

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1994-03-18** | Period of Report: **1993-12-31**
SEC Accession No. **0000950123-94-000531**

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FILER

HECLA MINING CO/DE/

CIK: **719413** | IRS No.: **820126240** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **001-08491** | Film No.: **00000000**
SIC: **1040** Gold and silver ores

Business Address
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COEUR D ALENE ID
83814-8788
2087694100

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, 1993

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

82-0126240

 (State or other jurisdiction of
 incorporation or organization)

 (I.R.S. Employer
 Identification No.)

6500 Mineral Drive
 Coeur d'Alene, Idaho

83814-8788

 (Address of principal executive offices)

 (Zip Code)

Registrant's telephone number, including area code 208-769-4100

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

<TABLE>
 <CAPTION>

Title of each class	Name of each exchange on which each class is registered
-----	-----
<S>	<C>
Common Stock, par value 25 cents per share)	
Preferred Share Purchase Rights)	
Liquid Yield Option Notes Due 2004)	New York Stock Exchange
-----	-----
Series B Cumulative Convertible Preferred Stock, par value 25 cents per share)	

</TABLE>

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

Warrants to Purchase Shares of Common Stock, \$.25 par value per share

(Title of Class)

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 if disclosure of delinquent filers pursuant to Item
 405 of Regulation S-K is not contained herein, and will not be contained, to
 the best of Registrant's knowledge, in definitive proxy or information
 statements incorporated by reference in Part III of this Form 10-K or any
 amendment to this Form 10-K.

The aggregate market value of the Registrant's voting Common Stock held by
 non-affiliates was \$427,958,537 as of February 25, 1994. There were 34,582,508
 shares of the Registrant's Common Stock outstanding as of February 25, 1994.

Documents incorporated by reference herein:

To the extent herein specifically referenced in Part III, the information
 contained in the Proxy Statement for the 1994 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 1993 fiscal year. See Part III.

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PART I

Item 1. Business¹

GENERAL

Hecla Mining Company (the Company), originally incorporated in 1891, is principally engaged in the exploration, development and mining of precious and nonferrous metals, including gold, silver, lead and zinc, and certain industrial minerals. The Company owns or has interests in six precious and nonferrous metals properties and five industrial minerals businesses. In 1993, the Company's attributable gold and silver production was 60,715 ounces and 2,974,698 ounces, respectively. The Company also shipped approximately 888,000 tons of industrial minerals products during this period, including ball clay, kaolin, feldspar, landscape materials, and specialty aggregates.

The Company's principal producing metals properties include the La Choya gold mine, located in Sonora, Mexico, which began operations in January 1994; the Lucky Friday silver mine, located near Mullan, Idaho, which is a significant primary producer of silver in North America; the Republic gold mine, located in the state of Washington, historically one of the lowest-cost gold operations in North America; and the Greens Creek mine, located near Juneau, Alaska, a large polymetallic mine in which the Company owns 29.7% interest. In April 1993, operations at the Greens Creek mine were suspended by the manager of the mine in response to depressed metals prices.

The Company's industrial minerals businesses consist of Kentucky-Tennessee Clay Company (Ball Clay and Kaolin Divisions), K-T Feldspar Corporation, K-T Clay de Mexico, S.A. de C.V., Colorado Aggregate Company of New Mexico, and Mountain West Bark Products, Inc. The Company's industrial minerals segment has positioned itself as a leading producer of three of the four basic ingredients required to manufacture ceramic and porcelain products, including sanitaryware, pottery, dinnerware, electric insulators, and tile. At current production rates, the Company has over 20 years of proven and probable reserves of ball clay, kaolin and feldspar. During 1993, the industrial minerals businesses provided approximately \$6.6 million of cash from operations which served to partially offset the impact of decreasing gold production from the Company's metals segment.

On December 29, 1993, the Company, two wholly owned Canadian subsidiaries of the Company, and Equinox Resources Ltd. (Equinox), a mining, exploration and development company, incorporated under the laws of the Province of British Columbia and headquartered in Vancouver, Canada, executed an Acquisition Agreement providing for the Company's acquisition of Equinox. Pursuant to the Acquisition Agreement and related Plan of Arrangement, upon consummation of the transactions contemplated thereby, (i) Equinox common shareholders will receive 0.3 common share of the Company (Company common shares), for each outstanding Equinox common share, (ii) holders of Equinox's Series "A" production participating preferred shares will receive

1For definitions of certain mining terms used in this description, see "Glossary of Certain Mining Terms" at the end of Item 1, page 27.

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newly issued production notes of the Company with the same material terms and conditions, and (iii) outstanding Equinox options and warrants will become exercisable for Company common shares. In connection with the acquisition of Equinox, the Company expects to issue approximately 6.3 million Company common shares, including shares issuable upon exercise of outstanding options and warrants.

The Board of Directors of the Company and Equinox have each approved the Acquisition Agreement. On February 25, 1994, the shareholders of Equinox also approved the Acquisition Agreement. However, the transactions contemplated by the Acquisition Agreement are subject to a number of conditions including, without limitation, approval by a Canadian court of the Plan of Arrangement.

If consummated, the Company will acquire Equinox's primary producing

property, the American Girl gold mine, located in Imperial County, California, which is operated by its joint venture partner MK Gold Company. In addition, the Company believes that Equinox's Rosebud gold property, located in Pershing County, Nevada, has significant exploration and development potential.

The Company's strategy is to focus its efforts and resources on the development and construction of the Grouse Creek gold project and to expand its gold and silver reserves via a combination of acquisition and exploration efforts. During 1994, the Company's most important priority will be the timely development and construction of the Grouse Creek gold project which is expected to commence production during the fourth quarter of 1994. Additionally, the Company's exploration plan consists primarily of exploring for additional reserves and mineralization at or in the vicinity of the Republic and La Choya gold mines, the Lucky Friday and Greens Creek silver mines and the Grouse Creek gold project. At the same time, the Company will continue to evaluate acquisition and other exploration opportunities, primarily in North America, that will complement its existing operations.

The Company's revenues and profitability are strongly influenced by the world prices of silver, gold, lead and zinc. Metals prices fluctuate widely and are affected by numerous factors beyond the Company's control, including inflation and worldwide forces of supply and demand. The aggregate effect of these factors is not possible to accurately predict.

Sales of metal concentrates and products are made principally to custom smelters and metal traders. The percentage of revenue contributed by each class of product is reflected in the following table:

<TABLE>
<CAPTION>

Product	Years		
	1993	1992	1991
<S>	<C>	<C>	<C>
Gold	25.5%	30.8%	43.8%
Silver	8.5	12.0	10.9
Lead	4.4	7.4	6.0
Industrial minerals	54.6	42.5	34.5
All others	7.0	7.3	4.8

</TABLE>

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4 Reference is made to Note 1 of Notes to Consolidated Financial Statements for information with respect to export sales.

The principal executive offices of the Company are located at 6500 Mineral Drive, Coeur d'Alene, Idaho 83814-8788, telephone (208) 769-4100.

METALS SEGMENT

La Choya Gold Mine - Sonora, Mexico

The La Choya gold mine is located 30 miles south of the U.S. border in the State of Sonora, Mexico, and is the Company's first operation outside the U.S. and Canada. In May 1992, the Company exercised its option to purchase the Mexican mineral concessions related to this property, which includes a land position of over 36,000 acres.

The La Choya gold mine commenced operations in January 1994. The Company expects to produce approximately 63,000 ounces of gold in each of 1994, 1995 and 1996. Current proven and probable gold reserves at the La Choya gold mine are expected to be substantially depleted in 1996 or early 1997.

An exploration drilling program is planned for 1994 to attempt to expand the gold reserves at the La Choya gold mine. The Company believes there is the potential to discover additional gold reserves within the mining concessions currently controlled by the Company. The drilling program will continue with the objective of expanding the current project and extending the life of the mine.

As of December 31, 1993, the Company has expended approximately \$18.8 million (excluding capitalized interest) on the purchase and development of the La Choya gold mine. Electrical power is provided by on-site diesel generators. The following table presents the proven and probable ore reserves for the La Choya gold mine for the periods indicated:

<TABLE>
<CAPTION>

Year Ended 12/31 -----	Total Reserves (Tons) -----	Gold Avg. Grade (oz/ton) -----	Gold Content (ozs.) -----
<S>	<C>	<C>	<C>
1993	6,138,000	0.037	225,500
1992	4,283,277	0.039	167,000

</TABLE>

At December 31, 1993, there were 87 employees at the La Choya gold mine. The National Union of Mine, Metallurgical and Related Workers of the Mexican Republic is the bargaining agent for the La Choya gold mine employees. The current labor agreement expires on September 7, 1994.

Grouse Creek Gold Project - Idaho

The Grouse Creek gold project is located in central Idaho, 27 miles southwest of the town of Challis in the Yankee Fork Mining District. Mineral rights comprising the Grouse Creek gold project cover 21.4 square miles. The Grouse Creek gold project consists of 18 patented lode mining

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claims and two patented placer claims, 43 unpatented millsite claims, and 17 unpatented lode claims for which patent applications are pending. With respect to the 17 unpatented lode claims, the Company has received the first half of a Mineral Entry Final Certificate. Upon certification by a United States Federal Mineral Examiner and issuance of patents for these claims, all of the current proven and probable reserves at the Grouse Creek gold project will be located within patented mining claims. The remainder of the mineral rights in the Yankee Fork Mining District consist of 846 unpatented claims.

The Company acquired these patented and unpatented mining claims as a result of its acquisition of CoCa Mines Inc. (CoCa) in 1991. During 1989 CoCa purchased the assets of Geodome Resources Limited and its limited partner interests in the Grouse Creek project. As partial consideration, CoCa issued 1,023,169 shares of Common Stock valued at \$9.5 million and 472,427 warrants to purchase Common Stock valued at \$0.2 million. In addition, CoCa issued promissory notes payable to purchase limited partner interests in the Grouse Creek property acquired from Geodome Resources Limited (See Note 7 of Notes to Consolidated Financial Statements).

On February 8, 1994, the Company sold to Great Lakes Minerals, Inc. of Toronto (Great Lakes) a 20% undivided interest in the Company's Grouse Creek gold project. Proceeds received from the sale, totaling \$13.3 million, represent the sales price of \$6.8 million for 20% of the amount spent by the Company on acquisition, exploration and development of the project through June 30, 1993, including a fixed premium of \$1.25 million, plus Great Lakes' pro-rata share of construction costs for Grouse Creek from July 1, 1993 through January 31, 1994. Pursuant to the acquisition and joint venture agreements, Great Lakes is required to fund its 20% pro-rata portion of remaining capital expenditures required to bring the Grouse Creek project to commercial production. In addition, these agreements provide that Great Lakes has the option, at any time prior to 12 months following the commencement of commercial production at the Grouse Creek gold project, to purchase up to an additional 10% undivided interest in the project and fund its increased share of capital expenditures.

As of December 31, 1993, the Company and its predecessors had expended approximately \$54.0 million (excluding capitalized interest) on the acquisition, exploration and development of the Grouse Creek project. Based on the current mine plan, the Company's share of additional capital costs for the project are expected to total approximately \$50.0 million in 1994 and \$3.4 million (primarily for equipment) during 1995. The Company currently estimates that production will commence during the fourth quarter 1994, with full production achieved in 1995. The Company estimates, that assuming timely commencement of production during the fourth quarter, its share of total production at the Grouse Creek gold project will be approximately 53,000 gold ounces in 1994 and 106,000 gold ounces in 1995.

Two distinct mineral deposits have been identified at the Grouse Creek project: the Sunbeam deposit and the Grouse deposit, which includes the Grouse pit and the Grouse underground high-grade ore zone.

As a result of drilling programs conducted in 1991 and 1992, the Company discovered the Underground Deposit, a high-grade gold ore zone beneath the

6 proposed Upper Grouse Pit, approximately 500 feet below the existing surface. The Underground Deposit is open at depth and has good potential to contain additional high-grade ore.

The Sunbeam deposit was defined by 721 reverse circulation test holes totaling 198,097 feet and 22 diamond core drill holes totaling 7,152 feet. Test-hole drilling has been completed on an approximate 75-foot grid over the Sunbeam deposit. The deposit is above the water table. The Upper Grouse Pit has been defined by 416 reverse circulation test holes totaling 175,508 feet and 22 diamond core drill holes totaling 8,488 feet. The higher sections of the deposit are drilled on an approximate 75- to 100-foot grid. Portions of the Upper Grouse Pit ore body are below the water table. The deeper high-grade gold ore zone in the Underground Deposit has been defined by a reverse circulation test-hole grid pattern on approximately 50-foot centers.

The following table presents the Company's share of the proven and probable ore reserves for the Grouse Creek gold project for the periods indicated:

<TABLE>
<CAPTION>

Year End	Total Reserves (Tons)	Gold Avg. Grade (oz./ton)	Gold Content (ozs.)	Silver Avg. Grade (oz./ton)	Silver Content (ozs.)
12/31					
<S>	<C>	<C>	<C>	<C>	<C>
1993(1)	12,104,000	0.055	671,200	1.07	12,972,800
1992	14,467,000	0.057	831,000	1.21	17,474,000
1991	15,018,600	0.048	719,150	1.2	17,276,810

</TABLE>

(1) 1993 proven and probable ore reserves reflect only the Company's share (80%) pursuant to the February 8, 1994, sale of a 20% interest in its Grouse Creek project to Great Lakes Minerals, Inc. of Toronto, Canada.

Pursuant to the mine plan, the Sunbeam Deposit and the Underground Deposit are to be mined simultaneously beginning in the fourth quarter of 1994, followed by the Upper Grouse Pit. The mine plan for the Underground Deposit proposes a panel cut-and-fill method. The ore zone is approximately 30-feet thick and will be mined in panels 10-feet high and 20-feet wide. Cemented backfill will be used to obtain nearly 100% extraction of the underground reserve. Conventional underground mining equipment will be used for drilling, blasting, loading, and hauling. Both the Sunbeam Deposit and the Upper Grouse Pit will use conventional surface mining methods. Blasthole assays will be used to determine ore grade material. The material will be segregated and hauled by off-highway trucks to the mill. Waste material will be hauled to a waste storage area or will be used as construction material in the tailings dam. Both deposits will mine ore on 20-foot benches. The milling process involves a 6,000-ton-per-day gold recovery facility. The recovery process involves crushing and grinding of the ore and recovering approximately 50% of the gold in a gravity circuit. The remaining gold and silver is dissolved in a weak

7 sodium cyanide solution and recovered with carbon adsorption and Merrill-Crowe precipitation. Overall recoveries are currently estimated at 94% gold and 41% silver for ore from the Sunbeam Deposit, 74% gold and 64% silver for ore from the Upper Grouse Pit and 95% gold and 85% silver from the Underground Deposit. A refinery on the property will produce dore that will be further processed by commercial refiners. The tailings

from the cyanide process will be impounded in a 15.5 million ton capacity double-lined tailings pond. All permits for this facility have been approved.

The Sunbeam Deposit will be mined at a rate of 7,700 tons of ore per day at a cut-off grade of 0.020 ounce per ton of gold equivalent and a stripping ratio of 3.2:1. The Upper Grouse Pit will be mined at approximately the same rate and will have a cut-off grade of 0.031 ounce per ton of gold equivalent and a stripping ratio of 5.1:1. Based upon the information developed to date, the Underground Deposit is expected to produce 183,000 tons of ore in each of 1994 and 1995 containing approximately 96,000 ounces of gold and over 400,000 ounces of silver. The Company is currently developing the Underground Deposit.

Reclamation activities include the partial backfill and revegetation of the Sunbeam Deposit and the Grouse Deposit and covering, recontouring and revegetating the tailings surface and construction of a permanent spillway. The waste dump and haul roads will be recontoured and revegetated. Process facilities will be removed and foundations will be buried. Concurrent reclamation practices will be employed whenever possible. The reclamation plans have been approved by the appropriate state and federal agencies.

The Company believes that there is excellent potential for extending and discovering additional gold reserves at the project including a continuation of the high-grade underground mineralization which remains unexplored under most of the deposits. To date, the Company has identified 15 exploration targets. Within the immediate area of the Upper Grouse Pit, the Company also believes that there could be additional high-grade zones accessible through the underground operations. An exploration program will be undertaken during 1994 to begin to evaluate the economic potential of areas below and adjacent to the Upper Grouse Pit.

