each defined benefit pension plan's statement of investment policy delineates the responsibilities of the board, the committee which administers the plan, the investment manager(s), and investment adviser/consultant, and provides guidelines on investment management. Investment objectives are established for each of the asset categories included in the pension plans with comparisons of performance against appropriate benchmarks. Each plan's policy calls for investments to be supervised by qualified investment managers. The investment managers are monitored on an ongoing basis by our outside consultant, with formal reporting to us and the consultant performed each quarter. The policy sets forth the following allocation of assets:

	Target	Maximum
Large cap U.S. equities	17%	20%
Small cap U.S. equities	8%	10%
Non-U.S. equities	25%	30%
U.S. Fixed income	18%	23%
Emerging markets debt	5%	8%
Real estate	15%	18%
Absolute return	5%	7%
Company stock/Real return	7%	13%

Each defined benefit pension plan's statement of investment policy and objectives aspires to achieve the assumed long term rate of return on plan assets established by the plan's actuary plus one percent.

Accounting guidance has established a hierarchy of assets measured at fair value on a recurring basis. The three levels included in the hierarchy are:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: significant other observable inputs

Level 3: significant unobservable inputs

The fair values by asset category in each pension plan, along with their hierarchy levels, are as follows as of December 31, 2022 (in thousands):

	Hecla plans				Lucky Friday			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments measured at fair value								
Interest-bearing cash	$ 743	$ —	$ —	$ 743	$ 133	$ —	$ —	$ 133
Common stock	21,678	—	—	21,678	3,295	—	—	3,295
Mutual funds	75,868	—	—	75,868	11,905	—	—	11,905
Total investments in the fair value hierarchy	98,289	—	—	98,289	15,333	—	—	15,333
Investments measured at net asset value								
Real estate funds	—	—	—	23,967	—	—	—	5,550
Hedge funds	—	—	—	—	—	—	—	—
Common collective funds	—	—	—	26,114	—	—	—	5,906
Total investments measured at net asset value	—	—	—	50,081	—	—	—	11,456
Total fair value	$ 98,289	$ —	$ —	$148,370	$ 15,333	$ —	$ —	$ 26,789

The fair values by asset category in each defined benefit pension plan, along with their hierarchy levels, were as follows as of December 31, 2021 (in thousands):

	Hecla				Lucky Friday			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments measured at fair value								
Interest-bearing cash	$ 1,835	$ —	$ —	$ 1,835	$ 305	$ —	$ —	$ 305
Common stock	8,869	—	—	8,869	1,580	—	—	1,580
Mutual funds	96,957	—	—	96,957	15,707	—	—	15,707
Total investments in the fair value hierarchy	107,661	—	—	107,661	17,592	—	—	17,592
Investments measured at net asset value								
Real estate funds	—	—	—	19,119	—	—	—	4,482
Hedge funds	—	—	—	12,866	—	—	—	2,828
Common collective funds	—	—	—	20,626	—	—	—	4,700
Total investments measured at net asset value	—	—	—	52,611	—	—	—	12,010
Total fair value	$107,661	$ —	$ —	$160,272	$ 17,592	$ —	$ —	$ 29,602

Generally, investments are valued based on information provided by fund managers to each plan's trustee as reviewed by management and its investment advisers. Mutual funds and equities are valued based on available exchange data. Commingled equity funds consist of publicly-traded investments.

Fair value for real estate funds, hedge funds and common collective equity funds is measured using the net asset value per share (or its equivalent) practical expedient ("NAV"), and has not been categorized in the fair value hierarchy. There are no unfunded commitments related to these investments. There are no restrictions on redemptions of these funds as of December 31, 2021, except as limited by the redemption terms discussed below. The following summarizes information on the asset classes measured using NAV:

	Investment strategy	Redemption terms
Real estate funds	Invest in real estate properties among the four major property types (office, industrial, retail and multi-family)	Allowed quarterly with notice of between 45 and 60 days
Hedge funds	Invest in a variety of asset classes which aim to diversify sources of returns	Allowed quarterly with notice of 90 days
Common collective funds	Invest in U.S. large cap or small/medium cap public equities in actively traded managed equity portfolios	Allowed daily or with notice of 30 days

The following are estimates of future benefit payments, which reflect expected future service as appropriate, related to our pension plans (in thousands):

Year Ending December 31,	Pension Plans
2023	$ 8,429
2024	8,796
2025	9,649
2026	9,819
2027	9,803
Years 2028-2032	50,279

During 2022 and 2021 we contributed $5.5 million in shares of our common stock to our defined benefit pension plans, respectively. During 2022 and 2021 we also contributed $4.2 million and $16.8 million in shares of our common stock to our SERP, respectively. We do not expect to be required to contribute to our defined benefit plans in 2023, but we may choose to do so.

The following table indicates whether our pension plans had accumulated benefit obligations ("ABO") in excess of plan assets, or plan assets exceeded ABO (amounts are in thousands).

	December 31, 2022		December 31, 2021	
	ABO Exceeds Plan Assets	Plan Assets Exceed ABO	ABO Exceeds Plan Assets	Plan Assets Exceed ABO
Projected benefit obligation	$ —	$ 148,143	$ 195,862	$ —
Accumulated benefit obligation	—	144,816	191,597	—
Fair value of plan assets	—	175,159	189,874	—

For the pension plans, the following amounts are included in "Accumulated other comprehensive income, net" on our balance sheet as of December 31, 2022, that have not yet been recognized as components of net periodic benefit cost (in thousands):

	Pension Benefits
Unamortized net (gain)/loss	$ 5,377
Unamortized prior service cost	1,069

Except for a limited number of employees who participate in the SERP, non-U.S. employees are not eligible to participate in the defined benefit pension plans that we maintain for U.S. employees. Canadian employees participate in Canada's public retirement income system, which includes the following components: (i) the Canada (or Quebec) Pension Plan, which is an employee and employer contributory, earnings-related social insurance program, and (ii) the Old Age Security program. Mexican employees participate in Mexico's public retirement income system, which is based on contributions the employee, employer and the government submit to the retirement savings system. The system is administered through savings accounts managed by private fund managers selected by the participant.

Capital Accumulation Plans

Our Capital Accumulation Plan ("Hecla 401(k) Plan") is available to all U.S. salaried and certain hourly employees upon employment. We make a matching contribution in the form of cash or stock of 100% of an employee's contribution up to 6% of eligible earnings. Our matching contributions all in Hecla common stock were approximately $4.5 million, $4.3 million and $4.6 million in 2022, 2021 and 2020, respectively.

We also maintain a 401(k) plan that is available to all hourly employees at Lucky Friday after completion of six months of service. When an employee meets eligibility requirements we make a matching cash contribution of 55% of the employee's contribution up to, but not exceeding, 5% of the employee's eligible earnings. Our matching contributions were approximately $0.6 million, $0.5 million and $10,000 in 2022, 2021 and 2020, respectively.

Note 6: Income and Mining Taxes

Major components of our income and mining tax benefit (provision) for the years ended December 31, 2022, 2021 and 2020 are as follows (in thousands):

	2022	2021	2020
Current:			
Domestic	$ (3,915)	$ (7,073)	$ (7,246)
Foreign	(5,119)	(6,316)	(8,745)
Total current income and mining tax provision	(9,034)	(13,389)	(15,991)
Deferred:			
Domestic	2,064	43,708	5,096
Foreign	14,536	(750)	2,696
Total deferred income and mining tax benefit	16,600	42,958	7,792
Total income and mining tax benefit (provision)	$ 7,566	$ 29,569	$ (8,199)

Domestic and foreign components of income (loss) before income and mining taxes for the years ended December 31, 2022, 2021 and 2020 are as follows (in thousands):

	2022	2021	2020
Domestic	$ (6,343)	$ 38,003	$ (1,400)
Foreign	(38,571)	(32,477)	142
Total	$ (44,914)	$ 5,526	$ (1,258)

The annual tax benefit (provision) is different from the amount that would be provided by applying the statutory federal income tax rate to our pretax income (loss). The reasons for the difference are (in thousands):

	2022		2021		2020	
Computed "statutory" benefit (provision)	$ 9,432	21%	$ (1,161)	21%	$ 264	21%
Percentage depletion	8,542	19	8,076	(146)	5,327	423
Change in valuation allowance	(8,113)	(18)	38,058	(689)	786	62
State taxes, net of federal tax benefit	(158)	—	965	(17)	(1,164)	(93)
Foreign currency remeasurement of monetary assets and liabilities	4,559	10	(3,625)	66	(4,824)	(383)
Rate differential on foreign earnings	1,515	3	2,445	(44)	2,362	188
Compensation	173	—	1,094	(20)	(458)	(36)
Mining and other taxes	(6,609)	(15)	(13,799)	250	(9,245)	(735)
Other	(1,775)	(3)	(2,484)	45	(1,247)	(99)
Total benefit (provision)	$ 7,566	17%	$ 29,569	(535)%	$ (8,199)	(652)%

At December 31, 2022 and 2021, the net deferred tax liability was approximately $104.7 million and $104.1 million, respectively. The individual components of our net deferred tax assets and liabilities are reflected in the table below (in thousands).