Lucky Friday Mine - Coeur d'Alene Mining District - Idaho

The Lucky Friday, a deep underground silver and lead mine, located in northern Idaho and 100% owned by the Company, has been a producing mine for the Company since 1958. The mine operated continuously until low metals prices and rockburst activity forced the suspension of operations in April 1986. During the shutdown, the Company's engineers began converting portions of the mine to a mechanized underhand mining method designed to increase productivity and reduce rockburst activity. Production was resumed at the Lucky Friday mine in June 1987 and has continued uninterrupted since that time.

The ore-bearing structure at the Lucky Friday mine is the Lucky Friday Vein, a fissure vein typical of many in the Coeur d'Alene Mining District. The ore body is located in the Revett Formation which is known to provide excellent host rocks for a number of ore bodies in the Coeur d'Alene District. The Lucky Friday Vein strikes northeasterly and dips steeply to

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the south, with an average width of six to seven feet. The principal ore minerals are galena and tetrahedrite, with minor amounts of sphalerite and chalcopyrite. It appears that the ore occurs as a single continuous ore body in and along the Lucky Friday Vein. The major part of the ore body has extended from the 1200-foot level to and below the 5660-foot level, which is currently being developed.

The ore produced from the mine is processed in a 1,000-ton-per-day conventional flotation mill at a current rate of 700 tons per day at the Lucky Friday mine site. The flotation process produces both a silver-lead concentrate and a zinc concentrate. During 1993 approximately 98% of the silver, 97% of the lead, and 86% of the zinc were recovered. The Company believes that adequate provision has been made for disposal of mine waste and mill tailings in a manner which complies with current federal and state environmental requirements.

The Lucky Friday mine's mill facility and surface and underground equipment are in good working condition. The mill was originally constructed approximately 32 years ago. The Company maintains and modernizes the plant and equipment on an ongoing basis. Significant improvements to the mill include installation of coarse ore feeder bins in 1982, a new ball mill in 1984, installation in 1989 of a new zinc column cell to improve the purity of zinc concentrates, and in 1991, upgrading of tailings pumps. Improvements to the mine include construction of the Silver Shaft and installation of a new compressor plant during 1980 through 1983; installation of a new ventilation system during 1985; and, since 1986, construction of a new ore pass system servicing the Silver

Shaft at the deepest levels of the mine. The net book value of the Lucky Friday mine property and its associated plant and equipment was \$28.1 million as of December 31, 1993. Washington Water Power Company supplies electrical power to the Lucky Friday mine.

The Lucky Friday silver-lead concentrate product is shipped primarily to the ASARCO smelter at East Helena, Montana. The silver contained in the concentrates is returned to the Company under a tolling arrangement. The Company then sells the tolled silver to major metal brokers. The pricing of the silver is based on worldwide bullion markets. The lead and gold contained in the concentrates are sold to ASARCO. The Lucky Friday zinc concentrates are shipped to Cominco's smelter in Trail, British Columbia, Canada, and are sold under an agreement with Cominco Ltd.

In the event agreements with ASARCO and Cominco are terminated, the Company believes that new agreements could be negotiated with other smelters at terms that would not have a material effect upon the overall results of operations or financial condition of the Company.

Based on the Company's experience in operating deep mines in the Coeur d'Alene Mining District, where the persistence of mineralization to greater depths may be reliably inferred from operating experience and geological data, the Company's policy is to develop new levels at a minimum rate consistent with the requirements for uninterrupted and efficient ore production. A new level is developed and brought into production only to replace diminishing ore reserves from levels being mined out.

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The length and strength of the ore body have not materially diminished on the lowest developed level of the mine. Based upon this factor, drilling data and extensive knowledge of the geologic character of the deposit, and many years of operating experience in the Lucky Friday mine and Coeur d'Alene Mining District, there are no geologic factors known at present which appear to prevent the continuation of the Lucky Friday ore body for a considerable distance below the lowermost working level. Although there can be no assurance of the extent and quality of the mineralization which may be developed at greater depths, the existing data and operating experience justify, in the opinion of the Company's management and based upon industry standards, the conclusion that the mineralization will extend well below the 6200-foot level, which is the existing bottom of the mine's Silver Shaft.

The principal mining method, underhand cut and fill, was piloted in 1985 and 1986, and has since been fully implemented. This method utilizes mechanized equipment, a ramp system and cemented sand fill. The method has proven effective in reducing mining costs and limiting rockburst activity. Without this mining method, the mine would be unworkable in certain stopes because of the unstable nature of the rock. However, rockbursting continues to be a concern in the one-mile-deep mine.

Information with respect to production, proven and probable mineral reserves, and average cost per ounce of silver produced for the past five years is set forth in the table below:

<TABLE>
<CAPTION>

Production (100%)	Years				
	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Ore milled (tons)	179,579	175,170	152,150	147,671	138,720
Silver (ounces)	2,122,738	2,031,779	1,850,531	1,894,944	1,904,038
Gold (ounces)	972	965	928	916	944
Lead (tons)	19,795	21,336	18,857	17,333	16,094
Zinc (tons)	4,385	4,213	3,164	3,306	3,253
Copper (tons)	339	129	175	49	281
Proven and Probable Mineral Reserves ¹					
Total tons	414,315	446,105	440,060	527,830	458,800
Silver (oz. per ton)	14.4	14.3	13.6	14.5	16.1
Lead (percent)	14.3	13.4	12.8	13.4	14.4
Zinc (percent)	3.0	2.3	2.8	2.7	2.4
Average Cost per Ounce of Silver Produced					

Cash Production Costs	\$ 5.54	\$ 4.12	\$ 5.01	\$ 4.54	\$ 4.57
Full Production Cost	\$ 6.77	\$ 5.35	\$ 6.20	\$ 6.25	\$ 6.35

</TABLE>

- 1 Reserves lying above or between developed levels are classified as proven reserves. Reserves lying below the lowest developed level,

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projected to 100 feet below the lowest level or to one-half the exposed strike length, whichever is less, are classified as probable reserves. Mineralization known to exist from drill-hole intercepts does not meet the Company's current proven or probable reserve criteria and is excluded from these reserve categories.

During 1991, the Company discovered several mineralized structures containing some high-grade silver ores in an area known as the Gold Hunter property, about 5,000 feet northwest of the existing Lucky Friday workings. In an extensive exploration program in 1992, the Company undertook an underground evaluation of the Gold Hunter property mineralization. The program discovered mineralization containing significant amounts of silver and lead in an area accessible from the 4050-foot level of the Lucky Friday mine. The exploration program and a feasibility study were completed during 1993. The Company's decision regarding development of the Gold Hunter property is pending. The Gold Hunter property is controlled by the Company under a long-term operating agreement, which entitles the Company, as operator, to a 79.08% interest in the net profits from operations from the Gold Hunter properties. The Company will be obligated to pay a royalty after it has recouped its costs to explore and develop the properties, which as of December 31, 1993, totaled approximately \$7.9 million. If the Gold Hunter property is further developed, the Company currently estimates that \$10-15 million of capital expenditures would be required.

At December 31, 1993, there were 139 employees at the Lucky Friday mine. The United Steelworkers of America is the bargaining agent for the Lucky Friday hourly employees. The current labor agreement expires on June 12, 1996, and will be continued for an additional three years if the Company develops the Gold Hunter property.

Republic Mine - Republic, Washington

The Company owns and operates the Republic mine located in the Republic Mining District near Republic, Washington, which consists of several associated deposits and properties, a mill and ancillary surface plants. The property is readily accessible year-round by all-weather roads. The mine produces gold-silver ore which is milled on the property. Products of the mill are a gold-silver flotation concentrate and a gold-silver dore.

The Company's land position in the Republic area consists of approximately five square miles, where the Company is currently focusing exploration efforts in search of additional gold mineralization. If additional reserves are not discovered and developed, the Company expects that gold reserves at the Republic mine will be substantially depleted in early 1995 and mining operations will cease. As further described below, the Company has undertaken a significant exploration program to determine if there are additional reserves on the property.

The mine is an underground operation using both conventional and smaller-scaled mechanized underground mining methods. Access is provided by shafts and a ramp decline. The ore from the mine is processed in a 325-ton-per-day flotation and cyanidation mill. Combined average recovery for 1993 in the two mill products (flotation concentrate and dore) amounted

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to 91% of the gold and 80% of the silver contained in the crude ore. The Company believes that adequate provision has been made for disposal of

mine waste and mill tailings in a manner which complies with current federal and state environmental requirements.

The Republic mine's mill facility and surface and underground equipment are in good working condition. The mill was constructed approximately 57 years ago. The Company maintains and modernizes the plant and equipment on an ongoing basis. Significant improvements include, during 1989 through 1992, expansion of mill capacity, enhanced metals recovery through installation of a counter-current decantation circuit, a closed ore crushing circuit, an enhanced metals concentrate leaching and electrowinning recovery circuit and a small refinery to further enhance the value of the mine's products prior to shipment. Improvements to the mine include a decline and development drift which the Company drove during 1990 to improve access to mineralized areas, as well as allowing direct underground access by rubber-tired vehicles and improving ventilation. The net book value of the Republic mine property and its associated plant and equipment is approximately \$11.4 million as of December 31, 1993. Ferry County P.U.D. supplies electrical power to the Republic mine.

The mineral-bearing structures in the Republic Mining District are dominantly quartz fillings in fissure veins. Less commonly, mineralization is hosted by volcanic and sedimentary wall rocks near the veins. Principal ore minerals are electrum, native gold and silver with a variety of sulfosalts and selenides. The mine has been developed on 13 levels from the surface to a vertical depth of 1,750 feet. Since 1984, the Golden Promise deposit of the mine has been developed on seven levels. Ongoing exploration and development of the Golden Promise deposit are complicated by post-ore faulting and by the occurrence of several styles of mineralization. Development drilling during 1993 located several ore-grade intercepts 250 feet below the lowest working level of the Golden Promise (See "Exploration" for additional discussion of the Golden Promise).

Flotation concentrates produced from the Company's Republic mill are smelted by ASARCO Incorporated at East Helena, Montana. The silver contained in the concentrates is sold directly to ASARCO. The dore product is shipped to Johnson Matthey's refinery at Salt Lake City, Utah, for further refining. The gold contained in the concentrate and the gold and silver contained in the dore are then sold by the Company to metal brokers, primarily under short-term contracts. Pricing of silver and gold is based on worldwide bullion markets.

If ASARCO or Johnson Matthey should be unable to receive or process the products, the Company believes that other purchasers or processors for the products could be found without causing a material effect upon the overall results of operations or financial condition of the Company.

Information with respect to production, proven and probable mineral reserves, and average cost per ounce of gold produced for the past five years is set forth in the table below:

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	Years				
	1993	1992	1991	1990	1989
Production (100%)					
<S>	<C>	<C>	<C>	<C>	<C>
Ore milled (tons)	110,846	102,631	96,562	92,843	82,961
Gold (Au) (ounces)	49,601	58,343	77,736	81,397	74,335
Silver (Ag) (ounces)	276,688	299,957	311,445	326,346	301,432
Proven and Probable Mineral Reserves (1)					
Total tons	103,533	269,736	401,318	437,580	412,300
Gold (oz. per ton)	0.43	0.52	0.53	0.65	0.81
Silver (oz. per ton)	2.7	3.2	3.2	3.5	3.3
Average Cost per Ounce of Gold Produced					
Cash Production Costs	\$ 207.43	\$ 176.47	\$ 143.40	\$ 127.97	\$ 121.02
Full Production Cost	\$ 261.73	\$ 220.64	\$ 176.44	\$ 142.92	\$ 130.32

(1) Reserves represent diluted in-place grades and do not reflect losses in the recovery processes. Dilution was effected through application of 1.0 feet on either side of the vein for any sample thicker than 2.1 feet. For samples thinner than 2.1 feet, dilution was effected with whatever thickness was necessary to equal 4.0 feet. Diluent grades are zero ounces per ton for both gold and silver.

In 1993 a negative ore reserve adjustment was made totaling approximately 39,000 ounces of gold and 235,000 ounces of silver. Most of the adjustment was necessary when development encountered erratic mineralization in an upper level ore zone which was previously estimated to be continuous reducing the tonnage available for mining by 33,765 tons. Other various adjustments attributable to the reduction totaled 867 tons.

There were 116 people employed at the Republic mine at December 31, 1993. Employees at Republic are not represented by a bargaining agent.

Cactus Mine - Mojave, California

The Cactus mine consists of approximately 1,600 acres of leasehold lands, mining claims and millsites, located approximately 85 miles northeast of Los Angeles, California, in the Mojave Mining District. The property is readily accessible year-round by all-weather roads. The Company currently has a 63.75% effective interest in Cactus Gold Mines Company (Cactus) and manages Cactus' two open-pit heap leach mines, the Middle Buttes and Shumake. The Company, as manager of Cactus, receives a management fee equal to 2% of net revenues of Cactus as defined in the mining venture agreement and is reimbursed for costs incurred on behalf of Cactus.

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The Middle Buttes mine began production in August 1986. During 1991, operations were completed at the Middle Buttes mine, and the remaining recoverable gold was processed. Development of the Shumake mine was completed in November 1988, with commercial production beginning in December 1988. Mining operations at the Shumake mine were completed in February 1992. The Company's share of gold recovery from the heap is estimated to be 3,250 ounces in 1994, which is expected to be the final year of production. Reclamation efforts are ongoing.

The book value of the Company's interest in the Cactus mine property and its associated plant and equipment was fully depreciated as of December 31, 1993. Southern CalEdison supplies electrical power to the Cactus mine.

Cactus is owned 75% by Middle Buttes Partners Limited (MBPL) and 25% by Compass Mining Inc. MBPL is a limited partnership in which the Company is both the sole general partner (52.50%) and a limited partner (11.25%). The Company, as general partner of MBPL, receives 75% of the production from Cactus subject to payment of 11.25% of the net cash flows to the other limited partner of MBPL.

The following table sets forth the information with respect to the Company's share of production, proven and probable mineral reserves, and average cost per ounce of gold produced for the past five years.

<TABLE>
<CAPTION>

	Years				
	19931	19921	1991	1990	1989
Production (75%)					
<S>	<C>	<C>	<C>	<C>	<C>
Ore processed (tons)	- -	315,328	1,760,714	1,750,275	1,704,518
Gold (ounces)	7,316	27,212	40,434	45,005	44,567
Silver (ounces)	24,165	114,415	162,760	184,349	199,982
Proven and Probable Mineral Reserves					
Total tons	- -	- -	234,140	1,615,182	3,804,750
Gold (oz. per ton)	- -	- -	0.04	0.03	0.06
Average Cost per Ounce of Gold Produced					

Cash Production Costs	\$ 242	\$ 213	\$ 246	\$ 226	\$ 276
Full Production Cost	\$ 309	\$ 337	\$ 437	\$ 366	\$ 371

</TABLE>

(1) Mining operations were completed in February 1992. Gold recovery from the heap continued through 1993, but is expected to be completed in 1994.

Current operations at Cactus include approximately 17 employees. The employees at Cactus are not represented by a bargaining agent.

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Granduc Mines Limited - British Columbia, Canada

On January 24, 1994, the Company sold its entire investment in Granduc by selling 2,000,000 Granduc common shares to Conwest Exploration Company Limited and 815,330 Granduc common shares to Jascan Resources Inc., both of which are Toronto, Ontario, Canada based companies. The Company recognized a gain on the sale of approximately \$1,327,000 in the first quarter of 1994.

INDUSTRIAL MINERALS SEGMENT

The Company's principal industrial minerals assets are its ball clay operations in Kentucky, Tennessee, and Mississippi; its kaolin operations in South Carolina and Georgia; its feldspar operations in North Carolina; its clay slurry plant in Monterrey, Mexico; its lawn and garden products operations in southern Idaho and western Montana; and its specialty aggregate operations (primarily scoria) in southern Colorado and northern New Mexico. The Company conducts these operations through five wholly owned subsidiaries: (1) Kentucky-Tennessee Clay Company (K-T Clay), which operates its Ball Clay and Kaolin Divisions; (2) K-T Feldspar Corporation (K-T Feldspar), which operates the feldspar business; (3) K-T Clay de Mexico, S.A. de C.V. (K-T Mexico), which operates the clay slurry plant business; (4) Mountain West Bark Products, Inc. (Mountain West), which operates a lawn and garden products business; and (5) Colorado Aggregate Company (CAC), which operates the Company's specialty aggregate business.

K-T Clay Ball Clay Division

K-T Clay is one of the nation's major suppliers of premium ball clay. Ball clay is of sedimentary origin and consists of several basic clay minerals along with a slight amount of organic content, a combination of materials that gives ball clay its unique character. The principal use of ball clay is in the ceramic and porcelain fields, which includes use for such items as pottery, dinnerware, tile, electrical insulators and sanitaryware. Ball clay is also used in refractories and abrasives and has applications in other specialty industries as well.

Mining of ball clay is accomplished through strip mining methods. The mining activity requires definition drilling and the removal of overburden in order to expose the clay strata to be mined. Mining activity is selective based on clay grade and strata control. The clays are mined with loaders and backhoes, loaded into trucks and hauled to one of K-T Clay's plants for processing. Processing of ball clay consists of shredding and classification of clay by various grades, hammer or roller milling to reduce particle size, drying and packaging. The grades can be shipped in bulk or blended and bagged in order to meet a particular customer's requirements. A particular clay or blend of several clays can also be shipped to customers in slurry form in tanker trucks or rail cars.

There are many grades of ball clay which K-T Clay mines, processes and blends to meet the specifications and requirements of its various customers. Different uses may require mixtures of ball clay having substantially different physical properties, and K-T Clay, through many years of experience and ongoing research performed in its laboratories,

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possesses the expertise that enables it to respond to changes in customer requirements with minimal advance notice. The marketing of ball clays is directed from K-T Clay's headquarters in Mayfield, Kentucky. K-T Clay's marketing personnel are trained in ceramic engineering or related technical fields, which also has enabled K-T Clay to respond to changes in its customer requirements.

K-T Clay mines and processes different grades of ball clays in Kentucky, Tennessee and Mississippi. K-T Clay has identified or delineated deposits of ball clay on numerous properties. Such properties are either owned in fee simple or held under long-term lease. The royalties or other holding costs of leased properties are consistent with the industry, and the expiration of any particular lease would not affect K-T Clay's ability to operate at current levels of operations. K-T Clay has sufficient reserve positions to maintain current operations in excess of 20 years. K-T Clay is also continuously exploring for new deposits of ball clay, either to replace certain grades of clay that may become mined out or to locate new deposits that can be mined at lower cost.

Minimum standards for strip mining reclamation have been established by various governmental agencies which affect K-T Clay's ball clay mining operations. The Tennessee Surface Mining Law and the Mississippi Geological Economics and Topographical Survey, Division of Mining and Reclamation, require K-T Clay to post a performance bond on acreage to be disturbed. The release of the bond is dependent on the successful grading, seeding and planting of spoil areas associated with current mining operations. In addition, the United States Environmental Protection Agency has issued guidelines and performance standards which K-T Clay must meet. K-T Clay may be required to obtain other licenses or permits from time to time, but it is not expected that any such requirements will have a material effect upon the Company's results of operations or financial condition.

There were 166 people employed by K-T Clay at its ball clay operations as of December 31, 1993. Some of the hourly employees are represented by the United Steelworkers of America. The three-year labor agreement will expire on February 8, 1997.

K-T Clay Kaolin Division

K-T Clay acquired the kaolin operations and assets of Cyprus Minerals Company's clay division on February 17, 1989, including kaolin mines and plants at Deepstep and Sandersville, Georgia, and Aiken, South Carolina. Kaolin, or china clay, is a near white clay of sedimentary origin, and is consumed in a variety of end uses including ceramic whiteware, textile grade fiberglass, as rubber and paper filler, and in miscellaneous plastics, adhesives and pigment applications. Kaolin is a unique industrial mineral because of its wide range of chemical and physical properties. The Kaolin Division of K-T Clay mines, processes, and blends numerous grades of clay to meet the specifications and requirements of its customers.

Markets for K-T Clay's kaolin products are similar to ball clay and adverse shifts in market demand could occur due to mineral substitution and

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decreased demand for end-use products, which could adversely impact the demand for kaolin. Kaolin currently competes with minerals such as calcium carbonate in many filler applications, but the substitution of other minerals for kaolin in ceramic and fiberglass applications is limited. The marketing of kaolin to the ceramics industry is carried out by K-T Clay's sales force. Marketing to other industries is done through sales and distribution agents.

Mining of kaolin is done by open-pit methods. Ore bodies are identified and delineated by exploration drilling and overburden is removed by scrapers down to favorable clay strata. Select mining of clay is then accomplished by backhoe with over-the-road truck haulage to the processing and stockpiling facilities. K-T Clay operates kaolin mines in Georgia, serving its processing plants located at Sandersville and Deepstep, Georgia. K-T Clay also operates kaolin mines located in South Carolina, serving a processing plant located in Aiken, South Carolina.

Processing of the clays is completed by the air-floating method where clay is shredded, dried, ground and separated by particle size at the Sandersville, Deepstep and Aiken locations. In addition, clay is also processed into a water slurry mixture at the Sandersville location.

K-T Clay's Kaolin Division holds in excess of 20 years of reserves based on current sales and product mix. Reserves are held on fee simple and leased property and K-T Clay plans to continue a very active kaolin exploration and development program.

The Kaolin Division operates its mines in Georgia and South Carolina under mine permits issued by the Environmental Protection Division, Department of Natural Resources of the State of Georgia, and the Land Resource Conservation Commission, Division of Mining and Reclamation of the State of South Carolina. All mines and processing plants have current permit status and are in good standing.

There were 92 people employed by K-T Clay at its Kaolin Division as of December 31, 1993, with less than 25% of the labor force being represented by the Cement, Lime, Gypsum and Allied Workers, Division of International Brotherhood of Boilermakers. The current labor contract at the Sandersville, Georgia operation expires on March 1, 1995.

Both the Ball Clay and Kaolin Divisions of K-T Clay's plants and equipment have been operational in excess of 25 years. The Company has upgraded and modernized these facilities over the years and has a continuing maintenance program to maintain the plant and equipment in good physical and operating condition. The net book value of the K-T Clay property and its associated plant and equipment was \$19.1 million as of December 31, 1993. K-T Clay utilizes power from several public utilities as well as local utility co-operatives located in the vicinity of K-T Clay's operating plants.

K-T Feldspar Corporation

The Company acquired the operations and assets of K-T Feldspar on December 13, 1990, including sodium feldspar mines and a processing plant located near Spruce Pine, North Carolina. Feldspars are a mineral group

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that are the major constituents of igneous rocks and important constituents of other major rock types. The feldspars are the most widespread mineral group and make up 60% of the earth's crust. Chemically the feldspars are aluminosilicates that contain potassium, sodium and calcium.

K-T Feldspar mines, processes and blends sodium feldspar and feldspar-silica products. It also produces by-product mica concentrate and construction sand. K-T Feldspar products are primarily used in the ceramic whiteware, glass and paint industries.

Markets for feldspar have fluctuated slightly over time as a result of mature market conditions. However, adverse shifts in market demand could occur due to mineral substitution and decreased demand for end-use products. Feldspar currently competes with nepheline syenite in some market segments and substitution between minerals is linked to economics, physical-chemical characteristics and supplier reliability. The marketing of feldspar to the ceramics and filler industries is carried out by K-T Clay's sales force and through sales and distribution agents.

Feldspar ore is mined by open-pit methods using a 40-foot bench mining plan. Ore is drilled and blasted, loaded by hydraulic shovel or front-end loader into off-highway dump trucks and transported to the processing plant. K-T Feldspar operates several mine locations in the Spruce Pine, North Carolina area, all serving the centrally located processing plant. Processing of the feldspar ores consists of crushing, grinding, density separation, flotation, drying and high intensity magnetic separation.

K-T Feldspar holds in excess of 20 years of reserves based on current sales, product mix and lease terms. Reserves are held on fee simple and leased properties.

K-T Feldspar operates its mines and plant under permits issued by the North Carolina Department of Natural Resources and Community Development. All permits are in good standing.

K-T Feldspar's plant and equipment have been operational in excess of 25 years. The Company has upgraded and modernized these facilities over the years and has a continuing maintenance program to maintain the plant and equipment in good physical and operating condition. The net book value of the K-T Feldspar property and its associated plant and equipment was \$5.8 million as of December 31, 1993. Carolina Power & Light Company, a regulated public utility, provides the electric power utilized for operations at K-T Feldspar.

There were 44 employees employed by K-T Feldspar as of December 31, 1993; none of whom are represented by a bargaining agent.

K-T Clay de Mexico, S.A. de C.V.

In 1993, K-T Clay substantially completed construction of its clay slurry plant in Monterrey, Mexico, which now supplies clay slurry to the Mexican ceramics industry. Bulk semi-dry clay is shipped by rail from K-T Clay's domestic operations to the K-T Mexico slurry plant in Monterrey. The clay

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is blended to customer specifications and converted to a slurry form for final shipment to its customers.

Approximately \$5.8 million was expended in constructing the clay slurry plant. K-T Mexico utilizes electrical power from the local public utility. There were 14 people employed by K-T Mexico as of December 31, 1993, who are represented by a bargaining agent.

Mountain West Bark Products, Inc.

The Company acquired the operations and assets of Mountain West in December 1993 (See Note 2 of Notes to Consolidated Financial Statements). Mountain West's primary business is the purchasing, processing and marketing of certain waste products from lumber milling operations in the western intermountain region. These products are sold as organic soil amendments, organic landscape mulches and organic decorative ground cover for landscape purposes.

The waste products are purchased by Mountain West and transported by truck for processing to plants at two locations: Rexburg, Idaho and Superior, Montana. The plants are located near the sources of supply to reduce trucking costs. The principal customers are lawn and garden retail yards, lawn and garden product distributors and discount retail chain stores. The processing plants are owned by Mountain West and the sources of waste bark supply are held under contracts.

Most of the annual sales take place in the first six months of the year due to the seasonality of the market. The plants have operated in excess of 13 years at Rexburg and five years at Superior. The plants are maintained and upgraded continually and are in good working order.

The net book value of the associated plant and equipment was approximately \$4.6 million as of December 31, 1993. Utah Power and Light and Montana Power Company provide electrical power utilized by the operations at Rexburg and Superior, respectively.

Mountain West employed 68 employees as of December 31, 1993; none of whom are represented by a bargaining agent.

Colorado Aggregate Company

CAC mines and sells volcanic rock (scoria) for use as briquettes in gas barbecue grills, as landscaping mulch and decorative ground cover, and as gravel bedding in aquariums. Volcanic scoria is a lightweight clinker-like material produced during gaseous volcanic eruptions that form cinder cones. These cones occur frequently in the geological environment but are unique by density, texture and color.

The Company operates mines at Mesita, Colorado, and in northern New Mexico as well as processing plants at San Acacio and Antonito, Colorado. All mining is open pit with minimal requirements for the removal of overburden.

The principal customers for scoria briquettes are manufacturers and retailers of gas barbecue grills. Landscapers, distributors of landscaping

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materials, lawn and garden retailers and discount chain stores are the principal customers for scoria landscape stone.

The Mesita mine is owned by CAC. Due to the seasonal nature of CAC's business, it is usually anticipated that most of its annual sales and profits will be generated in the first two quarters of each calendar year. The Company has over 20 years of mineral reserves at the Mesita, Colorado, location and has developed in excess of 15 years of mineral reserves at the Red Hill mine in northern New Mexico which is under lease from the Bureau of Land Management.

CAC's plants and equipment have been operational in excess of 20 years. The Company has upgraded and modernized these facilities over the years and has a continuing maintenance program to maintain the plant and equipment in good physical and operating condition. The net book value of CAC's property and its associated plants and equipment was \$4.0 million as of December 31, 1993. Public Service Company of Colorado and San Luis Valley Electric Co-operative provide the electric power utilized for operations at CAC.

CAC employed 68 employees as of December 31, 1993; none of whom are represented by a bargaining agent.

SPECIALTY METALS SEGMENT

Apex Facility - Utah

Acquired in 1989 from Musto Exploration Ltd., of Vancouver, British Columbia, the Apex facility is located in Washington County approximately 23 miles west of St. George, Utah, on the east flank of the Beaverdam Mountains at an elevation of 5,600 feet. The mine property consists of 24 patented mining claims and nine unpatented lode mining claims accessed by year-round all-weathered roads. Two of the unpatented lode mining claims are leased. The total surface area covered by the mine properties is approximately 700 acres.

The Apex facility was constructed in 1984 by St. George Mining Corporation, a wholly owned subsidiary of Musto Exploration Ltd. The plant and equipment are in good working condition and are maintained on an ongoing basis. Improvements to the plant since the Company acquired it in 1989 include redesigning the plant flow sheet, increasing metals leaching capacity, the addition of copper and germanium solvent extraction circuits, adding copper electrowinning facilities, upgrading liners and leak detection systems in the tailings ponds, and constructing a tailings neutralization plant. The net book value of the Apex facility property and its associated plant and equipment was \$3.0 million as of December 31, 1993. The Apex facility is provided electrical power by Utah Power and Light Company.

The Company suspended mining operations and processing activities at the Apex mine in 1990 due to depressed germanium and gallium prices. Based on its periodic review of the status of various mining properties, the Company determined in the fourth quarter of 1992 that a write-down of approximately \$13.5 million was necessary to properly reflect the estimated net

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realizable value of the Apex facility. There were 26 employees at the Apex facility at December 31, 1993; none of whom are represented by a bargaining agent.

Although the Company's strategy has primarily focused on expanding its precious metal and industrial mineral operations, the Company continues to investigate specialty mineral opportunities for its modern processing facility located in southern Utah. During 1993, the Apex facility continued production of cobalt chemicals and process trials of metallurgical residues. The Company believes that it has achieved good project performance during 1993 and plans to continue to develop the Apex facility to produce cobalt chemicals and specialty metals assuming satisfactory economics can be achieved.

PROPERTIES ON STANDBY

General

Various mining operations of the Company have been placed on a standby basis. Placing a mining property on a standby basis during periods of depressed metals prices, thereby preserving a depletable asset, is common in the mining industry. The most important of these properties are described below.

Greens Creek Mine - Admiralty Island, Alaska

At December 31, 1993, the Company held a 29.7% interest in the Greens Creek mine, located on Admiralty Island, near Juneau, Alaska, through a joint venture arrangement with Kennecott Greens Creek Mining Company, the manager of the mine, a wholly owned subsidiary of Kennecott Corporation, and CSX Alaska Mining Inc. Greens Creek is a polymetallic deposit containing silver, zinc, gold, and lead. Effective January 1, 1993, the Company increased its interest in the Greens Creek joint venture from 28.08% to 29.7% when the Company elected its right, under the joint venture agreement, to acquire its allocable portion of Exalax Resources Corporation's 5.54% joint venture interest offered to the other parties.

Greens Creek lies within the Admiralty Island National Monument, an environmentally sensitive area. The Greens Creek property includes 17 patented lode claims, and one patented millsite claim in addition to property leased from the U.S. Forest Service. The entire project is accessed and served by 13 miles of road and consists of an ore concentrating mill, tailings impoundment, a ship-loading facility and ferry dock.

In February 1993, as a result of depressed metals prices, the decision was made by the manager to suspend operations at the Greens Creek mine. Commercial production ceased in April 1993, and the mine and mill were placed on a standby basis. Limited mine development activities have continued at the mine. All operating and environmental permits are being maintained in anticipation of a resumption of operations once economic conditions improve.

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During operations, ore from the Greens Creek mine, a trackless underground operation, is milled at a 1,320-ton-per-day mill at the mine site. The mill produces saleable lead, zinc and bulk lead/zinc concentrates. The three concentrate products were predominantly sold to a number of major European and Asian smelters. A lesser amount of the concentrates was sold to metal merchants under short-term agreements. The concentrates are shipped from a marine terminal located about nine miles from the mine site.