	December 31,	
	2022	2021
Deferred tax assets:		
Accrued reclamation costs	$ 33,007	$ 31,558
Deferred exploration	22,584	17,959
Foreign net operating losses	71,391	18,152
Domestic net operating losses	211,381	213,637
Foreign exchange loss	24,235	19,542
Foreign tax credit carryforward	2,493	2,493
Miscellaneous	39,628	31,329
Total deferred tax assets	404,719	334,670
Valuation allowance	(72,856)	(39,152)
Total deferred tax assets	331,863	295,518
Deferred tax liabilities:		
Miscellaneous	(9,020)	(2,751)
Properties, plants and equipment	(427,584)	(396,911)
Total deferred tax liabilities	(436,604)	(399,662)
Net deferred tax liability	$ (104,741)	$ (104,144)

As part of the Klondex Mines Ltd. ("Klondex") acquisition in July 2018, we acquired a U.S. consolidated tax group (the "Nevada U.S. Group") that did not join the existing consolidated U.S. tax group of Hecla Mining Company and subsidiaries ("Hecla U.S. Group").

We evaluated the positive and negative evidence available to determine the amount of valuation allowance required on our deferred tax assets. At December 31, 2022, the balance of our valuation allowances was approximately $72.9 million compared to $39.2 million at December 31, 2021. We retained a balance of valuation allowance on Hecla US operations at December 31, 2022 of $5.1 million for state loss carryforwards and foreign tax credits. In the Nevada U.S. Group, the scheduling of reversing deferred tax assets and liabilities determined that existing tax loss carryforwards subject to the limitation of eighty percent reduction of taxable income may be limited in the future. A valuation allowance is recorded for $28.9 million. Due to cessation of operations in Mexico at the end of 2020, we are uncertain when a source of taxable income will be available in that jurisdiction. Therefore, a valuation allowance of $10.1 million was retained on deferred tax assets in Mexico. We acquired Alexco in September 2022 and recorded a valuation allowance of $25.6 million against deferred tax assets as part of the acquisition. As of December 31, 2022, a $28.8 million valuation allowance is recorded for Canadian jurisdictions, primarily related to the Alexco acquisition in 2022. The changes in the valuation allowance for the years ended December 31, 2022, 2021 and 2020, are as follows (in thousands):

	2022	2021	2020
Balance at beginning of year	$ (39,152)	$ (77,210)	$ (86,634)
Valuation allowance on deferred tax assets acquired with the Alexco acquisition	(25,591)	—	—
(Increase) decrease related to non-recognition of deferred tax assets due to uncertainty of recovery and (increase) related to non-utilization of net operating loss carryforwards	(13,256)	(20,304)	786
Decrease related to either or a combination of (i) utilization, (ii) release due to future benefit, and (iii) expiration of deferred tax assets as applicable	5,143	58,362	8,638
Balance at end of year	$ (72,856)	$ (39,152)	$ (77,210)

As of December 31, 2022, for U.S. income tax purposes, we have federal and state net operating loss carryforwards of $873.5 million and $437.6 million, respectively. U.S. net operating loss carryforwards for periods arising before January 1, 2018 have a 20-year expiration period, the earliest of which could expire in 2028. U.S. net operating loss carryforwards of $372.8 million arising in 2018 and future periods have an indefinite carryforward period. We have foreign and provincial net operating loss carryforwards of approximately $262.5 million each, which expire between 2031 and 2042. Our utilization of U.S. net operating loss carryforwards may be subject to annual limitations if there is a change in control as defined under Internal Revenue Code Section 382. As of December 31, 2022, no change in control has occurred in the Hecla U.S. group. Net operating losses acquired with the Nevada U.S. Group are subject to limitation under Internal Revenue Code Section 382. However, the annual limitation is not expected to have a

material impact on our ability to utilize the losses.

We have Internal Revenue Code Section 163(j) interest expense limitation carryforwards of $2.4 million in Hecla US as of December 31, 2022. The carryforward results in a future tax benefit of $0.5 million and has an indefinite carryforward period. In the Nevada U.S. Group we have 163(j) interest expense limitation carryforwards of $13.7 million as of December 31, 2022. The carryforward results in a future tax benefit of $2.9 million and has an indefinite carryforward period.

As of December 31, 2022, we have foreign tax credit carryforwards of $2.5 million. The carryforward period for foreign tax credits is 10 years. Our foreign tax credits will expire between 2023 and 2026.

We file income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. We are no longer subject to income tax examinations by U.S. federal and state tax authorities for years prior to 2005, or examinations by foreign tax authorities for years prior to 2016. We are currently under examination in certain local tax jurisdictions. However, we do not anticipate any material adjustments.

We had no unrecognized tax benefits as of December 31, 2022 or 2021. Due to the net operating loss carryover provision, coupled with the lack of any unrecognized tax benefits, we have not provided for any interest or penalties associated with any unrecognized tax benefits. If interest and penalties were to be assessed, our policy is to charge interest to interest expense, and penalties to other operating expense. It is not anticipated that there will be any significant changes to unrecognized tax benefits within the next 12 months.

Note 7: (Loss) Income per Common Share

We calculate basic income (loss) per share using, as the denominator, the weighted average number of common shares outstanding during the period. Diluted income (loss) per share uses, as its denominator, the weighted average number of common shares outstanding during the period plus the effect of potential dilutive common shares during the period using the treasury stock method for options, warrants, and restricted stock units, and if-converted method for convertible preferred shares.

Potential dilutive common shares include outstanding restricted stock unit awards, stock units, warrants and convertible preferred stock for periods in which we have reported net income. For periods in which we reported net losses, potential dilutive common shares are excluded, as their conversion and exercise would not reduce earnings per share. Under the if-converted method, preferred shares would not dilute earnings per share in any of the periods presented.

The following table represents net income (loss) per common share – basic and diluted (in thousands, except income (loss) per share):

	Year ended December 31,		
	2022	2021	2020
Numerator			
Net (loss) income	$ (37,348)	$ 35,095	$ (9,457)
Preferred stock dividends	(552)	(552)	(552)
Net (loss) income applicable to common stockholders	$ (37,900)	$ 34,543	$ (10,009)
Denominator			
Basic weighted average common shares	557,344	536,192	527,329
Dilutive stock options, restricted stock units, and warrants	—	5,984	—
Diluted weighted average common shares	557,344	542,176	527,329
Basic (loss) income per common share	$ (0.07)	$ 0.06	$ (0.02)
Diluted (loss) income per common share	$ (0.07)	$ 0.06	$ (0.02)

For the year ended December 31, 2021, the calculation of diluted income per common share included (i) 2,317,007 unvested restricted stock units during the period, (ii) 1,557,503 warrants to purchase one share of common stock and (iii) 2,166,964 deferred shares that were dilutive. For the years ended December 31, 2022 and 2020, all outstanding restricted stock units, warrants and deferred shares were excluded from the computation of diluted loss per share, as our reported net losses for those periods would cause their conversion and exercise to have no effect on the calculation of loss per share.

Note 8: Debt, Credit Facility and Leases

Debt Summary

Our debt as of December 31, 2022 and 2021 consisted of our 7.25% Senior Notes due February 15, 2028 ("Senior Notes") and our Investissement Quebec Series 2020-A Senior Notes due July 9, 2025 (the "IQ Notes"). These debt arrangements are discussed further below. The following tables summarize our long-term debt balances as of December 31, 2022 and 2021 (in thousands):

	December 31, 2022		
	Senior Notes	IQ Notes	Total
Principal	$ 475,000	$ 35,614	$ 510,614
Unamortized discount/premium and issuance costs	(4,640)	392	(4,248)
Long-term debt balance	$ 470,360	$ 36,006	$ 506,366

	December 31, 2021		
	Senior Notes	IQ Notes	Total
Principal	$ 475,000	$ 38,051	$ 513,051
Unamortized discount/premium and issuance costs	(5,552)	596	(4,956)
Long-term debt balance	$ 469,448	$ 38,647	$ 508,095

The following table summarizes the scheduled annual future payments, including interest, for the Senior Notes and IQ Notes as of December 31, 2022 (in thousands). The amounts for the IQ Notes are stated in USD based on the USD/CAD exchange rate as of December 31, 2022.

	Senior Notes	IQ Notes
2023	$ 34,438	$ 2,320
2024	34,438	2,320
2025	34,438	36,812
2026	34,438	—
2027	34,438	—
2028	479,302	—
Total	$ 651,492	$ 41,452

Senior Notes

On February 19, 2020, we completed an offering of $475 million in aggregate principal amount of our Senior Notes under our shelf registration statement previously filed with the Securities and Exchange Commission. The Senior Notes are governed by the Indenture, dated as of February 19, 2020, as amended, among Hecla and certain of our subsidiaries and The Bank of New York Mellon Trust Company, N.A., as trustee. On March 19, 2020, the net proceeds from the offering of the Senior Notes ($469.5 million) were used, together with cash on hand, to redeem all of our previously-outstanding 6.875% Senior Notes that were due in 2021 (the "2021 Notes.")

The Senior Notes are recorded net of a 1.16% initial purchaser discount totaling $5.5 million. The Senior Notes bear interest at a rate of 7.25% per year from the date of issuance or from the most recent payment date on which interest has been paid or provided for. Interest on the Senior Notes is payable on February 15 and August 15 of each year, commencing August 15, 2020. During 2022, 2021 and 2020, interest expense on the statement of operations and comprehensive income (loss) related to the Senior Notes and 2021 Notes and amortization of the initial purchaser discount and fees related to the issuance of the Senior Notes and 2021 Notes totaled $35.4 million, $35.4 million and $40.2 million, respectively. Interest expense for 2020 included amounts recorded for (i) interest recognized on both the Senior Notes and 2021 Notes for an overlapping period of approximately one month, as the Senior Notes were issued on February 19, 2020 and the 2021 Notes were redeemed on March 19, 2020, and (ii) $1.7 million in unamortized initial purchaser discount on the 2021 Notes upon redemption.