The Greens Creek mill plant facility and surface and underground equipment are in good working condition. The mill was originally constructed about six years ago. The manager of the joint venture maintains the plant and equipment on an ongoing basis. Improvements to the mill during 1992 were directed to increasing mill processing rates and improving metals separation capability. Specific improvements included increasing flotation capacity by installing larger float cells and column cells and increasing grinding capacity by installing two vertical regrinding mills. The Greens Creek mine uses electrical power provided by diesel-powered generators located on-site. The net book value of the Company's interest in the Greens Creek mine property and its associated plant and equipment was \$49.2 million as of December 31, 1993.

The Greens Creek deposit consists of zinc, lead, and iron sulfides and copper-silver sulfides and sulfosalts with substantial contained gold and silver values, having a vein-like to blanket-like form of variable thickness. The ore is thought to have been laid down by an "exhalative" process (i.e., volcanic-related rifts or vents deposited base and precious metals onto an ocean floor). Subsequently, the blanket-like mineralization was severely folded by several generations of tectonic events.

The estimated mineral reserves for the Greens Creek mine are calculated by Greens Creek Mining Company's engineering department with support from Kennecott Corporation's technical staff and are not independently confirmed by the Company. Information with respect to the Company's share of production, proven and probable mineral reserves, and average cost per ounce of silver produced is set forth in the table below:

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<TABLE>
<CAPTION>

	Years				
	19931 (29.7%)	1992 (28%)	1991 (28%)	1990 (28%)	19892 (28%)
<S>	<C>	<C>	<C>	<C>	<C>
Ore milled (tons)	33,638	123,526	120,187	107,445	74,108

Silver (ounces)	551,107	1,959,368	2,178,141	2,144,389	1,446,365
Gold (ounces)	2,826	9,094	10,505	10,705	6,588
Zinc (tons)	3,453	11,385	11,906	10,391	5,559
Lead (tons)	1,298	4,650	4,863	4,698	2,685

Proven and Probable
Mineral Reserves

Total tons	1,911,000	3,422,000	3,876,000	1,776,400	817,000
Silver (ounces per ton)	16.0	12.7	13.3	15.1	21.4
Gold (ounces per ton)	0.14	0.13	0.12	0.13	0.19
Zinc (percent)	14.4	13.2	12.8	12.4	8.4
Lead (percent)	4.7	4.0	4.0	4.2	3.4

Average Cost per
Ounce of Silver Produced

Cash Production Costs	\$ 5.11	\$ 4.82	\$ 3.94	\$ 2.52	\$ 4.32
Full Production Cost	\$ 7.16	\$ 6.54	\$ 5.43	\$ 4.69	\$ 7.25

</TABLE>

- 1 Operations were suspended in April 1993 and placed on a standby basis.
- 2 Production commenced in March 1989.

Ore reserve criteria and estimation techniques used for year-end 1993 reserves differed substantially from those used in prior years. Among these changes were the adoption of block modeling techniques in place of the sectional methods for a major section of the mine, a reevaluation of cut-off criteria, and the development of refinements to in-situ net smelter return estimates involving projected smelting terms and distribution or recovery of metals in the three concentrate products and metal price changes. In addition, more rigorous criteria for reserve classification were applied to the probable reserves category. These changes and the deduction for production in 1993 resulted in a reduction in proven and probable mineral reserves from 3.4 million tons at December 31, 1992, to 1.9 million tons at December 31, 1993.

In 1993, drilling in the southwest area of the mine encountered an additional mineralized zone containing higher than mine average gold and silver content. The Company's interest in this mineral-bearing material would amount to approximately 840,000 tons at 33.71 ounces of silver per ton, 0.27 ounce of gold per ton, 13.36% zinc, and 5.84% lead. Sufficient drilling in the southwest area has not yet been completed to classify the mineralized zone as proven and probable mineral reserves. Drilling is expected to continue in 1994 to define the nature and extent of this resource.

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In January 1994, the manager of the Greens Creek mine initiated a feasibility study to determine the advisability of placing the mine, including the mineral-bearing material of the southwest area, back into production. The feasibility study is expected to be completed during the fourth quarter of 1994 or the first quarter of 1995.

At December 31, 1993 there were 26 employees at the Greens Creek Joint Venture. The employees at the Greens Creek Joint Venture are not represented by a bargaining agent.

Yellow Pine - Idaho

The Yellow Pine gold mine is located in Valley County, Idaho, about 50 miles east of McCall in central Idaho, and is accessed by secondary roads and air. The property consists of 26 patented claims which are held by the Company under lease from the Bradley Mining Company of San Francisco, California, and 57 unpatented claims. The lease provides for production royalties equal to 6% of net smelter returns plus 10% of cumulative cash flow, and also provides for a minimum royalty payment of \$3,500 per month reduced by current production royalties. Production from the oxide mineralization ceased in 1992; the operation has been undergoing reclamation since that time. Mineralized sulfide material, estimated at between 15 and 20 million tons containing approximately 0.09 ounce of gold per ton, is also located on the property. The Company continues to evaluate the economic feasibility of developing this extensive

gold-bearing deposit.

Hog Heaven - Montana

The Company controls all of the mineral rights and necessary surface rights to approximately 6,720 acres known as Hog Heaven, located 25 miles south of Kalispell in northwestern Montana. The property has mineralized material totaling approximately 3,886,000 tons containing 0.019 ounce of gold per ton and 6.16 ounces of silver per ton. At present metals prices, the Company believes it is uneconomical to bring the property into production.

The Company owns fee simple mineral interests on 6.5 of the 10.5 sections it controls. Approximately 95% of the project's presently known mineralization is believed to be contained on those 6.5 sections. The Company leases the remaining 4 sections which are subject to a 5% royalty rate. Three of these sections are also subject to annual advance royalty payments of \$12,500 for 1991 through 2007 and the remaining section is subject to annual rentals of \$1,920 per year for 1993-1996.

The property is subject to two noninterest-bearing production payments. The obligation to Canadian Superior Mining Company (U.S.) (Superior) of \$2,650,000 is payable out of 10% of Hog Heaven net profits after the return to the Company, with interest, of all funds invested by it subsequent to May 15, 1982. The second obligation of \$1,315,000 payable to former partners of a predecessor partnership is also payable out of 10% of net profits of Hog Heaven and begins after payment in full to Superior.

Based on its periodic review of the status of various mining properties, the Company determined in the fourth quarter of 1992 that a write-down of

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approximately \$7.0 million was necessary to properly reflect the estimated net realizable value of the Hog Heaven property.

Escalante Mine - Utah

The Escalante mine is located in Iron County approximately 40 miles west of Cedar City in southwest Utah. The total surface area covered by the mine properties is presently about 800 acres. The Company ceased mining operations at the Escalante mine on December 30, 1988, and the milling of stockpiled ore was completed in August 1990. The currently known ore body at the Escalante mine has been mined out and exploration efforts to discover more ore have not been successful. The mill has been placed on care-and-maintenance status.

Lisbon Valley Project - Utah

The Company leases a block of property comprising approximately 1,100 acres of private, state and county lands in the Lisbon Valley district about 30 miles south of Moab in San Juan County, Utah. In 1976, the Company entered into a joint venture with Union Carbide Corporation (now succeeded in interest by Umetco Minerals Corporation, a wholly owned subsidiary of Union Carbide) whereby Union Carbide became the operator of the property. The joint venture agreement provides for equal sharing of all costs and production. A second agreement provides for the milling of the Company's share of production at Union Carbide's mill. In December 1982, the property was placed on a maintenance and standby basis because of the depressed markets for uranium and vanadium. It is fully developed and ready for production mining. However, at current metals prices, the Company believes it is uneconomical to place the property into production.

Based on its periodic review of the status of various mining properties, the Company determined in the fourth quarter of 1992 that a write-down of approximately \$3.5 million was necessary to properly reflect the estimated net realizable value of the Lisbon Valley Project.

OTHER INTERESTS

Uranium Royalties

The Company receives minimum royalties from certain of its uranium properties located in the Ambrosia District near Grants, New Mexico, leased by the Company to Rio Algom Corporation, successor to Kerr-McGee Corporation. The leases covering the properties continue in effect so long as these royalties are paid, but terminate if defined mining operations are not conducted on such properties during a continuous period of 36 months. Although uranium mining operations have been

suspended on the properties, Rio Algom continues to recover uranium from the underground leach solutions from which the Company will continue to receive royalties.

The Company also holds a 2% royalty interest from uranium ores mined from certain other properties in the Ambrosia Lake District, which are owned by others.

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The Company does not have current independent or verified mineral reserve estimates for any of such properties. In addition, in view of the severely depressed market price for uranium which now exists, uranium royalties are immaterial to the operating results of the Company.

Uranium Mill Tailings

The Company has been involved in a number of remediation issues related to uranium mill tailings located at properties in Colorado and New Mexico. The Company will reclaim a site located near Naturita, Colorado, where it processed uranium tailings under a uranium tailings processing license originally issued to the Company by the State of Colorado. The Company is currently working with the State of Colorado Department of Health to develop a reclamation plan for this site. During 1993, the Nuclear Regulatory Commission terminated the Company's license for a site in New Mexico (Johnny M) after successfully completing the required reclamation.

Exploration

The Company conducts exploration activities from its headquarters in Coeur d'Alene, Idaho. The Company owns or controls patented and unpatented mining claims, fee land, mineral concessions, and state and private leases in ten states in the U.S. and two Mexican states. The Company's strategy regarding reserve replacement is to concentrate its efforts on (1) existing operations where an infrastructure already exists, (2) other properties presently being developed and advanced-stage exploration properties that have been identified as having potential for additional discoveries, and (3) advanced-stage exploration acquisition opportunities. The Company is currently concentrating its exploration activities of existing operations at the Republic and La Choya gold mines and the Lucky Friday and Greens Creek silver mines. The Company is also continuing exploration activities at the Grouse Creek gold project. The Company remains active in other exploration areas and is seeking advanced-stage acquisition opportunities in the United States, Canada and Mexico.

As part of its strategy to increase its development and expansion of currently producing gold properties, the Company continues to focus its efforts on the exploration (and development) of the Republic mine. With the completion of the underground decline into the Golden Promise area of the mine, the Company has secondary access to that area as well as a base for further exploration. The Company has already identified numerous gold targets through a surface and underground drilling program and is currently working to access these targets from the underground decline. For other activities at the mine see "Metals Segment - Republic Mine - Republic, Washington."

In February 1992, the Company discovered several mineralized structures located about 5,000 feet northwest of the existing Lucky Friday mine workings in an area referred to as the Gold Hunter. An exploration and development program to determine the size, content and economic feasibility of mining the mineralization continued during 1992 and was completed in 1993. The Company's decision regarding development of the Gold Hunter is pending (See "Metals Segment - Lucky Friday Mine - Coeur d'Alene Mining District - Idaho" for additional discussion regarding the Gold Hunter).

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Assuming the consummation of the planned acquisition of Equinox in March 1994, the Company believes there are significant exploration and development opportunities at the Rosebud gold property located in Pershing County, Nevada. Additionally, the Equinox acquisition will also bring the American Girl gold mine, located in Imperial County, California, and a host of other exploration properties.

Properties are continually being added to or dropped from this inventory as a result of exploration and acquisition activities. Exploration expenditures for the three years ending December 31, 1993, 1992 and 1991 were approximately \$4.4 million, \$7.7 million and \$5.7 million, respectively.

INDUSTRY SEGMENTS

Financial information with respect to industry segments is set forth in Note 11 of Notes to the Consolidated Financial Statements.

COMPETITION

The Company is engaged in the mining and processing of gold, silver and other nonferrous metals and industrial minerals in the United States. The Company encounters strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, gold, silver and industrial minerals. The Company also competes with other mining companies in connection with the recruiting and retention of qualified employees knowledgeable in mining operations. Silver and gold are worldwide commodities and, accordingly, the Company sells its production at world market prices. The table below reflects the volatility of silver and gold prices:

<TABLE>
<CAPTION>

Year	Average Metal Prices	
	Silver (per oz.-Handy & Harman)	Gold (per oz.-London Final)
<S>	<C>	<C>
1993	\$ 4.30	\$ 360
1992	\$ 3.94	\$ 344
1991	\$ 4.04	\$ 362
1990	\$ 4.82	\$ 383
1989	\$ 5.50	\$ 381

</TABLE>

The Company cannot compare sales from its ball clay mining operations with sales of other ball clay producers because the principal competitors are either family-owned or divisions of larger, diversified companies, but the Company believes that K-T Clay is the largest producer of ball clay in the United States. With the acquisition of kaolin assets from Cyprus Minerals Company in 1989, the Company has also become an important producer in the United States of ceramic-grade kaolin. The principal competitors of the Company in the ball clay industry are H. C. Spinks Clay Company, Watts Blake Bearne & Company, and Old Hickory Clay Company. The principal competitors of the Company in the kaolin industry, are Albion Kaolin Company, Evans Clay Company, JM Huber Corporation, English China Clay Company and Dry Branch Kaolin Company. The Company, with the acquisition

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of Indusmin Incorporated's feldspar assets, is also a major producer and supplier of sodium feldspar products. The principal competitors of the Company in the feldspar industry are Feldspar Corporation and Unimin Corporation.

The Company competes with other producers of scoria and with manufacturers of ceramic briquettes in the production and sale of briquettes. The Company has limited information as to the size of the barbecue briquette industry, but believes that it supplies a major portion of the scoria briquettes used in gas barbecue grills. Price and natural product characteristics, such as color, uniformity of size, lack of contained moisture and density, are important competitive considerations. The Company believes that it has a significant portion of the landscape scoria market east of the Continental Divide.

Mountain West competes with other producers of lawn and garden and soil products, decorative bark products and landscape mulches. The principal competitors are either privately owned companies or divisions of larger diversified companies that operate in numerous regional markets. The Company has limited information about the sales of competing products in its overall markets but believes it supplies a significant portion of the market for its product in the intermountain region.

With respect to the acquisition of mineral interests and exploration activities, which in terms of continuing growth and success may be the most important area of the Company's activities, the Company competes with

numerous persons and with companies, many of which are substantially larger than the Company and have considerably greater resources.

SAFETY AND ENVIRONMENTAL REGULATION

The mining operations of the Company are subject to inspection and regulation by the Mine Safety and Health Administration of the Department of Labor (MSHA) under provisions of the Federal Mine Safety and Health Act of 1977. It is the Company's policy to comply with the directives and regulations of MSHA. In addition, the Company takes such necessary actions as, in its judgment, are required to provide for the safety and health of its employees. MSHA directives have had no material adverse impact on the Company's results of operations or financial condition, and the Company believes that it is substantially in compliance with the regulations promulgated by MSHA.

The Company's operations are also subject to regulation under various federal and state environmental laws and regulations. The most significant of these laws deal with mined land reclamation, waste water discharges and solid wastes from mines, mills, and further processing operations (see Note 8 of Notes to Consolidated Financial Statements). The Company does not believe that these laws and regulations have a material adverse effect on its results of operations or financial condition at this time. However, charges by smelters to which the Company sells its metallic concentrates and products have substantially increased over a period of years because of requirements that smelters meet revised environmental quality standards. Smelters are also subject to environmental protection laws and regulations. The Company has no control over the smelters' operations or their

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compliance with environmental laws and regulations. If the smelting capacity of the United States was significantly further reduced because of environmental requirements, it is possible that the Company's operations could be adversely affected.

While the Company believes that it is in substantial compliance with current applicable environmental regulations, changes in federal and state regulatory policies may, at some future date, impose additional costs and operating requirements upon the Company. In addition, the future development of other Company holdings may require the acquisition of permits from various governmental agencies. Such future changes in federal and state regulatory policies on the Company's exploration and development activities could adversely affect the Company.

EMPLOYEES

As of December 31, 1993, the Company and its subsidiaries employed 919 people.

GLOSSARY OF CERTAIN MINING TERMS

BALL CLAY -- A fine-grained, plastic, white firing clay used principally for bonding in ceramic ware.

CASH PRODUCTION COSTS -- Includes all direct and indirect operating cash costs incurred at each operating mine.

CASH PRODUCTION COSTS PER OUNCE - Calculated based upon total cash production costs, as defined herein, net of by-product revenues earned from all metals other than the primary metal produced at each mine, divided by the total ounces of the primary metal produced.

DECLINE -- An underground passageway connecting one or more levels in a mine, providing adequate traction for heavy, self-propelled equipment. Such underground openings are often driven in an upward or downward spiral, much the same as a spiral staircase.