The Senior Notes are guaranteed on a senior unsecured basis by certain of our subsidiaries (the "Guarantors"). The Senior Notes and the guarantees are, respectively, Hecla's and the Guarantors' general senior unsecured obligations and are subordinated to all of Hecla's and the Guarantors' existing and future secured debt to the extent of the assets securing that secured debt. In addition, the Senior Notes are effectively subordinated to all of the liabilities of Hecla's subsidiaries that are not guaranteeing the Senior Notes, to the extent of the assets of those subsidiaries.

The Senior Notes will be redeemable in whole or in part, at any time and from time to time on or after February 15, 2023, on the redemption dates and at the redemption prices specified in the Indenture, plus accrued and unpaid interest, if any, to the date of redemption. After February 15, 2023, we may redeem some or all of the Senior Notes at the following redemption prices (expressed as a percentage of the principal amount) plus accrued interest, if any, to the redemption date: (i) 105.438% for the twelve-month period beginning after February 15, 2023, (ii) 103.625% for the twelve-month period beginning after February 15, 2024, (iii) 101.813% for the twelve-month period beginning after February 15, 2025, and (iv) 100.000% after February 15, 2026. We may redeem up to 35% of the Senior Notes before February 15, 2023 with the net cash proceeds of certain equity offerings.

Upon the occurrence of a change of control (as defined in the Indenture), each holder of Senior Notes will have the right to require us to purchase all or a portion of such holder's Senior Notes pursuant to a change of control offer (as defined in the Indenture), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase, subject to the rights of holders of the Senior Notes on the relevant record date to receive interest due on the relevant interest payment date.

IQ Notes

On July 9, 2020, we entered into a note purchase agreement pursuant to which we issued CAD$50 million (approximately USD$36.8 million at the time of the transaction) in aggregate principal amount of our IQ Notes to Investissement Québec, a financing arm of the Québec government. Because the IQ notes are denominated in CAD, the reported USD-equivalent principal balance will change with movements in the exchange rate. The IQ Notes were issued at a premium of 103.65%, or CAD$1.8 million, implying an effective annual yield of 5.74% and an aggregate principal amount to be repaid of CAD$48.2 million. The IQ Notes were issued in four equal installments of CAD$12.5 million on July 9, August 9, September 9 and October 9, 2020, with the first installment issued net of CAD$0.6 million in fees. The IQ Notes bear interest on amounts outstanding at a rate of 6.515% per year, payable on January 9 and July 9 of each year, commencing January 9, 2021. The IQ Notes are senior and unsecured and are pari passu in all material respects with the Senior Notes, including with respect to guarantees of the IQ Notes by certain of our subsidiaries. The net proceeds from the IQ Notes are available for general corporate purposes, including open market purchases of a portion of the Senior Notes and to pay for capital expenditures at Casa Berardi. Under the note purchase agreement for the IQ Notes and subject to a force majeure event, we are required to invest in the aggregate CAD$100 million at Casa Berardi and other exploration and development projects in Quebec over the four-year period commencing on July 9, 2020. During 2022, 2021 and 2020, interest expense related to the IQ Notes, including premium and origination fees, totaled $2.3 million, $2.3 million and $0.9 million, respectively.

Credit Facility

New $150 million facility

On July 21, 2022, we replaced our prior credit agreement and entered into a Credit Agreement ("New Credit Agreement") with various financial institutions (the "Lenders"), with Bank of America, N.A., as administrative agent for the Lenders and as swingline lender and Bank of Montreal as letters of credit issuers. The New Credit Agreement is a $150 million senior secured revolving facility, with an option to be increased in an aggregate amount not to exceed $75 million. The revolving loans under the New Credit Agreement will have a maturity date of July 21, 2026. Proceeds of the revolving loans under the New Credit Agreement may be used for general corporate purposes. The interest rate on the outstanding loans under the New Credit Agreement is based on the Company's net leverage ratio and is calculated at (i) Term Secured Overnight Financing Rate ("SOFR") plus 2% to 3.5%; or (ii) Bank of America's Base Rate plus 1% to 2.5% with Base Rate being the highest of (i) the Bank of America prime rate, (ii) the Federal Funds rate plus .50% or (iii) Term SOFR plus 1.00%. For each amount drawn, we elect whether we draw on a one, three or six month basis or annual basis for SOFR. If we elect to draw for greater than six months, we pay interest quarterly on the outstanding amount.

We are also required to pay a commitment fee of between 0.45% to 0.78750%, depending on our net leverage ratio. Letters of credit issued under the New Credit Agreement bear a fee between 2.00% and 3.50% based on our net leverage ratio, as well as a fronting fee to each issuing bank at an agreed upon rate per annum on the average daily dollar amount of our letter of credit exposure. During 2022 we paid $0.3 million as commitment fees under the New Credit Agreement included as part of *Interest expense, net*.

Hecla Mining Company and certain of our subsidiaries are the borrowers under the New Credit Agreement, while certain of our other subsidiaries are guarantors of the borrowers' obligations under the New Credit Agreement. As further security, the credit facility is collateralized by a mortgage on the Greens Creek mine, the equity interests of subsidiaries that own the Greens Creek mine or are part of the Greens Creek Joint Venture and our subsidiary Hecla Admiralty Company (the "Greens Creek Group"), and by all of the Green Creek Group's rights and interests in the Greens Creek Joint Venture Agreement, and in all assets of the joint venture and of any member of the Greens Creek Group.

As of December 31, 2022, $7.8 million was used for lines of credit, leaving approximately $142.2 million available for borrowing.

We believe we were in compliance with all covenants under the New Credit Agreement as of December 31, 2022.

Prior $250 million facility

In July 2018, we entered into a credit agreement (as amended, the "Prior Credit Agreement") providing for a $250 million senior secured revolving credit facility which had a term ending on February 7, 2023. As of December 31, 2021, no amounts were outstanding under the facility.

We were also able to obtain letters of credit under the facility, and for any such letters we were required to pay a participation fee of between 2.25% and 4.00% of the amount of the letters of credit based on our total leverage ratio, as well as a fronting fee to each issuing bank of 0.20% annually on the average daily dollar amount of any outstanding letters of credit.

In connection with our entry into the New Credit Agreement, the Prior Credit Agreement was terminated on July 21, 2022. We believe we were in compliance with all covenants under the Prior Credit Agreement as of July 21, 2022, and as of December 31, 2021.

Finance Leases

We have entered into various lease agreements, primarily for equipment at our operations, which we have determined to be finance leases. At December 31, 2022, the total liability associated with the finance leases, including certain purchase option amounts, was $20.9 million (2021: $13.4 million), with $9.5 million (2021: $5.6 million) of the liability classified as current and $11.4 million (2021: $7.8 million) classified as non-current. The assets related to these leases are recorded in properties, plants, equipment and mineral interests, net, on our consolidated balance sheets and totaled $23.1 million of December 31, 2022 (2021: $18.3 million), net of accumulated depreciation. Expense during 2022, 2021 and 2020 related to finance leases included $7.1 million, $8.9 million and $7.4 million, respectively, for amortization of the related assets, and $0.9 million, $0.6 million and $0.6 million, respectively, for interest expense. The total obligation for future minimum finance lease payments was $22.2 million at December 31, 2022, with $1.4 million attributed to interest. Our finance leases as of December 31, 2022 had a weighted average remaining term of approximately 1.9 years and a weighted average discount rate of approximately 6.5%.

At December 31, 2022, the annual maturities of finance lease commitments, including interest, were (in thousands):

Twelve-month period ending December 31,	
2023	$ 9,352
2024	7,185
2025	3,808
2026	1,851
2027	24
Total	22,220
Less: imputed interest	(1,361)
Net finance lease obligation	$ 20,859

Operating Leases

We have entered into various lease agreements, primarily for equipment, buildings and other facilities, and land at our operations and corporate offices, which we have determined to be operating leases. Some of the operating leases allow for extension of the lease beyond the current term at our option. We have considered the likelihood and estimated duration of the extension options in determining the lease term for measurement of the liability and right-of-use asset. For our operating leases as of December 31, 2022, we have assumed a discount rate of 6%. At December 31, 2022, the total liability balance associated with the operating leases was $11.1 million (2021: $12.4 million) , with $2.5 million (2021: $2.5 million) of the liability classified as current as part of *Other Current Liabilities* and the remaining $8.6 million (2021: $10.0 million) classified as non-current as part of *Other Non-Current Liabilities* on our balance sheet. The right-of-use assets for our operating leases are recorded as a non-current asset on our consolidated balance sheets and totaled $11.1 million and $12.4 million as of December 31, 2022 and 2021, respectively. During 2022, 2021 and 2020, operating lease expense, and cash paid for operating leases included in net cash provided by operating activities, totaled $3.1 million, $3.9 million and $7.2 million, respectively. The weighted-average remaining lease term for our operating leases as of December 31, 2022 was approximately 8.9 years.

At December 31, 2022, the annual maturities of undiscounted operating lease payments, including assumed extensions beyond the current lease terms, were (in thousands):

Twelve-month period ending December 31,	
2023	$ 3,167
2024	1,285
2025	1,274
2026	1,275
2027	1,170
More than 5 years	6,408
Total	14,579
Effect of discounting	(3,511)
Operating lease liability	$ 11,068

Note 9: Derivative Instruments

General

Our current risk management policy provides that up to 75% of five years foreign currency, lead and zinc metals price and silver and gold price exposure may be covered under a derivatives program with certain other limitations. The silver and gold price program can only establish a floor (puts). We are not currently utilizing this silver and gold program. Our program also utilizes derivatives to manage price risk exposure created from when revenue is recognized from a shipment of concentrate until final settlement.