DEVELOPMENT -- Work carried out for the purpose of opening up a mineral deposit and making the actual ore extraction possible.

DORE -- Unparted gold and silver poured into molds when molten to form buttons or bars. Further refining is necessary to separate the gold and silver.

EXPLORATION -- Work involved in searching for ore, usually by drilling or driving a drift.

FELDSPARS -- Aluminosilicates that contain potassium, sodium and calcium. Feldspar products are primarily used in the ceramic whiteware, glass and

paint industries.

FULL PRODUCTION COSTS -- Includes all cash production costs, as defined, plus depreciation, depletion and amortization relating to each operating mine.

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FULL PRODUCTION COSTS PER OUNCE - Calculated based upon total full production costs, as defined, divided by the total ounces of the primary metal produced.

GRADE -- The average assay of a ton of ore, reflecting metal content.

HEAP LEACHING -- A process involving the percolation of a cyanide solution through crushed ore heaped on an impervious pad or base to dissolve minerals or metals out of the ore.

KAOLIN -- A fine, white clay used as a filler or extender in ceramics and refractories.

MILL -- A processing plant that produces a concentrate of the valuable minerals or metals contained in an ore. The concentrate must then be treated in some other type of plant, such as a smelter, to affect recovery of the pure metal.

MINERAL-BEARING MATERIAL -- Material for which quantitative estimates are based on inferences from known mineralization, or on drill-hole samples too few in number to allow for classification as probable reserves.

ORE -- Material that can be mined and processed at a positive cash flow.

PATENTED MINING CLAIM -- A parcel of land originally located on federal lands as an unpatented mining claim under the General Mining Law, the title of which has been conveyed from the federal government to a private party pursuant to the patenting requirements of the General Mining Law.

PROVEN AND PROBABLE MINERAL RESERVES -- Reserves that reflect estimates of the quantities and grades of mineralized material at the Company's mines which the Company believes can be recovered and sold at prices in excess of the cash cost of production. The estimates are based largely on current costs and on projected prices and demand for the Company's products. Mineral reserves are stated separately for each of the Company's mines based upon factors relevant to each mine. Proven and probable mineral reserves for the Greens Creek mine (in which the Company owns a 29.7% interest) are based on calculations of reserves provided to the Company by the operator of such property that have been reviewed but not independently confirmed by the Company. Greens Creek Mining Company's estimates of proven reserves and probable reserves at December 31, 1993 and 1992 are based on silver prices of \$4.75 and \$4.50 per ounce, gold prices of \$350 and \$340 per ounce, zinc prices of \$0.57 and \$0.60 per pound, and lead prices of \$0.28 and \$0.33 per pound, respectively.

Changes in reserves represent general indicators of the results of efforts to develop additional reserves as existing reserves are depleted through production. Grades of ore fed to process may be different from stated reserve grades because of variation in grades in areas mined from time to time, mining dilution and other factors. Reserves should not be interpreted as assurances of mine life or of the profitability of current or future operations. The Company's estimates of proven reserves and probable reserves at December 31, 1993 and 1992 are based on gold prices of \$375 and \$350 per ounce, silver prices of \$4.50 and \$4.00 per ounce, lead

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prices of \$0.23 and \$0.30 per pound, and zinc prices of \$0.44 and \$0.55 per pound, respectively.

PROBABLE RESERVES -- Resources for which tonnage and grade and/or quality are computed primarily from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

PROVEN RESERVES -- Resources for which tonnage is computed from dimensions

revealed in outcrops, trenches, workings or drill holes and for which the grade and/or quality is computed from the results of detailed sampling. The sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well established. The computed tonnage and grade are judged to be accurate, within limits which are stated, and no such limit is judged to be different from the computed tonnage or grade by more than 20%.

RESERVES -- That part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of "Ore" when dealing with metalliferous minerals.

ROCKBURST -- Explosive rock failures caused by the pressure exerted by rock adjacent to mine openings far below the surface.

SAND FILL -- The coarser fraction of concentrator tailings, which is conveyed as a slurry in underground pipes to support cavities left by extraction of ore.

SHAFT -- A vertical or steeply inclined excavation for the purpose of opening and servicing a mine. It is usually equipped with a hoist at the top which lowers and raises a conveyance for handling personnel and materials.

STOPE -- An underground excavation from which ore has been extracted either above or below mine level.

TROY OUNCE -- Unit of weight measurement used for all precious metals. The familiar 16-ounce avoirdupois pound equals 14.583 Troy Ounces.

UNDERHAND MINING -- The primary mining method employed in the Lucky Friday mine utilizing mechanized equipment, a ramp system and cemented sand fill. The method has proven effective in reducing mining cost and rockburst activity.

UNPATENTED MINING CLAIM -- A parcel of property located on federal lands pursuant to the General Mining Law and the requirements of the state in which the unpatented claim is located, the paramount title of which remains with the federal government. The holder of a valid, unpatented lode mining claim is granted certain rights including the right to explore and mine such claim under the General Mining Law.

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VEIN -- A mineralized zone having a more or less regular development in length, width and depth which clearly separates it from neighboring rock.

WASTE -- Barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.

Item 2. Properties

The Company's principal mineral properties are described in Item 1 above. The Company also has interests in other mineral properties in the United States and Mexico. Although some of such properties are known to contain significant quantities of mineralization, they are not considered material to the Company's operations at the present time. Encouraging results from further exploration or increases in the market prices of certain metals could, in the future, make such properties considerably more important to the business of the Company taken as a whole.

The general corporate office of the Company is located in Coeur d'Alene, Idaho, on a tract of land containing approximately 13 acres. The Company also owns and plans to subdivide and sell approximately 70 adjacent acres.

The administrative offices of the Company's ball clay, kaolin and feldspar operations are located five miles southwest of Mayfield, Kentucky. Additionally, there are general offices and laboratory facilities at each operating location. The Company also owns approximately 1,600 acres of land principally for use in connection with milling and storage operations.

The general offices of the scoria operations are located in Alamosa, Colorado. The Company owns a parcel of land of approximately 20 acres in the vicinity of Blanca, Colorado, on which are located building, storage and shipping facilities utilized in its scoria business, and a bagging plant for landscape scoria. An additional bagging facility, utilized for scoria briquettes, is located at San Acacio, Colorado.

The general offices of Mountain West Bark Products, Inc. are located in Rexburg, Idaho. Processing facilities are located in both Rexburg, Idaho and Superior, Montana.

Item 3. Legal Proceedings

Reference is made to Note 8 of the Notes to Consolidated Financial Statements included in this report for information regarding legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

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PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

- (a) (i) Shares of the Common Stock, par value \$.25 per share of the Company (the Common Stock), are traded on the New York Stock Exchange, Inc., New York, New York.
- (ii) The price range of the Common Stock on the New York Stock Exchange for the past two years was as follows:

<TABLE>
<CAPTION>

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<S>	<C>	<C>	<C>	<C>
1993 - High	\$ 10.38	\$ 14.50	\$ 15.25	\$ 11.88
- Low	7.38	9.88	9.13	9.63
1992 - High	\$ 12.00	\$ 10.75	\$ 10.38	\$ 8.88
- Low	10.00	9.13	8.88	7.38

</TABLE>

- (b) As of December 31, 1993, there were 13,549 holders of record of the Common Stock.
- (c) There were no Common Stock cash dividends paid in 1993 or 1992. The amount and frequency of cash dividends are significantly influenced by metals prices, operating results and the Company's cash requirements.

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Item 6. Selected Financial Data
(dollars in thousands except for per-share amounts)

<TABLE>
<CAPTION>

	Years Ended December 31,				
	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Total revenue	\$ 84,812	\$ 113,079	\$ 119,787	\$ 162,669	\$ 122,216
Income (loss) before cumulative effect of changes in accounting principles	\$ (11,735)	\$ (49,186)	\$ (15,430)	\$ 6,711	\$ (20,449)
Cumulative effect of changes in accounting principles	- -	(103)	- -	- -	- -
Net income (loss)	(11,735)	(49,289)	(15,430)	6,711	(20,449)
Preferred stock dividends	(4,070)	- -	- -	- -	- -
Net income (loss) applicable to					

common shareholders	\$ (15,805)	\$ (49,289)	\$ (15,430)	\$ 6,711	\$ (20,449)
	=====	=====	=====	=====	=====
Income (loss) per common share before cumulative effect of changes in accounting principles and after preferred stock dividends	\$ (0.48)	\$ (1.59)	\$ (0.51)	\$ 0.22	\$ (0.68)
	=====	=====	=====	=====	=====
Net income (loss) per common share	\$ (0.48)	\$ (1.60)	\$ (0.51)	\$ 0.22	\$ (0.68)
	=====	=====	=====	=====	=====
Total assets	\$ 332,878	\$ 222,443	\$ 258,121	\$ 270,085	\$ 261,624
	=====	=====	=====	=====	=====
Long-term debt - Notes and contracts payable ¹	\$ 49,489	\$ 70,382	\$ 76,866	\$ 71,062	\$ 67,009
	=====	=====	=====	=====	=====
Cash dividends per common share	\$ - -	\$ - -	\$ - -	\$ 0.05	\$ 0.05
	=====	=====	=====	=====	=====
Cash dividends per preferred share	\$ 1.77	\$ - -	\$ - -	\$ - -	\$ - -
	=====	=====	=====	=====	=====
Common shares issued	34,644,734	31,651,192	30,308,680	30,118,729	30,093,642
Shareholders of record	13,549	14,859	17,127	18,032	18,863
Employees	919	826	911	981	999

</TABLE>

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- 1 Includes \$94,000, \$181,000 and \$260,000, for 1991, 1990 and 1989, respectively, of long-term debt which is recorded in other noncurrent liabilities.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations¹

INTRODUCTION

The Company is primarily involved in the exploration, development, mining, and processing of gold, silver, lead, zinc, and industrial minerals. As such, the Company's revenues and profitability are strongly influenced by world prices of gold, silver, lead, and zinc, which fluctuate widely and are affected by numerous factors beyond the Company's control, including inflation and worldwide forces of supply and demand. The aggregate effect of these factors is not possible to accurately predict.

The Company recorded net losses applicable to common shareholders for each of the past three years ended December 31, 1993, primarily as a result of: (1) a reduction in carrying values of certain mining properties, losses on investments and provisions for closed operations and environmental matters totaling \$2.7 million in 1993, \$42.7 million in 1992 and \$3.6 million in 1991; (2) depressed gold, silver, lead, and zinc prices; and (3) decreased gold production due to the depletion of oxide ore reserves at the Cactus and Yellow Pine mines and the decline in ore grade at the Republic mine.

The volatility of metals prices requires that the Company, in assessing the impact of prices on recoverability of its assets, exercise judgment as to whether price changes are temporary or are likely to persist (See "Competition - Average Metal Prices"). The Company performs a comprehensive evaluation of the recoverability of its assets on a periodic basis. The evaluation includes a review of future cash flows against the carrying value of the asset. Asset write-downs may occur if the Company determines that the carrying values attributed to project assets are not recoverable given reasonable expectations for future market conditions.

In 1994, the Company expects to produce approximately 106,000 ounces of gold, including 63,000 ounces from the La Choya gold mine, 38,000 ounces of gold from the Republic mine and an additional 5,000 ounces of gold from other sources. Assuming the timely commencement of production at the Grouse Creek gold project in the fourth quarter of 1994, the Company's planned 1994 total gold production could increase by up to 53,000 ounces to 159,000 ounces, based upon its 80% interest in the project. Assuming the consummation of the planned acquisition of Equinox Resources Limited (Equinox) in March 1994, the Company's planned 1994 gold production is expected to increase 25,000 ounces to 184,000 ounces,

principally resulting from Equinox's interest in the American Girl mine (See Note 2 of Notes to Consolidated Financial Statements). The Company's gold production increase in 1994 is based upon assuming a full year of production at the La Choya mine and the start-up of production at the Grouse Creek gold project in the fourth quarter of 1994, which offsets the expected decrease in gold production at the Republic mine. The Company's level of gold production for 1994 will depend, in part, upon the timely commencement of production at the Grouse Creek property.

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For definitions of certain mining terms used in this description, see "Glossary of Certain Mining Terms" at the end of Item 1, page 27.

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The Company's share of silver production for the year ended December 31, 1993, was 3.0 million ounces. Estimated silver production for 1994 is 2.7 million ounces. The decrease in estimated silver production in 1994 compared to 1993 is principally due to the suspension of operations at Greens Creek which commenced in April 1993.

During the year ended December 31, 1993, the Company shipped 888,000 tons of industrial minerals including ball clay, kaolin, feldspar, and specialty aggregates. The Company currently estimates that it will ship 945,000 tons of industrial minerals during 1994. Additionally, the Company expects to ship 591,000 cubic yards of landscape material in 1994 from its newly acquired subsidiary, Mountain West.

The Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company's historical Consolidated Financial Statements set forth elsewhere herein.

Results of Operations

1993 vs 1992

A net loss of approximately \$11.7 million, or \$0.36 per common share, was incurred in 1993 compared to a net loss of \$49.3 million, or \$1.60 per common share, in 1992. After \$4.1 million in dividends to holders of the Company's Series B Cumulative Convertible Preferred Stock (Series B Preferred Stock), the Company's net loss applicable to common shareholders for 1993 was \$15.8 million, or \$0.48 per common share. The 1993 loss was due to a variety of factors, the most significant of which are discussed below.

Sales of products decreased by \$18.8 million, or 19%, in 1993 as compared to 1992, principally the result of (1) decreased gold production due to the winding down of operations at the Cactus mine, lower-grade ore being mined and processed at the Republic mine, and the completion of operations at the Yellow Pine mine during the third quarter of 1992; (2) decreased silver, lead, and zinc production due to suspension of operations at the Greens Creek mine in April 1993, and the sale of the Company's 25% interest in the Galena mine in May 1992; (3) decreases in the average prices of lead and zinc in 1993 compared to 1992; (4) decreased production of lead at the Lucky Friday mine resulting from lower lead contained in the ore processed; and (5) decreased sales of ball clay from Kentucky-Tennessee Clay Company; all of which were partially offset by (1) increased revenue from the Company's Apex facility; (2) increased sales of feldspar from K-T Feldspar Corporation, clay slurry products from the recently completed slurry plant in Monterrey, Mexico, landscape products from the newly acquired Mountain West, and specialty aggregate products from Colorado Aggregate Company; and (3) increases in the average prices of gold and silver in 1993 compared to 1992.

Cost of sales and other direct production costs decreased by \$12.2 million, or 15%, in 1993 as compared to 1992, primarily a result of (1) decreased operating costs at the Greens Creek mine due to suspension of operations in April 1993; (2) decreased operating costs at the Cactus mine due to the completion of mining operations in February 1992; (3) decreased operating costs resulting from the sale of the Company's 25% interest in the Galena mine in May 1992; (4) decreased operating costs at the Yellow Pine mine resulting from the completion of operations during the third quarter of 1992; and (5) decreased cost of production

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at the Republic mine; all of which were partially offset by (1) increased

operating costs during 1993 at the Apex facility, K-T Feldspar Corporation, Kentucky-Tennessee Clay Company's Ball Clay Division, and Colorado Aggregate Company; and (2) operating costs in 1993 associated with the newly acquired Mountain West.

Depreciation, depletion and amortization expense decreased by approximately \$3.2 million, or 24%, in 1993 as compared to 1992, primarily a result of (1) the suspension of operations at the Greens Creek mine in April 1993, as well as the completion of mining operations at the Cactus mine in February 1992 and the Yellow Pine mine during the third quarter of 1992, where depreciable assets were depreciated primarily on a unit-of-production basis, and (2) significant assets at Kentucky-Tennessee Clay Company's Ball Clay Division reaching the end of their depreciable lives. Both were partially offset by increased depreciation expense due to increased ore tons mined during 1993 at the Lucky Friday and Republic mines where significant depreciable assets are depreciated on a unit-of-production basis.