These instruments expose us to (i) credit risk in the form of non-performance by counterparties for contracts in which the contract price exceeds the spot price of the hedged commodity or foreign currency and (ii) price risk to the extent that the spot price exceeds the contract price for quantities of our production and/or forecasted costs covered under contract positions.

Foreign Currency

Our wholly-owned subsidiaries owning the Casa Berardi operation as well as the recently acquired Keno Hill development property which Alexco owned are USD-functional entities which routinely incur expenses denominated in CAD. Such expenses expose us to exchange rate fluctuations between the USD and CAD. We have a program to manage our exposure to fluctuations in the USD exchange rate for these subsidiaries' future operating and capital costs denominated in CAD. The program utilizes forward contracts to buy CAD, some of which are designated as cash flow hedges. As of December 31, 2022, we have 278 forward contracts outstanding to buy a total of CAD$499 million having a notional amount of USD$377.4 million and have CAD-to-USD exchange rates ranging between 1.26 and 1.37920. The CAD contracts that are designed as cash flow hedges of forecasted cash operating costs at Casa Berardi to be incurred from 2023 through 2026 are to purchase CAD$427.4 million having a notional amount value of USD$325.1 million and have CAD-to-USD exchange rates ranging between 1.26 and 1.3765.

As of December 31, 2022 and 2021, we recorded the following balances for the fair value of the contracts (in millions):

	December 31,	
Balance sheet line item:	**2022**	**2021**
Other current assets	$ 1.1	$ 2.7
Other non-current assets	0.4	2.5
Current derivative liabilities	4.0	—
Non-current derivative liabilities	3.6	0.0

Net unrealized losses of approximately $7.1 million related to the effective portion of the hedges were included in accumulated other comprehensive income (loss) as of December 31, 2022. Unrealized gains and losses will be transferred from accumulated other comprehensive loss to current earnings as the underlying operating expenses are recognized. We estimate approximately $3.7 million in net unrealized losses included in accumulated other comprehensive income (loss) as of December 31, 2022 would be reclassified to current earnings in the next twelve months. Net realized gains of approximately $0.8 million on contracts related to underlying expenses which have been recognized were transferred from accumulated other comprehensive loss and included in cost of sales and other direct production costs for the year ended December 31, 2022. Net unrealized gains of approximately $0.1 million related to contracts not designated as hedges and no net unrealized gains or losses related to ineffectiveness of the hedges were included in fair value adjustments, net on our consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2022.

Metals Prices

We are currently using financially-settled forward contracts to manage the exposure to:

- changes in prices of silver, gold, zinc and lead contained in our concentrate shipments between the time of shipment and final settlement; and
- changes in prices of zinc and lead (but not silver and gold) contained in our forecasted future concentrate shipments.

The following tables summarize the quantities of metals committed under forward sales contracts at December 31, 2022 and 2021:

	December 31, 2022							
	Ounces/pounds under contract (in 000's)				Average price per ounce/pound			
	Silver (ounces)	Gold (ounces)	Zinc (pounds)	Lead (pounds)	Silver (ounces)	Gold (ounces)	Zinc (pounds)	Lead (pounds)
Contracts on provisional sales								
2023 settlements	3,124	8	18,629	11,960	$ 21.55	$ 1,795	$ 1.38	$ 0.98
Contracts on forecasted sales								
2023 settlements	—	—	37,533	75,618	N/A	N/A	$ 1.34	$ 1.00
2024 settlements	—	—	—	45,856	N/A	N/A	N/A	$ 0.99

	December 31, 2021							
	Ounces/pounds under contract (in 000's)				Average price per ounce/pound			
	Silver (ounces)	Gold (ounces)	Zinc (pounds)	Lead (pounds)	Silver (ounces)	Gold (ounces)	Zinc (pounds)	Lead (pounds)
Contracts on provisional sales								
2022 settlements	1,814	6	13,371	4,575	$ 23.02	$ 1,812	$ 1.39	$ 0.96
Contracts on forecasted sales								
2022 settlements	—	—	57,706	59,194	N/A	N/A	$ 1.28	$ 0.98
2023 settlements	—	—	76,280	71,650	N/A	N/A	$ 1.29	$ 1.00

Effective November 1, 2021, we designated the contracts for lead and zinc contained in our forecasted future shipments as hedges for accounting purposes, with gains and losses deferred to accumulated other comprehensive loss until the hedged product ships. Prior to November 1, 2021, these contracts did not qualify for hedge accounting and were therefore marked-to-market through earnings each period. The forward contracts for silver and gold contained in our concentrate shipments have not been designated as hedges and are marked-to-market through earnings each period.

At December 31, 2022 and 2021, we recorded the following balances for the fair value of forward and put option contracts held at that time (in millions):

	December 31, 2022			December 31, 2021		
Balance sheet line item:	Contracts in an asset position	Contracts in a liability position	Net asset (liability)	Contracts in an asset position	Contracts in a liability position	Net asset (liability)
Other current assets	$ 1.2	$ —	$ 1.2	$ —	$ —	$ —
Other non-current assets	0.1	—	0.1	—	—	—
Current derivatives liability	0.0	(12.1)	(12.1)	0.7	(20.1)	(19.4)
Non-current derivatives liability	0.0	(2.5)	(2.5)	0.4	(18.9)	(18.5)

Net realized and unrealized gains of approximately $16.8 million related to the effective portion of the contracts designated as hedges were included in accumulated other comprehensive loss as of December 31, 2022. Realized and unrealized gains and losses will be transferred from accumulated other comprehensive loss to current earnings as the underlying forecasted sales transaction is recognized. We estimate approximately $8.4 million in net realized and unrealized gains included in accumulated other comprehensive loss as of December 31, 2022 will be reclassified to current earnings in the next twelve months. The realized gains arose due to cash settlement of zinc contracts prior to maturity in 2022 for proceeds of $17.4 million. There were no early settlements in 2021 or 2020. We recognized a net loss of $5.8 million, including a $6.0 million loss transferred from accumulated other comprehensive income(loss) during 2022 on the contracts utilized to manage exposure to changes in prices of metals in our concentrate shipments, which is included in sales of products. The net loss recognized on the contracts offsets gains related to price adjustments on our provisional concentrate sales due to changes to silver, gold, lead and zinc prices between the time of sale and final settlement.

We recognized a $32.9 million net loss during 2021 on the contracts utilized to manage exposure to changes in prices for forecasted future sales prior to their hedge designation. The net loss on these contracts is included in the fair value adjustments, net line item under other income (expense), as they relate to forecasted future sales, as opposed to sales that have already taken place but are subject to final pricing as discussed in the preceding paragraph. The net loss for 2021 is the result of increasing silver, gold, zinc and lead prices.

Credit-risk-related Contingent Features

Certain of our derivative contracts contain cross default provisions which provide that a default under our revolving credit agreement would cause a default under the derivative contract. As of December 31, 2022, we have not posted any collateral related to these contracts. The fair value of derivatives in a net liability position related to these arrangements was $22.2 million as of December 31, 2022, and includes accrued interest but excludes any adjustment for nonperformance risk. If we were in breach of any of these provisions at December 31, 2022, we could have been required to settle our obligations under the agreements at their termination value of $22.2 million.

Note 10: Fair Value Measurement

Fair value adjustments, net is comprised of the following:

	Year ended December 31,		
	2022	2021	2020
Gain (loss) on derivative contracts	$ 844	$ (32,655)	$ (22,074)
Unrealized (loss) gain on investments in equity securities	(5,632)	(4,295)	10,268
Gain on disposition or exchange of investments	65	1,158	—
Total fair value adjustments, net	$ (4,723)	$ (35,792)	$ (11,806)

Accounting guidance has established a hierarchy for inputs used to measure assets and liabilities at fair value on a recurring basis. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels included in the hierarchy are:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: significant other observable inputs; and

Level 3: significant unobservable inputs.

The table below sets forth our assets and liabilities (in thousands) that were accounted for at fair value on a recurring basis and the fair value calculation input hierarchy level that we have determined applies to each asset and liability category. See Note 5 for information on the fair values of our defined benefit pension plan assets.

	Balance at December 31, 2022	Balance at December 31, 2021	Input Hierarchy Level
Assets:			
Cash and cash equivalents:			
Money market funds and other bank deposits	$ 104,743	$ 210,010	Level 1
Current and non-current investments:			
Equity securities – mining industry	24,018	14,470	Level 1
Trade accounts receivable:			
Receivables from provisional concentrate sales	45,146	36,437	Level 2
Derivative contracts - other current assets and other non-current assets:			
Metal forward and put option contracts	1,309	—	Level 2
Foreign exchange contracts	1,518	5,207	Level 2
Restricted cash balances:			
Certificates of deposit and other deposits	1,164	1,053	Level 1
Total assets	$ 177,898	$ 267,177	
Liabilities			
Derivative contracts - current derivative liabilities and other non-current liabilities:			
Metal forward and put option contracts	$ 14,643	$ 37,873	Level 2
Foreign exchange contracts	7,548	8	Level 2
Total liabilities	$ 22,191	$ 37,881	

Cash and cash equivalents consist primarily of money market funds and are valued at cost, which approximates fair value, and a small portion consists of municipal bonds having maturities of less than 90 days, which are recorded at fair value.