Other operating expenses decreased by \$44.4 million, or 75%, in 1993 as compared to 1992, primarily the result of (1) the 1992 reduction in carrying value of mining properties totaling \$27.9 million, nonrecurring in 1993, including (a) a \$13.5 million write-down to reflect the estimated net realizable value of the Company's interest in the Apex facility; (b) a \$9.0 million write-down of the Consolidated Silver property in northern Idaho and the Hog Heaven property in northwest Montana due to depressed silver prices; (c) a \$3.5 million write-down to reflect the estimated net realizable value of the Company's interest in the Lisbon Valley project in Utah; and (d) a \$1.9 million write-down of the Creede and Hardscrabble gold and silver properties located in Colorado due to depressed precious metals prices; (2) the 1992 provision for closed operations and environmental matters totaling \$12.7 million, nonrecurring in 1993, which consisted principally of an \$8.5 million increase in the allowance for the Bunker Hill Superfund Site remediation costs and additional idle property reclamation and closure costs accruals of \$3.3 million as further described in Note 8 of Notes to Consolidated Financial Statements; (3) decreased domestic exploration expenditures mainly at the Republic mine in 1993; (4) foreign exploration expenditures in Chile during 1992, nonrecurring in 1993; (5) reduced general and administrative costs in 1993 principally due to staff reductions and other cost-cutting measures at corporate headquarters; and (6) research expenditures incurred at the Apex facility during 1992, nonrecurring in 1993.

Other income (expense) netted to income of approximately \$1.4 million in 1993 compared to income of \$5.5 million in 1992. The decrease is primarily due to (1) the sale of surface and timber rights on various nonoperating Company-owned properties in 1992 resulting in a gain of approximately \$9.0 million, nonrecurring in 1993, and (2) the sale of the Company's 25% interest in the Galena Unit and adjacent properties in May 1992 resulting in a gain of approximately \$1.2 million, nonrecurring in 1993. Both of these items were partially offset by (1) decreased interest expense in 1993 resulting from (a) the April 29, 1993, issuance of 2.2 million shares of the Company's Common Stock for 60,400 of its outstanding Liquid Yield Option Notes as described in Note 7 of Notes to Consolidated Financial Statements, and (b) increased capitalized interest related to the Grouse Creek and La Choya projects; (2) the \$2.1 million write-down in 1992 of the Company's Common Stock investment in Granduc Mines Limited to reflect the apparent other-than-temporary decline in market value of

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the investment, nonrecurring in 1993; and (3) increased interest income earned in 1993 on the investment of the proceeds from the Company's public offering of 2.3 million shares of Series B Preferred Stock as described in Note 10 of Notes to Consolidated Financial Statements.

Income taxes reflect a benefit of \$0.9 million in 1993 compared to a \$0.3 million benefit in 1992. The benefit in both periods reflects the carryback of 1993 and 1992 net operating losses to reduce income taxes previously provided.

Results of Operations

1992 vs 1991

The net loss for 1992 was \$49.3 million, or \$1.60 per share, compared to a net loss of \$15.4 million, or \$0.51 per share, for 1991.

Sales of products decreased by \$16.9 million, or 14%, from 1991 to 1992, principally as a result of (1) decreased gold production at the Republic and Cactus mines due to lower-grade ore mined and processed, and the completion of operations at the Yellow Pine mine in August 1992; (2) decreases in the average prices of gold, silver, and lead in 1992 compared to 1991; (3) decreased silver production resulting from the 1992 sale of the Company's 25% interest in the Galena mine; and (4) decreased silver, zinc, lead and gold production at the

Greens Creek mine due to lower-grade ore mined and processed; all of which were partially offset by (1) increased silver, lead and zinc production at the Lucky Friday mine; (2) increased sales of specialty aggregates from Colorado Aggregate Company during 1992; (3) increases in the average price of zinc; (4) increased sales of feldspar from K-T Feldspar Corporation during 1992; and (5) increased sales from the Kaolin Division of Kentucky-Tennessee Clay Company during 1992.

Cost of sales and other direct production costs decreased \$1.6 million, or 2%, from 1991 to 1992 primarily due to (1) decreased operating costs resulting from the completion of operations at the Yellow Pine mine in August 1992; (2) decreased operating costs at the Cactus mine due to the completion of mining operations in February 1992; (3) decreased operating costs incurred resulting from the sale of the Company's 25% interest in the Galena mine; and (4) decreased operating costs at the Republic and Lucky Friday mines; all of which were partially offset by (1) increased operating costs at the Greens Creek mine and (2) increased operating costs at Colorado Aggregate Company, Kentucky-Tennessee Clay Company, and K-T Feldspar Corporation.

Depreciation, depletion and amortization decreased by approximately \$7.7 million, or 36%, primarily as a result of the completion of mining operations at the Cactus mine in February 1992 where depreciation was based on ore tons mined, and to a lesser extent by (1) the completion of mining operations at the Yellow Pine mine in August 1992 and (2) the sale of the Company's 25% interest in the Galena mine; all of which were partially offset by increased ore tons mined at the Lucky Friday mine where significant depreciable assets are being depreciated based on ore tons mined.

Other operating expenses increased by \$33.3 million, or 130%, due principally to (1) the reduction in carrying value of mining properties totaling \$27.9 million including (a) a \$13.5 million write-down to reflect the estimated net realizable value of the Company's interest in the Apex facility, a hydrometallurgical

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processing plant near St. George, Utah; (b) a \$9.0 million write-down of the Consolidated Silver property in northern Idaho and the Hog Heaven property in northwest Montana due to depressed silver prices; (c) a \$3.5 million write-down to reflect the estimated net realizable value of the Company's interest in the Lisbon Valley project in Utah, a joint venture project fully developed for uranium and vanadium production; and (d) a \$1.9 million write-down of the Creede and Hardscrabble gold and silver properties located in Colorado due to depressed precious metals prices; (2) the provision for closed operations and environmental matters totaling \$12.7 million which consisted principally of an \$8.5 million 1992 increase in the allowance for the Bunker Hill Superfund Site remediation costs and additional idle property reclamation and closure costs accruals of \$3.3 million, as further described in Note 8 of Notes to Consolidated Financial Statements; and (3) increased exploration expenditures at the Republic and Lucky Friday mines during 1992; all of which were partially offset by decreased general and administrative costs principally due to (1) 1991 expenses incurred in connection with the June 26, 1991, merger of CoCa, nonrecurring in 1992; (2) decreased other general and administrative costs resulting from closing the CoCa office; and (3) other general and administrative cost reduction efforts.

Other income (expense) changed from expense of \$3.9 million in 1991 to income of \$5.5 million in 1992, primarily a result of (1) the sale of surface and timber rights on various nonoperating Company-owned properties in 1992 resulting in a gain of approximately \$9.0 million; (2) the 1992 sale of the Company's 25% interest in the Galena mine and adjacent properties located in northern Idaho, resulting in a gain of about \$1.2 million; (3) the exchange of 1,120,125 shares of the Company's Common Stock for 30,900 of the Company's outstanding Liquid Yield Option Notes resulting in a gain of approximately \$0.5 million and a reduction of interest expense in 1992; and (4) increased capitalized interest related to the Grouse Creek and La Choya projects in 1992; all of which were partially offset by the \$2.1 million write-down of the Company's Common Stock investment in Granduc Mines Limited to reflect the apparent other-than-temporary decline in the market value of the investment.

Income taxes reflect a benefit of \$0.3 million in 1992 compared to a \$2.6 million benefit in 1991. The benefit in both periods reflects the carryback of 1992 and 1991 net operating losses to reduce income taxes previously provided.

In 1992, the Company changed its method of accounting for income taxes and postretirement benefits other than pensions. The adoption of SFAS No. 109, "Accounting for Income Taxes," resulted in a \$1.5 million benefit as of January 1, 1992. The effect of adopting SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," resulted in an additional expense of \$1.6 million as of January 1, 1992. The net cumulative effect of both of these accounting changes was to increase the 1992 loss by \$0.1 million.

A substantial portion of the Company's revenue is derived from the sale of products, the prices of which are affected by numerous factors beyond the Company's control. Prices may change dramatically in short periods of time and such changes have a significant effect on revenues, profits and liquidity of the Company. The Company is subject to many of the same inflationary pressures as the U.S. economy in general. To date, the Company has been successful in implementing cost-cutting measures which have reduced per unit production costs.

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Management believes, however, that the Company may not be able to continue to offset the impact of inflation over the long term through cost reductions alone. However, the market prices for products produced by the Company have a much greater impact than inflation on the Company's revenues and profitability. Moreover, the discovery, development and acquisition of mineral properties are, in many instances, unpredictable events. Future metals prices, the success of exploration programs and other property transactions can have a significant impact on the Company's need for capital.

At December 31, 1993, assets totaled approximately \$332.9 million and shareholders' equity totaled approximately \$240.1 million. Cash, cash equivalents and short-term investments increased by \$62.1 million to \$65.4 million at December 31, 1993, from \$3.3 million at the end of 1992. The major sources of cash and short-term investments were the \$110.3 million net proceeds received from the June 29, 1993, issuance of 2.3 million shares of Series B Preferred Stock as described further in Note 10 of Notes to Consolidated Financial Statements and proceeds of approximately \$1.1 million from the issuance of Common Stock under stock option plans. Other major sources of cash were from operations at the Republic and Cactus mines, Kentucky-Tennessee Clay Company's Ball Clay and Kaolin Divisions, K-T Feldspar Corporation, and Colorado Aggregate Company. The major uses of cash were for (1) the development costs incurred in connection with the Grouse Creek and La Choya projects; (2) property, plant and equipment expenditures at the clay slurry plant in Mexico, Kentucky-Tennessee Clay Company's Kaolin Division and Colorado Aggregate Company; (3) general and administrative expenses; (4) exploration costs; (5) idle property expenditures including environmental costs; and (6) operations at the Lucky Friday mine, the Apex facility, and Mountain West.

The Company estimates that capital expenditures to be incurred in 1994 will be approximately \$62.2 million. The estimated capital expenditures for 1994 reflect the sale of a 20% ownership interest in the Company's Grouse Creek project as described in Note 5 of Notes to Consolidated Financial Statements. The Company's 1994 capital expenditures are expected to consist primarily of (1) development expenditures at the Grouse Creek project totaling approximately \$50.0 million; (2) further development expenditures at the Greens Creek mine totaling approximately \$3.4 million; and (3) assuming completion of the acquisition of Equinox as described below, development expenditures at Equinox's Rosebud and Oro Cruz projects totaling approximately \$3.7 million and \$1.3 million, respectively. The Company intends to finance these capital expenditures through a combination of (1) existing cash, cash equivalents and short-term investments; (2) proceeds from the sale of a minority joint venture interest in the Grouse Creek project as described in Note 5 of Notes to Consolidated Financial Statements; and (3) cash flow from operating activities. In addition, the Company may borrow additional funds under its revolving credit facility which, subject to certain conditions, provides for borrowings up to a maximum of \$30.0 million, as described further in Note 7 of Notes to Consolidated Financial Statements. Moreover, to the extent the Company is able to complete a securities offering, as described below, excess proceeds, if any, may be used for these capital expenditures.

As further described in Note 2 of Notes to Consolidated Financial Statements, the Company has entered into an Acquisition Agreement to acquire Equinox. The Company's 1994 expenditures on the Rosebud and Oro Cruz projects are contingent upon the Company's successful consummation of the acquisition of Equinox.

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The Company's planned environmental and reclamation expenditures for 1994 are expected to be approximately \$6.6 million, principally for environmental and reclamation activities at the Bunker Hill and California Gulch Superfund Sites and at the Yellow Pine, Escalante and Durita properties.

Exploration expenditures for 1994 are estimated to be approximately \$6.2

million. The Company's exploration strategy is to focus further exploration at or in the vicinity of its currently owned properties. Accordingly, 1994 exploration expenditures will be incurred principally at the Republic, Grouse Creek and La Choya properties.

As described in Note 7 of Notes to Consolidated Financial Statements, the Company has a secured reducing revolving credit facility which provides for credit advances of up to \$30.0 million. The availability of advances under this facility reduces commencing December 31, 1995, and is subject to certain other limitations, with the balance due at maturity on December 31, 1996. Borrowings under the facility are secured by the accounts receivable, inventories, and specified marketable securities. As of December 31, 1993, the Company had no outstanding borrowings under the revolving credit facility.

As further described in Note 7 of Notes to Consolidated Financial Statements, on April 23, 1993, the Company exchanged 2.2 million shares of its common stock for 60,400 outstanding Liquid Yield Option Notes in a noncash transaction.

The Company currently has outstanding \$109,950,000 aggregate principal amount of Liquid Yield Option Notes (LYONs) due 2004, which are currently convertible into 20.824 shares of common stock per \$1,000 principal amount of LYONs. Pursuant to the terms of the indenture governing the LYONs, on June 14, 1994, holders of LYONs may require the Company to purchase LYONs held by them (the Put Feature) at a purchase price of \$456.39 per \$1,000 principal amount of LYONs. The purchase price may be paid, at the option of the Company, in cash, in shares of common stock (valued at the market price of the common stock) or in the Company's Subordinated Extension Notes due 2004; but because of the Company's need to utilize cash for planned capital expenditures, it is probable that, absent any action by the Company, it will pay for any LYONs delivered to it pursuant to the Put Feature by issuing common stock. The Company is unable to predict how many LYONs it may be required to purchase pursuant to the Put Feature, and the Company cannot predict what effect the Put Feature will have on the market price of its common stock.

The Company is currently considering several alternatives with respect to the Put Feature. One of the alternatives being examined by the Company is the sale of additional shares of common stock (or other Company securities) with the proceeds of such an offering being used to pay cash for LYONs delivered to the Company pursuant to the Put Feature (and any remaining proceeds would be used for capital expenditures). The Company is also considering amending certain terms of the LYONs in order to make it less likely that the Put Feature will be exercised on June 14, 1994, including changing the conversion ratio to increase the number of shares of common stock that would be issuable for each LYON. If either of these alternatives is pursued, then additional shares of common stock could be issued, although the Company's intent with respect to these alternatives is to issue less shares of common stock (other than any securities sold to raise additional funds for capital expenditures) than would be the case if the Company was required to repurchase all of the outstanding LYONs pursuant to the Put Feature on June 14,

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1994. If the Company takes no action with respect to the Put Feature and is required to purchase all of the outstanding LYONs on June 14, 1994, based upon year end market prices (\$11.63 on December 31, 1993), the Company would have to issue approximately 4,300,000 shares of common stock. There can be no assurance that the Company will determine to pursue, or be successful in pursuing, any alternative (including and in addition to the alternatives discussed above) to reduce the likelihood that the Put Feature will result in the issuance of a significant amount of the Company's common stock.

In December 1993, the Company acquired all of the issued and outstanding common stock of Mountain West through the issuance of 655,000 shares of the Company's common stock with an estimated value of \$6,305,000. Mountain West is engaged primarily in the mining and processing of scoria, specialty aggregates and landscaping products. The transaction has been accounted for as a purchase.

As further described in Note 8 of Notes to Consolidated Financial Statements, the Company has been notified by the United States Environmental Protection Agency (EPA) that it has been designated by the EPA as a potentially responsible party with respect to several Superfund sites. At December 31, 1993, the Company's allowance for Superfund site remedial action costs was approximately \$10.7 million, which the Company believes is adequate based on current estimates of aggregate costs. Although the ultimate disposition of these and various other pending legal actions and claims is not presently determinable, it is the opinion of the Company's management, based upon the information available at this time, that the outcome of these suits and proceedings will not have a material adverse effect on the consolidated results of operations and financial condition of the Company.

Other

In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS No. 112). This statement requires companies to recognize the obligation to provide postemployment benefits if the obligation is attributable to employees' services already rendered, employees' rights to those benefits have accumulated or vested, payment of the benefits is probable and the amount of the benefits can be reasonably estimated. The statement requires the Company to make the necessary changes in accounting for these postemployment benefits effective January 1, 1994. It is the opinion of the Company's management that the adoption of SFAS No. 112 will not have a material effect on the consolidated results of operations or financial condition of the Company.

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Item 8. Financial Statements and Supplementary Data

See Item 14 of this Report for information with respect to the financial statements filed as a part hereof, including financial statements filed pursuant to the requirements of this Item 8.