Current and non-current restricted cash balances consist primarily of certificates of deposit, U.S. Treasury securities, and other deposits and are valued at cost, which approximates fair value.

Our current and non-current investments consist of marketable equity securities of companies in the mining industry which are valued using quoted market prices for each security.

Trade accounts receivable include amounts due to us for shipments of concentrates, doré, metals sold from doré, and carbon material sold to customers. Revenues and the corresponding accounts receivable for sales of metals products are recorded when title and risk of loss transfer to the customer (generally at the time of ship loading, or at the time of arrival at the customer for trucked products). Sales of concentrates are recorded using estimated forward prices for the anticipated month of settlement applied to our estimate of payable metal quantities contained in each shipment. Sales are recorded net of estimated treatment and refining charges, which are also impacted by changes in metals prices and quantities of contained metals. We estimate the prices at which sales of our concentrates will be settled due to the time elapsed between shipment and final settlement with the customer. Receivables for previously recorded concentrate sales are adjusted to reflect estimated forward metals prices at the end of each period until final settlement by the customer. We obtain the forward metals prices used each period from a pricing service. Changes in metals prices between shipment and final settlement result in changes to revenues previously recorded upon shipment.

We use financially-settled forward contracts to manage exposure to changes in the exchange rate between the USD and CAD, and the impact on CAD-denominated operating and capital costs incurred at our Casa Berardi unit and Keno Hill development project (see *Note 9* for more information). The contracts related to operating costs qualify for hedge accounting, while the contracts related to capital costs have not been designated as hedges. Unrealized gains and losses related to the effective portion of the contracts designated as hedges are included in accumulated other comprehensive loss, and unrealized gains and losses related to the contracts not designated as hedges and the ineffective portion of the contracts designated as hedges are included in earnings each period. The fair value of each contract represents the present value of the difference between the forward exchange rate for the contract settlement period as of the measurement date and the contract settlement exchange rate.

We use financially-settled forward contracts to manage the exposure to changes in prices of silver, gold, zinc and lead contained in our concentrate shipments that have not reached final settlement. We also use financially-settled forward contracts to manage the exposure to changes in prices of zinc and lead (but not silver and gold) contained in our forecasted future concentrate shipments (see *Note 9* for more information). Effective November 1, 2021, we designated the contracts for lead and zinc as hedges for accounting purposes, with gains and losses deferred to accumulated other comprehensive income until the hedged product ships. The forward contracts for silver and gold contained in our concentrate shipments have not been designated as hedges and are marked-to-market through earnings each period. The fair value of each forward contract represents the present value of the difference between the forward metal price for the contract settlement period as of the measurement date and the contract settlement metal price.

At December 31, 2022, our Senior Notes and IQ Notes were recorded at their carrying values of $470.4 million and $36 million, respectively, net of unamortized initial purchaser discount/premium and issuance costs. The estimated fair values of our Senior Notes and IQ Notes were $471.1 million and $35.1 million, respectively, at December 31, 2022. Quoted prices, which we consider to be Level 1 inputs, are utilized to estimate the fair value of the Senior Notes. Unobservable inputs which we consider to be Level 3, including an assumed current annual yield of 7.44%, are utilized to estimate the fair value of the IQ Notes. See *Note 9* for more information.

Note 11: Stockholders' Equity

Common Stock

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.

Dividends

In September 2011 and February 2012, our Board of Directors ("Board") 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, if and when declared. In September 2020, we amended the dividend policy to (1) reduce the minimum quarterly realized silver price threshold for the first component above from $30 per ounce to $25 per ounce, and (2) increased the minimum annual dividend from $0.01 per share to $0.015 per share. In each of May and September 2021, our Board approved an increase in our silver-linked dividend policy by $0.01 per year, and in September 2021 also approved a reduction in the minimum realized silver price threshold to $20 from $25 per ounce. For illustrative purposes only, the table below summarizes potential per share dividend amounts at different quarterly average realized price levels according to the first component of the policy, as amended:

Quarterly Average Realized Silver Price ($ per ounce)	Quarterly Silver-Linked Dividend ($ per share)	Annualized Silver-Linked Dividend ($ per share)	Annualized Minimum Dividend ($ per share)	Annualized Dividends per Share: Silver-Linked and Minimum ($ per share)
<$ 20	$ —	$ —	$ 0.015	$ 0.015
$ 20	$ 0.0025	$ 0.01	$ 0.015	$ 0.025
$ 25	$ 0.0100	$ 0.04	$ 0.015	$ 0.055
$ 30	$ 0.0150	$ 0.06	$ 0.015	$ 0.075
$ 35	$ 0.0250	$ 0.10	$ 0.015	$ 0.115
$ 40	$ 0.0350	$ 0.14	$ 0.015	$ 0.155
$ 45	$ 0.0450	$ 0.18	$ 0.015	$ 0.195
$ 50	$ 0.0550	$ 0.22	$ 0.015	$ 0.235

Total quarterly common stock dividends declared by our Board for the years ended December 31, 2022, 2021 and 2020 amounted to $12.4 million, $20.1 million and $8.6 million respectively. The common stock dividend declared by the Board in the third quarter of 2020 and each subsequent quarter with the exception of the fourth quarter of 2022 has included the silver-linked component, as the realized silver price was above the minimum thresholds applicable to each of those quarters. 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.

At-The-Market Equity Distribution Agreement

Pursuant to an equity distribution agreement dated February 18, 2021, we may offer and sell up to 60 million shares of our common stock from time to time to or through sales agents. Sales of the shares, if any, will be made by means of ordinary brokers transactions or as otherwise agreed between the Company and the agents as principals. Whether or not we engage in sales from time to time may depend on a variety of factors, including share price, our cash resources, customary black-out restrictions, and whether we have any material inside information. The agreement can be terminated by us at any time. Any sales of shares under the equity distribution agreement are registered under the Securities Act of 1933, as amended, pursuant to a shelf registration statement on Form S-3. As of December 31, 2022, we had sold 3,860,199 shares under the agreement for proceeds of $17.3 million, net of commissions and fees of approximately $0.3 million. All of the sales occurred during September through December 2022.

Common Stock Repurchase Program

In 2012, our Board approved a stock repurchase program under which we are authorized to repurchase up to 20 million shares of our outstanding common stock from time to time in open market or privately negotiated transactions, depending on prevailing market conditions and other factors. The repurchase program may be modified, suspended or discontinued by us at any time. As of December 31, 2022, a total of 934,100 shares have been repurchased under the program, at an average price of $3.99 per share. No shares were purchased under the program during the periods covered by these financial statements.

Preferred Stock

We have 157,776 shares (2021: 157,816 shares) of Series B Preferred Stock ("Preferred Stock") outstanding which are listed on the New York Stock Exchange. The Preferred Stock ranks senior to our common stock with respect to dividend payments, and amounts due upon liquidation, dissolution or winding up. While the Preferred Stock remains outstanding, we cannot authorize the creation or issuance of any class or series of stock that ranks senior to the Preferred Stock with respect to dividend payments, and amounts due upon liquidation, dissolution or winding up, without the consent of 66 2/3% of the Preferred Stockholders. Preferred Stockholders are entitled to receive, when, as and if declared by our Board, an annual cash dividend of $3.50 per share of Preferred Stock, payable quarterly in arrears. Dividends are cumulative from the date of issuance, regardless of whether we have assets legally available for such payment. Total quarterly preferred stock dividends declared by our Board for the years ended December 31, 2022, 2021 and 2020 amounted to $552,000 per year, respectively. Interest is not payable on any accumulated dividends. The Preferred Stock is redeemable at our option at $50 per share of Preferred Stock, plus any unpaid dividends up to the date of redemption. The Preferred Stock has a liquidation preference of $50 per share of Preferred stock, or $7.9 million, plus an amount per share equal to all dividends undeclared and unpaid thereon to the date of final distribution. Except in limited circumstances, the Preferred Stockholders have no voting rights. Each share of Preferred Stock is convertible, in whole or in part, at the holder's option into our common stock at a conversion price of $15.55 per common stock. During 2022, 40 shares of Preferred Stock were converted into 128 shares of our common stock.

Stock Award Plans

We use stock-based compensation plans to aid us in attracting, retaining and motivating our employees, as well as to provide incentives more directly linked to increases in stockholder value. These plans provide for the grant of options to purchase shares of our common stock, the issuance of restricted stock units, performance-based shares and other equity-based awards.

Stock-based compensation expense amounts recognized for the years ended December 31, 2022, 2021 and 2020 were approximately $6.0 million, $6.1 million, and $6.5 million, respectively. Over the next twelve months, we expect to recognize approximately $4.6 million in additional compensation expense as outstanding restricted stock units and performance-based shares vest.

Stock Incentive Plan

During 2010, our stockholders voted to approve the adoption of our 2010 Stock Incentive Plan and to reserve up to 20,000,000 shares of common stock for issuance under the plan. In the second quarter of 2019, our stockholders voted to approve an amendment to the plan to restore the number of shares of common stock available for issuance under the 2010 plan to the original 20,000,000 shares (along with other changes). The Board has broad authority under the 2010 plan to fix the terms and conditions

of individual agreements with participants, including the duration of the award and any vesting requirements. As of December 31, 2022, there were 13,808,002 shares available for future grant under the 2010 plan.

Directors' Stock Plan

In 2017, we adopted the amended and restated Hecla Mining Company Stock Plan for Non-Employee Directors (the "Directors' Stock Plan"), which may be terminated by our board of directors at any time. Each non-employee director is credited each year with that number of shares determined by dividing $120,000 by the average closing price for our common stock on the New York Stock Exchange for the prior calendar year. A minimum of 25% of the shares credited each year is held in trust for the benefit of each director until delivered to the director. Each director may elect, prior to the first day of the applicable year, to have a greater percentage contributed to the trust for that year. Delivery of the shares from the trust occurs upon the earliest of: (1) death or disability; (2) retirement; (3) a cessation of the director's service for any other reason; (4) a change in control; or (5) at the election of the director at any time, provided, however, that shares must be held in the trust for at least two years prior to delivery. During 2022, 2021, and 2020, 98,310, 207,375, and 391,244 shares, respectively, were credited to the non-employee directors. During 2022, 2021 and 2020, $0.4 million, $1.8 million, and $1.5 million, respectively, was charged to general and administrative expense associated with the shares issued to the non-employee directors. During 2022, two directors retired and 388,175 shares were distributed to them. At December 31, 2022, there were 2,170,959 shares available for grant in the future under the plan.

Restricted Stock Units

Unvested restricted stock units ("RSU") activity granted by the Board to employees are summarized as follows:

	Shares	Weighted Average Grant Date Fair Value per Share
Unvested, January 1, 2020	3,997,168	$ 2.46
Granted	1,688,111	$ 3.03
Canceled	(70,236)	$ 2.08
Vested	(1,678,909)	$ 2.83
Unvested, December 31, 2020	3,936,134	$ 2.55
Granted	629,437	$ 7.88
Canceled	(770,416)	$ 2.82
Vested	(1,772,803)	$ 2.60
Unvested, December 31, 2021	2,022,352	$ 3.97
Granted	1,256,532	$ 4.41
Canceled	(177,801)	$ 4.41
Vested	(1,304,968)	$ 3.97
Unvested, December 31, 2022	1,796,115	$ 4.23

Unvested RSU's will be forfeited by participants upon termination of employment in advance of vesting, with the exception of termination due to retirement if certain criteria are met. At December 31, 2022, there was unrecognized compensation expense of $4.7 million related to unvested RSUs to be recognized over a weighted average period of 1.1 years.

Performance-Based Shares

We periodically grant performance-based share awards ("PSUs") to certain executive employees. The value of the PSUs (if any) is based on the ranking of the market performance of our common stock relative to the performance of the common stock of a group of peer companies over a three-year measurement period. The number of shares to be issued (if any) is based on the value of the PSUs divided by the share price at grant date. The compensation cost is measured using a Monte Carlo simulation to estimate their value at grant date, and the expense related to the performance-based awards (if any) will be recognized on a straight-line basis over the thirty months following that date of the PSUs.

Unvested PSUs activity granted by the Board to eligible employees are summarized as follows:

	Shares	Weighted Average Grant Date Fair Value per Share
Unvested, January 1, 2020	1,477,631	$ 0.79
Granted	597,360	$ 0.31
Forfeited	(261,096)	$ 2.37
Unvested, December 31, 2020	1,813,895	$ 0.41
Granted	122,462	$ 13.70
Canceled	(174,108)	$ 0.76
Vested [1]	(887,827)	$ —
Unvested, December 31, 2021	874,422	$ 2.61
Granted	322,796	$ 3.78
Vested [1]	(597,360)	$ 0.31
Unvested, December 31, 2022	599,858	$ 5.54

(1) Vested on December 31 and distributed in February of the following year

Unvested PSUs will be forfeited by participants upon termination of employment in advance of vesting. At December 31, 2022, there was an unrecognized compensation expense of $1.4 million related to unvested PSUs to be recognized over a weighted average period of 1.5 years.

In connection with the vesting of restricted stock units, PSUs and other stock grants, employees have in the past, at their election and when permitted by us, chosen to

satisfy their tax withholding obligations through net share settlement, pursuant to which we withhold the number of shares necessary to satisfy such withholding obligations and pay the obligations in cash. Pursuant to such net settlements, in 2022, we withheld 737,258 shares valued at approximately $3.7 million, or approximately $4.99 per share. In 2021, we withheld 574,251 shares valued at approximately $4.5 million, or approximately $7.88 per share. In 2020, we withheld 1,183,773 shares valued at approximately $2.7 million, or approximately $2.32 per share. These shares become treasury shares unless we cancel them.

Warrants

We have 4,136,000 warrants outstanding since the Klondex acquisition in July 2018. Each warrant entitles the warrant holder to purchase one share of our common stock. The warrants have the following key terms:

Number of warrants	Exercise price	Expiration date
2,068,000	$ 1.57	February 2029
2,068,000	$ 8.02	April 2032

Common stock contributed to the Hecla Charitable Foundation

In 2020, we gifted 650,000 shares of our common stock, valued at $2.0 million at the time of the gift, to the Hecla Charitable Foundation and recognized expense for that amount.

Note 12: Accumulated Other Comprehensive Loss

The following table lists the beginning balance, yearly activity and ending balance of each component of "Accumulated other comprehensive loss, net" (in thousands):

	Changes in fair value of derivative contracts designated as hedge transactions	Adjustments For Pension Plans	Total Accumulated Other Comprehensive Loss, Net
Balance January 1, 2020	$ (348)	$ (36,962)	$ (37,310)
2020 change	7,980	(3,559)	4,421
Balance December 31, 2020	7,632	(40,521)	(32,889)
2021 change	(12,307)	16,740	4,433
Balance December 31, 2021	(4,675)	(23,781)	(28,456)
2022 change	13,837	17,067	30,904
Balance December 31, 2022	$ 9,162	$ (6,714)	$ 2,448

The amounts above are net of the income tax effect of such balances and activity as summarized in the following table (in thousands):

	Changes in fair value of derivative contracts designated as hedge transactions	Adjustments For Pension Plans	Total Accumulated Other Comprehensive Loss, Net
Balance January 1, 2020	$ —	$ 12,575	$ 12,575
2020 change	—	—	—
Balance December 31, 2020	—	12,575	12,575
2021 change	4,689	(6,379)	(1,690)
Balance December 31, 2021	4,689	6,196	10,885
2022 change	(5,233)	(6,454)	(11,687)
Balance December 31, 2022	$ (544)	$ (258)	$ (802)

See *Note 5* for more information on our employee benefit plans and *Note 9* for more information on our derivative instruments.

Note 13: Properties, Plants, Equipment and Mineral Interests, and Lease Commitments

Properties, Plants, Equipment and Mineral Interests

Our major components of properties, plants, equipment, and mineral interests are (in thousands):

	December 31,	
	2022	2021
Mining properties, including asset retirement obligations	$ 871,027	$ 818,582
Development costs	588,298	549,666
Plants and equipment	1,514,906	1,446,183
Land	35,644	34,931
Mineral interests	1,171,261	972,754
Construction in progress	134,600	86,903
	4,315,736	3,909,019
Less accumulated depreciation, depletion and amortization	1,745,946	1,598,209
Net carrying value	$ 2,569,790	$ 2,310,810

During 2022, we incurred total capital expenditures of approximately $149.4 million. This excludes non-cash items for equipment acquired under finance leases and adjustments for asset retirement obligations, and includes acquisitions of mineral interests and land. The expenditures included $51.0 million at Lucky Friday, $36.9 million at Greens Creek, $39.7 million at Casa Berardi and $19.7 million at Keno Hill.

Mineral interests include amounts for value beyond proven and probable reserves ("VBPP") related to mines and exploration or pre-development interests acquired by us which are not depleted until the mineralized material they relate to is converted to proven and probable reserves. As of December 31, 2022, mineral interests included VBPP assets of $323.6 million, $383.6 million, $93.8 million and $102.1 million, respectively, at Casa Berardi, Nevada Operations, Greens Creek and Keno Hill, along with various other properties. As of December 31, 2021, mineral interests included VBPP assets of $323.6 million, $382.9 million and $132.6 million, respectively, at Casa Berardi, Nevada Operations and Greens Creek, along with various other properties.

Finance Leases

We periodically enter into lease agreements, primarily for equipment at our operations, which we have determined to be finance leases. As of December 31, 2022 and 2021, we have recorded $90.8 million and $78.9 million, respectively, for the gross amount of assets acquired under the finance leases and $67.7 million and $60.6 million, respectively, in accumulated depreciation on those assets, classified as plants and equipment in *Properties, plants, equipment and mineral interests*. See *Note 7* for information on future obligations related to our finance leases.

Note 14: Commitments, Contingencies, and Obligations

Johnny M Mine Area near San Mateo, McKinley County and San Mateo Creek Basin, New Mexico

In August 2012, Hecla Limited and the U.S. Environmental Protection Agency (the "EPA") entered into a Settlement Agreement and Administrative Order on Consent for Removal Action ("Consent Order") regarding the Johnny M Mine Area near San Mateo, McKinley County, New Mexico. Mining at the Johnny M Mine was conducted for a limited period of time by a predecessor of Hecla Limited, and the EPA had previously asserted that Hecla Limited may be responsible under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") for environmental remediation and past costs incurred by the EPA at the site. Under the Consent Order, Hecla Limited agreed to pay (i) $1.1 million to the EPA for its past response costs at the site and (ii) any future response costs at the site under the Consent Order, in exchange for a covenant not to sue by the EPA. In December 2014, Hecla Limited submitted to the EPA the Engineering Evaluation and Cost Analysis ("EE/CA") for the site which recommended on-site disposal of mine-related material. In January 2021, the parties began negotiating a new consent order to design and implement the on-site disposal response action recommended in the EE/CA. Based on the foregoing, we believe it is probable that Hecla Limited will incur a liability for the CERCLA removal action and we increased our accrual by $2.9 million to $9.0 million in the first quarter of 2021, primarily representing estimated costs to begin design and implementation of the remedy. It is possible that Hecla Limited's liability will be more than $9.0 million, and any increase in liability could have a material adverse effect on Hecla Limited's or our results of operations or financial position.