<TABLE>
<CAPTION>

SELECTED QUARTERLY DATA

(dollars in thousands except for per-share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
-----	-----	-----	-----	-----	-----
1993:					

<S>	<C>	<C>	<C>	<C>	<C>
Sales of products	\$ 20,869	\$ 23,085	\$ 19,542	\$ 18,351	\$ 81,847
Gross profit (loss)	\$ (1,068)	\$ 1,003	\$ 956	\$ (445)	\$ 446
Net loss	\$ (4,771)	\$ (2,012)	\$ (1,134)	\$ (3,818)	(11,735)
Preferred stock dividends	- -	- -	\$ (2,057)	\$ (2,013)	(4,070)
Net loss applicable to common shareholders	\$ (4,771)	\$ (2,012)	\$ (3,191)	\$ (5,831)	\$ (15,805)
Net loss per common share	\$ (0.15)	\$ (0.06)	\$ (0.09)	\$ (0.17)	\$ (0.48)
1992:					

Sales of products	\$ 29,171	\$ 26,926	\$ 26,136	\$ 18,418	\$ 100,651
Gross profit (loss)	\$ 2,484	\$ 1,706	\$ 2,380	\$ (2,700)	\$ 3,870
Income (loss) before cumulative effect of changes in accounting principles	\$ 6,073	\$ (1,103)	\$ (3,025)	\$ (51,131)	\$ (49,186)
Cumulative effect of changes in accounting principles	(103)	- -	- -	- -	(103)
	-----	-----	-----	-----	-----
Net income (loss)	\$ 5,970	\$ (1,103)	\$ (3,025)	\$ (51,131)	\$ (49,289)
	=====	=====	=====	=====	=====
Net income (loss) per common share:					
Income (loss) before cumulative effect of changes in accounting principles	\$ 0.20	\$ (0.04)	\$ (0.10)	\$ (1.65)	\$ (1.59)
Cumulative effect of changes in accounting principles	(0.01)	- -	- -	- -	(0.01)
	-----	-----	-----	-----	-----
Net income (loss) per common share	\$ 0.19	\$ (0.04)	\$ (0.10)	\$ (1.65)	\$ (1.60)
	=====	=====	=====	=====	=====

</TABLE>

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Reference is made to the information with respect to the directors of the Company set forth under the caption "Election of Directors" in the Company's proxy statement to be filed pursuant to Regulation 14A for the annual meeting scheduled to be held on May 6, 1994 (the Proxy Statement), which information is incorporated herein by reference. Information with respect to executive officers of the Company is set forth as follows:

<TABLE>
<CAPTION>

Name	Age at May 6, 1994	Position and Term Served
<S> Arthur Brown	<C> 53	<C> Chairman since June 1987; Chief Executive Officer since May 1987; President since May 1986; Chief Operating Officer from May 1986 to May 1987; Executive Vice President from May 1985 to May 1986; held various positions as an officer since 1980; employed by the Company since 1967.
Joseph T. Heatherly	63	Vice President - Controller since May 1989; Controller from May 1987 to May 1989; various administrative functions with the Company since May 1983.
J. Gary Childress	46	Vice President - Industrial Minerals since February 1994; President and General Manager of Kentucky-Tennessee Clay Company from 1987 to 1994; Senior Vice President of Kentucky-Tennessee Clay Company from 1986 to 1987.
Ralph R. Noyes	46	Vice President - Metal Mining since May 1988; Manager Metal Mining from June 1987 to May 1988; prior thereto, since 1976, held various administrative positions with the Company and Day Mines, Inc.
John P. Stilwell	41	Treasurer since June 1991; held various administrative positions with the Company since May 1985.
Michael B. White	43	Vice President - General Counsel and Secretary since May 1992; Secretary since November 1991; Assistant Secretary from March 1981 to November 1991; General Counsel since June 1986; various administrative positions since 1980.

</TABLE>

There are no family relationships between any of the executive officers.

Item 11. Executive Compensation

Reference is made to the information set forth under the caption "Compensation of Executive Officers" in the Proxy Statement (except the Report on the Compensation Committee on Executive Compensation set forth herein) to be filed pursuant to Regulation 14A, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Reference is made to the information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" 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

Reference is made to the information set forth under the caption "Other Transactions" in the Proxy Statement to be filed pursuant to Regulation 14A, which information is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

- (a) (1) Financial Statements

See Index to Financial Statements on Page F-1

(a) (2) Financial Statement Schedules

See Index to Financial Statements on Page F-1

(a) (3) Exhibits

See Exhibit Index following the financial statements

(b) Reports on Form 8-K

Report on Form 8-K dated December 1, 1993, related to the acquisition of all the outstanding capital stock of Mountain West Bark Products, Inc.

Report on Form 8-K dated December 29, 1993, related to the Acquisition Agreement with Equinox Resources Ltd.

Report on Form 8-K dated January 24, 1994, related to the sale of the Company's holdings in Granduc Mines Limited.

Report on Form 8-K dated February 3, 1994, related to fourth quarter report to shareholders

Report on Form 8-K dated February 8, 1994, related to Acquisition Agreement with Great Lakes Minerals Inc.

Report on Form 8-K dated February 16, 1994, related to information provided to Equinox Resources Ltd.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 2, 1994.

HECLA MINING COMPANY

By /s/ Arthur Brown

Arthur Brown, Chairman

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/ Arthur Brown 3/2/94

Arthur Brown Date
Chairman and Director
(principal executive officer)

/s/ Leland O. Erdahl 3/2/94

Leland O. Erdahl Date
Director

/s/ J. T. Heatherly 3/2/94

J. T. Heatherly Date
Vice President - Controller
(principal accounting officer)

/s/ William A. Griffith 3/2/94

William A. Griffith Date
Director

/s/ John P. Stilwell 3/2/94

John P. Stilwell Date
Treasurer
(principal financial officer)

/s/ Charles L. McAlpine 3/2/94

Charles L. McAlpine Date
Director

/s/ John E. Clute 3/2/94

John E. Clute Date
Director

/s/ Paul A. Redmond 3/2/94

Paul A. Redmond Date
Director

/s/ Joe Coors, Jr.	3/2/94	/s/ Richard J. Stoehr	3/2/94
-----	-----	-----	-----
Joe Coors, Jr.	Date	Richard J. Stoehr	Date
Director		Director	

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*Other financial statement schedules
have been omitted as not applicable

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Letterhead of Coopers & Lybrand
REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors and Shareholders
Hecla Mining Company

We have audited the accompanying consolidated balance sheets of Hecla Mining Company and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

SHAREHOLDERS' EQUITY

Preferred stock, 25 cents par value, authorized 5,000,000 shares, issued and outstanding 1993 - 2,300,000, liquidation preference \$117,012	575	- -
Common stock, 25 cents par value, authorized 100,000,000 shares; issued 1993 - 34,644,734, issued 1992 - 31,651,192	8,661	7,912
Capital surplus	238,601	97,806
Retained earnings (deficit)	(6,878)	8,927
Net unrealized loss on marketable equity securities	(8)	(16)
Less common stock reacquired, at cost; 1993 - 62,226 shares, 1992 - 63,753 shares	(888)	(910)
Total shareholders' equity	240,063	113,719
Total liabilities and shareholders' equity	\$ 332,878	\$ 222,443

</TABLE>

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

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HECLA MINING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(dollars and shares in thousands, except per-share amounts)

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
Sales of products	\$ 81,847	\$ 100,651	\$ 117,568
Cost of sales and other direct production costs	71,109	83,288	84,853
Depreciation, depletion and amortization	10,292	13,493	21,161
	81,401	96,781	106,014
Gross profit	446	3,870	11,554
Other operating expenses:			
General and administrative	6,961	8,520	14,054
Exploration	4,353	7,659	5,693
Research	- -	1,317	1,538
Depreciation and amortization	669	819	692
Provision for closed operations and environmental matters	2,307	12,670	3,638
Reduction in carrying value of mining properties	200	27,928	- -
	14,490	58,913	25,615
Loss from operations	(14,044)	(55,043)	(14,061)
Other income (expense):			
Interest and other income	2,965	12,428	2,219
Other expense	(3)	(61)	(17)
Gain (loss) on investments	(144)	(2,115)	229
Minority interest in net loss of consolidated subsidiary	43	95	484
Interest expense:			
Total interest cost	(5,023)	(6,905)	(6,985)
Less amount capitalized	3,533	2,070	145

	1,371	5,512	(3,925)
Loss before income taxes and cumulative effect of changes in accounting principles	(12,673)	(49,531)	(17,986)
Income tax benefit	938	345	2,556
Loss before cumulative effect of changes in accounting principles	(11,735)	(49,186)	(15,430)
Cumulative effect of changes in accounting principles	-	(103)	-
Net loss	(11,735)	(49,289)	(15,430)
Preferred stock dividends	(4,070)	-	-
Net loss applicable to common shareholders	\$ (15,805)	\$ (49,289)	\$ (15,430)
Net loss per common share:			
Loss before cumulative effect of changes in accounting principles and after preferred stock dividends	\$ (0.48)	\$ (1.59)	\$ (0.51)
Cumulative effect of changes in accounting principles	-	(0.01)	-
	\$ (0.48)	\$ (1.60)	\$ (0.51)
Cash dividends per common share	\$ - -	\$ - -	\$ - -
Weighted average number of common shares outstanding	32,915	30,866	30,094

</TABLE>

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

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HECLA MINING COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

<TABLE>

<CAPTION>

	Year Ended December 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
Operating activities:			
Net loss	\$ (11,735)	\$ (49,289)	\$ (15,430)
Noncash elements included in net loss:			
Depreciation, depletion and amortization	10,961	14,312	21,853
Deferred income tax benefit	(964)	(120)	(1,429)
Loss (gain) on disposition of properties, plants and equipment	1,300	(9,628)	(1,865)
(Gain) loss on investments	144	2,115	(229)
Accretion of interest on long-term debt	4,349	5,602	5,891
Provision for reclamation and closure costs	1,635	12,305	2,898
Reduction in carrying value of mining properties	200	27,928	-
Gain on retirement of long-term debt	(323)	(510)	-
Minority interest in net loss of consolidated subsidiary	43	95	484
Change in:			
Accounts and notes receivable	(1,569)	5,869	(844)
Income tax refund receivable	390	-	-
Inventories	(370)	4,162	(3,047)
Other current assets	(566)	849	(920)
Accounts payable and accrued expenses	5,607	188	(2,808)
Accrued payroll and related benefits	(83)	(443)	-
Preferred stock dividends payable	2,012	-	-
Accrued taxes	(343)	(1,770)	359
Noncurrent liabilities	(2,105)	(2,184)	(160)

Net cash provided by operating activities	8,583	9,481	4,753
Investing activities:			
Purchase of investments and increase in cash surrender value of life insurance	(554)	(117)	(219)
Purchase of short-term investments, net	(27,540)	-	-
Proceeds from sale of investments and subsidiary	273	-	738
Additions to properties, plants and equipment	(52,671)	(23,176)	(18,885)
Proceeds from disposition of properties, plants and equipment	1,282	11,493	1,036
Other, net	(2,105)	(272)	1,012
Net cash applied to investing activities	(81,315)	(12,072)	(16,318)
Financing activities:			
Repayment on gold loan	-	-	(1,387)
Common stock issued under stock option plans	1,060	296	1,500
Preferred stock issuance, net of issuance costs	110,346	-	-
Acquisition of treasury stock	-	-	(4)
Preferred stock dividends	(4,070)	-	-
Net cash provided by financing activities	107,336	296	109
Change in cash and cash equivalents:			
Net increase (decrease) in cash and cash equivalents	34,604	(2,295)	(11,456)
Cash and cash equivalents at beginning of year	3,287	5,582	17,038
Cash and cash equivalents at end of year	\$ 37,891	\$ 3,287	\$ 5,582
Supplemental disclosure of cash flow information:			
Cash paid during year for:			
Interest (net of amount capitalized)	\$ 318	\$ 159	\$ 182
Income tax payments, net	\$ 49	\$ 222	\$ 171

</TABLE>

See Notes 2, 5, and 7 for noncash investing and financing activities.

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

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HECLA MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 1993, 1992 and 1991
(dollars and shares in thousands)

	Preferred Stock		Common Stock		Capital Surplus	Retained Earnings (Deficit)	Treasury Stock	Net Unrealized Loss on Marketable Equity Securities
	Shares	Amount	Shares	Amount				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balances, December 31, 1990		\$	30,119	\$ 7,530	\$ 83,397	\$ 73,646	\$ (906)	\$ (13)
Net loss						(15,430)		
Net change in unrealized loss on marketable equity securities								(3)
Stock issued under stock option								

plans								
Hecla		26	6	141				
CoCa		130	32	1,147				
Stock issued under CoCa employee stock ownership plan		34	9	165				
Acquisition of treasury stock							(4)	
	-----	-----	-----	-----	-----	-----	-----	-----
Balances, December 31, 1991		30,309	7,577	84,850	58,216	(910)		(16)
Net loss					(49,289)			
Stock issued under stock option plans								
Hecla		17	4	117				
CoCa		20	5	170				
Stock issued for Mexican mineral concessions		185	46	1,748				
Stock issued to retire long-term debt		1,120	280	10,921				
	-----	-----	-----	-----	-----	-----	-----	-----
Balances, December 31, 1992		31,651	7,912	97,806	8,927	(910)		(16)
Net loss					(11,735)			
Preferred stock dividends (\$1.77 per share)					(4,070)			
Stock issued under stock option plans								
Hecla		87	22	590				
CoCa		52	13	435				
Net change in unrealized loss on marketable equity securities								8
Treasury stock issued net of purchase					(12)	22		
Stock issued for Mountain West Products		655	164	6,141				
Preferred stock issuance, net of issuance costs	2,300	575		109,771				
Stock issued to retire long-term debt		2,200	550	23,870				
	-----	-----	-----	-----	-----	-----	-----	-----
Balances, December 31, 1993	2,300	\$ 575	34,645	\$8,661	\$ 238,601	\$ (6,878)	\$ (888)	\$ (8)
	=====	=====	=====	=====	=====	=====	=====	=====

</TABLE>

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

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HECLA MINING COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

A. COMPANY'S BUSINESS AND CONCENTRATIONS OF CREDIT RISK - Hecla Mining Company and its subsidiaries (the Company) are engaged in mining and mineral processing. Sales of metals products are made principally to domestic and foreign custom smelters and metal traders. Industrial minerals are sold principally to domestic manufacturers and wholesalers. Sales to significant metals customers, as a percentage of total sales of metals products, were as follows:

<TABLE>

<CAPTION>

	1993	1992	1991
	----	----	----
<S>	<C>	<C>	<C>
Custom smelters	27.3%	37.5%	26.9%
Custom metal traders:			
Customer A	17.1%	21.3%	15.2%
Customer B	16.8%	16.5%	21.8%
Customer C	15.5%	14.0%	11.8%
Customer D	13.3%	7.7%	13.7%

</TABLE>

During 1993, 1992 and 1991, the Company sold 19%, 26%, and 17% of its products to companies in foreign countries, respectively.

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. The Company places its cash and temporary cash investments with high credit worthy institutions. At times such investments may be in excess of the FDIC insurance limit. The Company routinely assesses the financial strength of its customers and, as a consequence, believes that its trade accounts receivable credit risk exposure is limited.

B. BASIS OF CONSOLIDATION - The consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and its proportionate share of the accounts of the joint ventures in which it participates. All significant intercompany transactions and accounts are eliminated.

C. INVENTORIES - Inventories are stated at the lower of average cost or estimated net realizable value.

D. INVESTMENTS - The Company follows the equity method of accounting for investments in common stock of operating companies 20% to 50% owned. Investments in nonoperating companies that are not intended for resale or are not readily marketable are valued at the lower of cost or net realizable value. The carrying value of marketable equity securities is based on the lower of aggregate cost or quoted market value. The cost of investments sold is determined by specific identification.

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Short-term investments represent investments in certificates of deposits, commercial paper and U.S. Treasury Notes recorded at amortized cost, plus accrued interest, which approximates market value.

E. PROPERTIES, PLANTS AND EQUIPMENT - Properties, plants and equipment are stated at the lower of cost or estimated net realizable value. Maintenance, repairs and renewals are charged to operations. Betterments of a major nature are capitalized. 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 operations. Idle facilities, placed on a standby basis, are carried at the lower of net book value or estimated net realizable value.