The Johnny M Mine is in an area known as the San Mateo Creek Basin ("SMCB"), which is an approximately 321 square mile area in New Mexico that contains numerous legacy uranium mines and mills. In addition to Johnny M, Hecla Limited's predecessor was involved at other mining sites within the SMCB. The EPA appears to have deferred consideration of listing the SMCB site on CERCLA's National Priorities List ("Superfund") by removing the site from its emphasis list, and is working with various potentially responsible parties ("PRPs") at the site in order to study and potentially address perceived groundwater issues within the SMCB. The EE/CA discussed above relates primarily to contaminated rock and soil at the Johnny M site, not groundwater and not elsewhere within the SMCB site. It is possible that Hecla Limited's liability at the Johnny M Site, and for any other mine site within the SMCB at which Hecla Limited's predecessor may have operated, will be greater than our current accrual of $9.0 million due to the increased scope of required remediation.

In July 2018, the EPA informed Hecla Limited that it and several other PRPs may be liable for cleanup of the SMCB site or for costs incurred by the EPA in cleaning up the site. The EPA stated it has incurred approximately $9.6 million in response costs to date. On May 2, 2022, Hecla Limited received a letter from an attorney representing a PRP notifying Hecla Limited that three PRPs will seek cost recovery and contribution from Hecla Limited under CERCLA for certain investigatory work performed by the PRPs at the SMCB site. Hecla Limited cannot with reasonable certainty estimate the amount or range of liability, if any, relating to this matter because of, among other reasons, the lack of information concerning the site, including the relative contributions of contamination by the various PRPs.

Carpenter Snow Creek and Barker-Hughesville Sites in Montana

In July 2010, the EPA made a formal request to Hecla for information regarding the Carpenter Snow Creek Superfund site located in Cascade County, Montana. The Carpenter Snow Creek site is located in a historical mining district, and in the early 1980s Hecla Limited leased 6 mining claims and performed limited exploration activities at the site. Hecla Limited terminated the mining lease in 1988.

In June 2011, the EPA informed Hecla Limited that it believes Hecla Limited, and several other PRPs, may be liable for cleanup of the site or for costs incurred by the EPA in cleaning up the site. The EPA stated in the letter that it has incurred approximately $4.5 million in response costs and estimated that total remediation costs may exceed $100 million. Hecla Limited cannot with reasonable certainty estimate the amount or range of liability, if any, relating to this matter because of, among other reasons, the lack of information concerning the site, including the relative contributions of contamination by various other PRPs.

In February 2017, the EPA made a formal request to Hecla for information regarding the Barker-Hughesville Mining District Superfund site located in Judith Basin and Cascade Counties, Montana. Hecla Limited submitted a response in April 2017. The Barker-Hughesville site is located in a historic mining district, and between approximately June and December 1983, Hecla Limited was party to an agreement with another mining company under which limited exploration activities occurred at or near the site.

In August 2018, the EPA informed Hecla Limited that it and several other PRPs may be liable for cleanup of the site or for costs incurred by the EPA in cleaning up the site. The EPA did not include an amount of its alleged response costs to date. Hecla Limited cannot with reasonable certainty estimate the amount or range of liability, if any, relating to this matter because of, among other reasons, the lack of information concerning past or anticipated future costs at the site and the relative contributions of contamination by various other PRPs.

Greens Creek and Lucky Friday Environmental Issues

On June 30, 2022, our Greens Creek mine received a Notice of Violation ("NOV") from the EPA alleging that the mine treated, stored, and disposed of certain hazardous waste without a permit in violation of the Resource Conservation and Recovery Act ("RCRA"), relating to the alleged presence of lead outside the concentrate storage building and the alleged improper reuse/recycling of certain materials produced from the on-site laboratories. The NOV contained two other less significant alleged violations. We disagree with several of the EPA's allegations on a factual and legal basis.

Currently, the EPA has not initiated any formal enforcement proceeding against our Greens Creek subsidiary. In civil judicial cases, EPA can seek statutory penalties up to $81,540 per day per violation and, in administrative settlements, the EPA can seek administrative penalties of up to $47,423 per day per violation plus the economic benefit of noncompliance. The EPA typically pursues administrative penalties and assesses lower penalties on a per day basis. At this time, we cannot reasonably assess the amount of penalties the EPA may seek, or predict the terms of any potential settlement with the EPA.

On July 12, 2022, our Lucky Friday mine received a NOV from the EPA alleging violations of the Clean Water Act ("CWA") between 2018 and 2021 relating primarily to concentration levels of zinc and lead in the mine's permitted water discharges. Currently, the EPA has not initiated any formal enforcement proceeding against our Lucky Friday

subsidiary. In civil judicial cases, the EPA can seek statutory penalties up to $59,973 per day per violation and, in administrative actions, the EPA can seek administrative penalties up to $23,989 per day per violation with a maximum administrative penalty of $299,989 for all alleged violations. The EPA typically pursues administrative penalties. At this time, we cannot reasonably assess the amount of penalties the EPA may seek, or predict the terms of any potential settlement with the EPA.

Litigation Related to Klondex Acquisition

On May 24, 2019, a purported Hecla stockholder filed a putative class action lawsuit in the U.S. District Court for the Southern District of New York against Hecla and certain of our executive officers, one of whom is also a director. The complaint, purportedly brought on behalf of all purchasers of Hecla common stock from March 19, 2018 through and including May 8, 2019, asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder and seeks, among other things, damages and costs and expenses. Specifically, the complaint alleges that Hecla, under the authority and control of the individual defendants, made certain material false and misleading statements and omitted certain material information regarding Hecla's Nevada Operations. The complaint alleges that these misstatements and omissions artificially inflated the market price of Hecla common stock during the class period, thus purportedly harming investors. Filings with the court regarding our motion to dismiss the lawsuit were completed in the first quarter of 2021. We cannot predict the outcome of this lawsuit or estimate damages if plaintiffs were to prevail. We believe that these claims are without merit and intend to defend them vigorously.

Related to this class action lawsuit, Hecla has been named as a nominal defendant in a shareholder derivative lawsuit which also names as defendants certain current and past (i) members of Hecla's board of directors and (ii) officers of Hecla. The case was filed on May 4, 2022 in the Delaware Chancery Court. In general terms, the suit alleges breaches of fiduciary duties by the individual defendants, waste of corporate assets and unjust enrichment, and seeks damages, purportedly on behalf of Hecla.

Debt

See Note 8 for information on the commitments related to our debt arrangements as of December 31, 2022.

Other Commitments

Our contractual obligations as of December 31, 2022 included open purchase orders and commitments of approximately $9.8 million, $22.8 million, $1.7 million, $1.9 million and $4.5 million for various capital and non-capital items at Greens Creek, Lucky Friday, Casa Berardi, Nevada Operations and Keno Hill, respectively. We also have total commitments of approximately $22.2 million relating to scheduled payments on finance leases, including interest, primarily for equipment at our Greens Creek, Lucky Friday, Casa Berardi and Nevada Operations units, and total commitments of approximately $14.6 million relating to payments on operating leases (see Note 8 for more information). As part of our ongoing business and operations, we are required to provide surety bonds, bank letters of credit, and restricted deposits for various purposes, including financial support for environmental reclamation obligations and workers compensation programs. As of December 31, 2022, we had surety bonds totaling $192.7 million and letters of credit totaling $7.8 million in place as financial support for future reclamation and closure costs, self-insurance, and employee benefit plans. The obligations associated with these instruments are generally related to performance requirements that we address through ongoing operations. As the requirements are met, the beneficiary of the associated instruments cancels or returns the instrument to the issuing entity. Certain of these instruments are associated with operating sites with long-lived assets and will remain outstanding until closure of the sites. We believe we are in compliance with all applicable bonding requirements and will be able to satisfy future bonding requirements as they arise.

Other Contingencies

We also have certain other contingencies resulting from litigation, claims, EPA investigations, and other commitments and are subject to a variety of environmental and safety laws and regulations incident to the ordinary course of business. We currently have no basis to conclude that any or all of such contingencies will materially affect our financial position, results of operations or cash flows. However, in the future, there may be changes to these contingencies, or additional contingencies may occur, any of which might result in an accrual or a change in current accruals recorded by us, and there can be no assurance that their ultimate disposition will not have a material adverse effect on our financial position, results of operations or cash flows.

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TEN-YEAR FINANCIAL REVIEW

(Amounts for the year ended December 31, 2022-2013, dollars in thousands, except per share and per ounce amounts)

	2022	2021
Operating Results:		
Sales	$ 718,905	$ 807,473
Gross profit	116,156	217,801
(Loss) income from operations	(12,438)	83,420
Exploration and pre-development expenses	46,041	47,901
Net (loss) income	(37,348)	35,095
(Loss) income applicable to common shareholders	(37,900)	35,543
Basic (loss) income per common share	(0.07)	0.06
Balance Sheet:		
Current assets	$ 267,727	$ 341,627
Total assets	2,927,172	2,728,808
Working capital	89,261	181,244
Long-term debt and capital leases	517,742	515,871
Total stockholders' equity	1,978,967	1,760,787
Cash & Cash Flow:		
Net cash provided by operating activities	$ 89,890	$ 220,337
Net cash used in investing and financing activities	(194,773)	(139,627)
Cash and cash equivalents at end of year	104,743	210,010
Common stock dividends	12,380	20,120
Common Share Data:		
Number of shares outstanding at end of year	599,487	538,139
Weighted average number of shares outstanding for the year - basic	557,344	536,192
High per-share price during the year (closing)	$ 7.22	$ 9.31
Low per-share price during the year (closing)	$ 3.45	$ 4.75
Operational Data:		
Silver production (oz.)	14,182,987	12,887,240
Gold production (oz.)	175,807	201,327
Lead production (tons)	48,713	43,010
Zinc production (tons)	64,748	63,617
All-in sustaining costs, after by-product credits, per silver ounce	$ 11.25	$ 9.19
All-in sustaining costs, after by-product credits, per gold ounce	$ 1,825	$ 1,374
Average London PM Fix gold price per ounce	$ 1,801	$ 1,800
Average London PM Fix silver price per ounce	$ 21.75	$ 25.17
Other Data:		
Market capitalization	3,333,147	2,809,086
Financial Ratios:		
Current ratio	1.50:1	2.13:1
Total liabilities to equity	0.5:1	0.6:1
Book value per common share	$ 3.29	$ 3.26

(1) All-in sustaining cost (AISC), after by-product credits, per silver and gold ounce is a non-GAAP measurement, a reconciliation of which to cost of sales and other direct production costs and depreciation, depletion and amortization can be found at the end of the release. AISC, after by-product credits, includes cost of sales and other direct production costs, expenses for reclamation and exploration at the mine sites, corporate exploration related to sustaining operations, and all site sustaining capital costs. AISC, after by-product credits, is calculated net of depreciation, depletion, and amortization and by-product credits.

TEN-YEAR FINANCIAL REVIEW (CONTINUED)

(Amounts for the year ended December 31, 2022-2013, dollars in thousands, except per share and per ounce amounts)

	2020	2019	2018	2017	2016	2015	2014	2013
	$ 691,873	$ 673,266	$ 567,137	$ 577,775	$ 645,957	$ 443,567	$ 500,781	$ 382,589
	161,100	33,830	79,099	152,449	184,001	31,803	84,239	65,935
	66,978	(46,678)	(39,126)	60,106	109,439	(35,611)	21,628	(32,394)
	18,295	19,069	40,582	28,958	17,857	21,958	19,667	37,650
	(9,457)	(94,909)	(26,863)	(28,520)	61,569	(94,738)	16,306	(25,470)
	(10,009)	(95,461)	(27,115)	(29,072)	61,017	(95,290)	15,754	(26,022)
	(0.02)	(0.19)	(0.06)	(0.07)	0.16	(0.25)	0.04	(0.08)
	$ 284,312	$ 178,838	$ 164,150	$ 321,236	$ 291,190	$ 269,533	$ 316,359	$ 343,635
	2,700,210	2,660,774	2,703,944	2,345,158	2,355,795	2,213,359	2,260,578	2,231,780
	137,102	61,864	27,956	209,106	164,965	142,173	225,354	192,217
	516,516	515,547	540,670	508,422	506,817	509,040	512,129	505,058
	1,713,785	1,696,534	1,690,963	1,461,277	1,462,240	1,329,299	1,395,117	1,326,080
	$ 180,793	$ 120,866	$ 94,221	$ 115,878	$ 225,328	$ 106,445	$ 83,124	$ 26,644
	(112,280)	(86,678)	(251,431)	(101,811)	(209,485)	(155,749)	(81,851)	(548)
	129,830	62,452	27,389	186,107	169,777	155,209	209,665	212,175
	8,600	4,914	4,393	3,976	3,867	3,739	3,547	5,991
	531,666	522,896	482,604	399,176	395,287	378,113	367,377	342,663
	527,329	490,449	433,419	397,394	386,416	373,954	353,442	318,679
	$ 6.65	$ 3.40	$ 4.49	$ 6.72	$ 7.24	$ 3.48	$ 3.61	$ 6.11
	$ 1.61	$ 1.26	$ 2.22	$ 3.46	$ 1.52	$ 1.81	$ 2.04	$ 2.66
	13,542,957	12,605,234	10,369,503	12,484,844	17,177,317	11,591,603	11,090,506	8,919,728
	208,962	272,873	262,103	232,684	233,929	189,327	186,997	119,989
	34,127	24,210	20,091	22,733	42,472	39,965	40,255	30,374
	63,112	58,857	56,023	55,107	68,516	70,073	67,969	61,406
	$ 11.37	$ 9.93	$ 11.44	$ 7.86	$ 11.68			
	$ 1,302	$ 1,411	$ 1,226	$ 1,174	$ 1,244			
	$ 1,770	$ 1,392	$ 1,269	$ 1,257	$ 1,248	$ 1,160	$ 1,266	$ 1,411
	$ 20.51	$ 16.20	$ 15.71	$ 17.05	$ 17.10	$ 15.70	$ 19.08	$ 23.83
	3,445,196	1,767,388	1,138,945	1,584,729	2,071,304	714,634	1,024,982	1,055,403
	1.93:1	1.53:1	1.21:1	2.86:1	2.12:1	2.12:1	3.48:1	2.27:1
	0.6:1	0.6:1	0.6:1	0.6:1	0.7:1	0.7:1	0.6:1	0.7:1
	$ 3.21	$ 3.23	$ 3.49	$ 3.64	$ 3.68	$ 3.49	$ 3.78	$ 3.85

RECONCILIATION OF NET (LOSS) INCOME TO ADJUSTED EBITDA (NON-GAAP)

(Amounts for the year ended December 31, 2022-2021, dollars in thousands)

	2022	2021
Net (loss) income	$ (37,348)	$ 35,095
Interest expense	42,793	41,945
Income and mining taxes	(7,566)	(29,569)
Depreciation, depletion and amortization	143,938	171,793
Ramp-up and suspension costs	24,114	23,012
Loss on disposition of properties, plants, equipment, and mineral interests	16	87
Foreign exchange gain	(7,211)	(417)
Unrealized (gain) loss on derivative contracts	(844)	11,903
Provisional price gain	20,839	(9,349)
Provision for closed operations and environmental matters	8,793	17,964
Stock-based compensation	6,012	6,081
Unrealized loss on investments	5,632	4,295
Adjustments of inventory to net realizable value	2,646	6,524
Monetization of zinc hedges	16,664	—
Other	(986)	(584)
Adjusted EBITDA	$ 217,492	$ 278,780

MANAGEMENT

Phillips S. Baker, Jr.
president and chief executive officer

Lauren M. Roberts
senior vice president and chief operating officer

Russell D. Lawlar
senior vice president and chief financial officer

Michael L. Clary
senior vice president and chief administrative officer

David C. Sienko
vice president — general counsel

Robert Brown
vice president — corporate development and sustainability

Kurt D. Allen
vice president — exploration

Anvita Mishra Patil
vice president — investor relations and treasurer

Stuart Absolom
vice president — controller

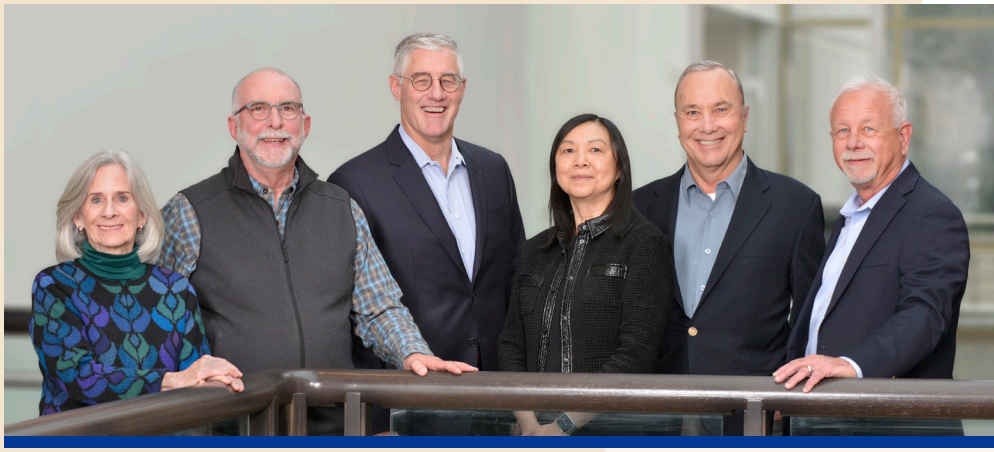
Carlos Aguiar
vice president — general manager, Hecla Limited

Brian Erickson
vice president — general manager, Hecla Greens Creek

Christophe M. McLean
vice president and chief financial officer — Hecla Canada

Sylvain Lessard
vice president — general manager, Casa Berardi

Wayne Zigarlick
vice president — general manager, Keno Hill



BOARD OF DIRECTORS (L-R)
Catherine J. Boggs, chairperson; Charles B. Stanley; Phillips S. Baker, Jr.; Alice Wong; George R. Johnson; and Stephen F. Ralbovsky

The annual meeting of shareholders will be held on Tuesday, May 23, 2023.

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REGULATORY FILINGS
The company's filings with the U.S. Securities and Exchange Commission can be accessed on EDGAR at www.sec.gov, and on SEDAR at www.sedar.com.

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Back Cover: Reclamation at the Troy tailings storage facility in Montana was completed in 2020 with over 200,000 native plants provided by the Confederated Salish and Kootenai Tribes Forestry Department greenhouse.

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