Management of the Company reviews the net carrying value of all facilities, including idle facilities, on a regular, periodic basis. These reviews consider, among other factors, (1) the net realizable value of each major type of asset, on a property-by-property basis, to reach a judgment concerning possible permanent impairment of value and any need for a write-down in asset value, (2) the ability of the Company to fund all care, maintenance and standby costs, (3) the status and usage of the assets, while in a standby mode, to thereby determine whether some form of amortization is appropriate, and (4) current projections of metal prices that affect the decision to reopen or make a disposition of the assets.

Depreciation is based on the estimated useful lives of the assets and is computed using straight-line, declining-balance, and unit-of-production methods. Depletion is computed using the unit-of-production method.

F. MINE EXPLORATION AND DEVELOPMENT - Exploration costs are charged to operations as incurred, as are normal development costs at operating mines. Major mine development expenditures at operating properties and at new mining properties not yet producing are capitalized.

G. RECLAMATION OF MINING AREAS - Minimum standards for mine reclamation have been established by various governmental agencies which affect certain operations of the Company. A reserve for mine reclamation costs has been established for restoring certain abandoned and currently disturbed mining areas based upon estimates of cost to comply with existing reclamation standards. Mine reclamation costs for operating properties are accrued using the unit-of-production method.

H. INCOME TAXES - In the fourth quarter of 1992, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS No. 109), retroactive to January 1, 1992. SFAS No. 109 requires a company to recognize deferred tax liabilities and assets for the expected future income tax consequences of events that have been recognized in a company's financial statements. Under this method, deferred tax liabilities and assets are determined based on the temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities using enacted tax

rates in effect in the years in which the temporary differences are expected to reverse. In 1991, the Company utilized the liability method of accounting for income taxes as required by Statement of Financial Accounting Standards No. 96.

I. NET LOSS PER COMMON SHARE - Net loss per common share is computed by adding preferred stock dividends to net loss and dividing the result by the weighted average number of shares of common stock and common stock

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equivalents (stock options) outstanding during each reporting period unless the common stock equivalents are anti-dilutive. Due to the net losses in 1993, 1992 and 1991, common stock equivalents are anti-dilutive and therefore have been excluded from the computation.

J. REVENUE RECOGNITION - Sales of metal products sold directly to smelters are recorded when they are received by the smelter, at estimated metal prices. Recorded values are adjusted periodically and upon final settlement. Metal in products tolled (rather than sold to smelters) is sold under contracts for future delivery; such sales are recorded at contractual amounts when products are available to be processed by the smelter or refinery. Sales of industrial minerals are recognized as the minerals are delivered.

K. INTEREST EXPENSE - Interest costs incurred during the construction of qualifying assets are capitalized as part of the asset cost.

L. CASH EQUIVALENTS - The Company considers cash equivalents to consist of highly liquid investments with a remaining maturity of three months or less when purchased. For investments characterized as cash equivalents, the carrying value is a reasonable estimate of fair value.

M. FOREIGN CURRENCY TRANSLATION - All assets and liabilities of the Company's Canadian and Mexican operations are translated to U. S. dollars using the exchange rate at the balance sheet date. Income and expense items are translated using average exchange rates. Gains and losses from foreign currency transactions are included in operations.

Note 2: Business Combinations

Equinox Resources Limited

On December 29, 1993, the Company, two wholly owned Canadian subsidiaries of the Company, and Equinox Resources Ltd. (Equinox), a mining, exploration and development company, incorporated under the laws of the Province of British Columbia and headquartered in Vancouver, Canada, executed an Acquisition Agreement providing for the Company's acquisition of Equinox. Pursuant to the Acquisition Agreement and related Plan of Arrangement, upon consummation of the transactions contemplated thereby, (i) Equinox common shareholders will receive 0.3 common share of the Company (Company common shares), for each outstanding Equinox common share, (ii) holders of Equinox's Series "A" production participating preferred shares will receive newly issued production notes of the Company with the same material terms and conditions, and (iii) outstanding Equinox options and warrants will become exercisable for Company common shares. In connection with the acquisition of Equinox, the Company expects to issue approximately 6.3 million Company common shares, including shares issuable upon exercise of outstanding options and warrants.

The Board of Directors of the Company and Equinox have each approved the Acquisition Agreement. However, the transactions contemplated by the Acquisition Agreement are subject to a number of conditions including, without limitation, approval by Equinox shareholders, and approval by a Canadian court of the Plan of Arrangement.

Assuming the transaction is consummated as planned, the acquisition will be treated as a pooling-of-interests, and accordingly, the

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consolidated financial statements will be restated to reflect the accounts of Equinox.

Pro forma unaudited results of operations assuming the merger had occurred on January 1, 1991, are as follows (in thousands except per-share

data):

<TABLE>

<CAPTION>

	1993	1992	1991
	-----	-----	-----
<S>	<C>	<C>	<C>
Net sales	\$ 93,760	\$ 101,621	\$ 117,568
Net loss applicable to common shareholders	(18,180)	(55,276)	(15,521)
Net loss per common share	(0.60)	(1.59)	(0.46)

</TABLE>

The pro forma information above includes adjustments related to conforming Equinox's accounting policies for income taxes, reclamation, asset recoverability, and exploration costs to those of the Company.

Mountain West Bark Products, Inc.

In December 1993, the Company acquired all of the issued and outstanding common stock of Mountain West Bark Products, Inc. (Mountain West) through the issuance of 655,000 shares of the Company's common stock. Mountain West is engaged primarily in the purchasing, processing and marketing of certain waste products from lumber milling operations in the western intermountain region. These products are sold as soil amendments, landscape mulches and decorative ground cover for landscape purposes. The transaction has been accounted for as a purchase and, accordingly, the acquired assets and liabilities have been recorded at their estimated fair value at December 1, 1993, the date of the acquisition. Mountain West's operating results have been included in the consolidated financial statements since that date and were immaterial to the Company. Results of operations of Mountain West prior to December 1, 1993, were not material and, therefore, are not presented. The value of the Company's common shares issued in this transaction was approximately \$6,305,000. Goodwill of \$1,733,000 was recorded in the transaction and is being amortized straight-line over 15 years.

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Note 3: Inventories

Inventories consist of the following (in thousands):

<TABLE>

<CAPTION>

	December 31,	
	-----	-----
	1993	1992
<S>	<C>	<C>
Concentrates and metals in transit and other products	\$ 1,189	\$ 1,779
Industrial minerals products	5,260	4,192
Materials and supplies	6,573	6,681
	-----	-----
	\$ 13,022	\$ 12,652
	=====	=====

</TABLE>

At December 31, 1993, the Company had forward sales commitments for 4,500 ounces of gold at an average price of \$363 per ounce. The commitments are for delivery in February 1994. There is no silver committed to forward sales at December 31, 1993. The Company purchased options to put 41,880 ounces of gold to the counterparties at an average price of \$385 per ounce. Concurrently, the Company sold options to allow the counterparties to call 41,880 ounces of gold from the Company at an average price of \$453 per ounce. There was no net cost associated with the purchase and sale of these options.

Note 4: Investments

Investments consist of the following components (in thousands):

<TABLE>

<CAPTION>

	Carrying Value	Cost	Market Value
	-----	-----	-----
<S>	<C>	<C>	<C>

December 31, 1993

Marketable equity securities	\$ 23	\$ 31	\$ 23
Other investments	6,188	6,188	
	-----	-----	
	\$ 6,211	\$ 6,219	
	=====	=====	

December 31, 1992

Marketable equity securities	\$ 16	\$ 32	\$ 16
Other investments	4,806	4,806	
	-----	-----	
	\$ 4,822	\$ 4,838	
	=====	=====	

</TABLE>

At December 31, 1993, the portfolio of noncurrent marketable equity securities includes gross unrealized gains of approximately \$9,000 and gross unrealized losses of approximately \$17,000. The other investments are principally large blocks of common and preferred stock in several mining companies, investments in various ventures, and cash surrender value of life insurance policies. The securities are generally restricted as to trading or marketability, although some are traded on various exchanges.

At December 31, 1993, other investments with a carrying value of \$5,430,632 had an estimated fair value of \$7,689,811 based on the quoted market price for such securities and cash values of life insurance policies. For the remaining other investments, for which there are no reliable quoted market prices, a reasonable estimate of fair value could not be made without incurring excessive costs.

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During the fourth quarter of 1992, the Company wrote down its common stock investment in Granduc Mines Limited (Granduc) to current estimated market value. The \$2.1 million write-down of this investment was recorded to reflect the apparent other- than-temporary decline in market value of the common stock investment due to continued depressed metal prices. At December 31, 1993, the Company's carrying value of its Granduc common stock investment was approximately \$1,488,000.

On January 24, 1994, the Company sold its entire investment in Granduc by selling 2,000,000 Granduc common shares to Conwest Exploration Company Limited and 815,330 Granduc common shares to Jascan Resources Inc., both of which are Toronto, Ontario, Canada based companies. The Company recognized a gain on the sale of approximately \$1,327,000 in the first quarter of 1994.

On June 30, 1993, the Company sold substantially all of its interest in Acadia Mineral Ventures Limited, a previously consolidated subsidiary, to Kingswood Resources, Inc., a Canadian exploration and development company, for (C)\$350,000 cash, plus 5,000,000 Kingswood Resources, Inc. common shares. The Company recognized a loss on the sale of approximately \$120,000 in the second quarter of 1993.

Note 5: Properties, Plants and Equipment

The major components of properties, plants and equipment are (in thousands):

<TABLE>

<CAPTION>

	December 31,	
	1993	1992
	-----	-----
<S>	<C>	<C>
Mining properties	\$ 54,984	\$ 39,811
Deferred development costs	154,005	127,529
Plants and equipment	178,640	167,873
Land	6,163	6,176
	-----	-----
	393,792	341,389
Less accumulated depreciation, depletion and amortization	170,922	161,562
	-----	-----

Net carrying value

\$ 222,870

\$ 179,827

=====

=====

</TABLE>

Based on its periodic reviews of the status of various mining properties and investments, the Company determined in the fourth quarter of 1992 that certain adjustments were appropriate to properly reflect estimated net realizable values. These adjustments consisted primarily of the write-downs of various properties, plants and equipment totaling approximately \$28.0 million. The major portion of the adjustments related to the \$13.5 million write-down of the Company's interest in the Apex Unit, a hydrometallurgical processing plant near St. George, Utah. The Company continues to evaluate the feasibility of custom recoveries of specialty metals and chemical products. Also in 1992, due to depressed silver prices, the Company recorded write-downs of approximately \$9.0 million related to the Consolidated Silver and Hog Heaven silver properties, located in North Idaho and northwest Montana, respectively. The Lisbon Valley Project in Utah, a joint venture which is fully developed for uranium and vanadium production, was also written down in 1992 by approximately \$3.5 million to its estimated net realizable value. Included in the 1992 write-downs were approximately \$1.5 million and \$0.4 million

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related to the Company's interests in the Creede and Hardscrabble gold and silver properties, respectively, both located in Colorado.

On May 19, 1992, the Company acquired interests in a number of Mexican mineral concessions for approximately \$2.9 million. The purchase consideration included the issuance of 184,862 shares of the Company's common stock valued at \$1.8 million.

The net carrying values of the major mining properties of the Company that were on a standby or idle basis at December 31, 1993 and 1992 were approximately \$55.3 million and \$5.3 million, respectively. Operations at the Greens Creek mine, with a net carrying value of \$49.2 million at December 31, 1993, were suspended in April 1993 pending improvement in lead, zinc and silver prices.

On February 8, 1994, the Company sold a 20 percent interest in its Grouse Creek gold project to Great Lakes Minerals Inc. of Toronto, Ontario. The purchase price of \$6.8 million represents 20 percent of the amount spent by the Company on acquisition, exploration and development of the project through June 30, 1993, including a fixed premium of \$1.25 million. In addition, Great Lakes will fund its pro-rata share of the total construction cost for Grouse Creek from July 1, 1993 to the completion of the project which is currently estimated at \$90.0 million, and has the option to increase its ownership to a maximum of 30 percent by contributing additional funds on a proportional basis.

Note 6: Income Taxes

Major components of the Company's income tax provision (benefit) are as follows (in thousands):

<TABLE>

<CAPTION>

	1993	1992	1991
	-----	-----	-----
<S>	<C>	<C>	<C>
Current:			
Federal	\$ (200)	\$ (390)	\$ (1,375)
State	226	165	248
Total current	26	(225)	(1,127)
Deferred:			
Federal	(728)	(17)	(1,390)
State	(236)	(103)	(39)
Total deferred	(964)	(120)	(1,429)
Income tax benefit	\$ (938)	\$ (345)	\$ (2,556)
	=====	=====	=====

</TABLE>

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Effective January 1, 1992, the Company adopted the provisions of SFAS No. 109. As of January 1, 1992, the Company recorded a tax benefit of approximately \$1.5 million (\$0.049 per common share), which represents the net decrease in the deferred tax liability as of that date. This has been reflected in the consolidated statement of operations as a component of the cumulative effect of changes in accounting principles.

In 1992 and 1991, for income tax purposes, the Company carried back current operating losses to offset income recorded in prior years and recorded income tax refunds of approximately \$390,000 and \$2.2 million, respectively.

The sources of significant temporary differences which gave rise to the deferred tax provision (benefit) and their effects were as follows (in thousands):

	1993	1992	1991
	----	----	----
<S>	<C>	<C>	<C>
Depreciation, depletion, deferred development and exploration costs	\$ 5,739	\$ 196	\$ 311
Utilization of capital losses	(941)	2,428	(1,740)
Reclamation costs	476	(3,457)	(87)
Reduction in carrying values of mining properties, plants and equipment	- -	(8,826)	- -
Gain on sale of mineral property	- -	- -	(466)
Unrealized losses on marketable equity securities	(84)	(1,491)	580
Increase of investment tax credits available to reduce deferred taxes	- -	- -	(109)
Change in valuation allowance associated with the ability to use net operating losses	(6,361)	11,168	- -
Postretirement benefits	(3)	(543)	- -
Alternative minimum tax credit carryforward	156	390	- -
Other, net	54	15	82
	-----	-----	-----
	\$ (964)	\$ (120)	\$ (1,429)
	=====	=====	=====

</TABLE>

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The components of the net deferred tax liability as of December 31, 1993 and 1992, were as follows (in thousands):

	1993		

	Deferred Tax		
	Assets	Liabilities	Total
	-----	-----	-----
<S>	<C>	<C>	<C>
Accrued reclamation costs	\$ 5,739		\$ 5,739
Investment valuation differences	1,754		1,754
Miscellaneous	2,039		2,039
Postretirement benefits other than pensions	742		742
Other liabilities	188		188
Deferred compensation	406		406
Accounts receivable	456		456
Properties, plants and equipment		\$ (19,309)	(19,309)
Deferred income	(440)	(440)	
Pension costs	(477)	(477)	
Deferred state income taxes, net		(2,271)	(2,271)
	-----	-----	-----
Total temporary difference	11,324	(22,497)	(11,173)
	-----	-----	-----
Mexican net operating losses	1,280		1,280

Federal net operating losses	55,598		55,598
State net operating losses	4,359		4,359
Tax credit carryforwards	1,626		1,626
	-----		-----
Total net operating losses and tax credits	62,863		62,863
	-----		-----
Valuation allowance	(52,049)		(52,049)
	-----	-----	-----
Net deferred tax assets and liabilities	\$ 22,138	\$ (22,497)	\$ (359)
	=====	=====	=====

</TABLE>

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<TABLE>
<CAPTION>

	1992		

	Deferred Tax		

	Assets	Liabilities	Total
	-----	-----	-----
<S>	<C>	<C>	<C>
Accrued reclamation costs	\$ 5,833		\$ 5,833
Investment valuation differences	1,670		1,670
Miscellaneous	1,236		1,236
Postretirement benefits other than pensions	738		738
Other liabilities	698		698
Deferred compensation	532		532
Accounts receivable	456		456
Properties, plants and equipment		\$ (13,570)	(13,570)
Deferred income		(516)	(516)
Pension costs		(315)	(315)
Deferred state income taxes, net	(1,153)		(1,153)
	-----	-----	-----
Total temporary difference	11,163	(15,554)	(4,391)
	-----	-----	-----
Federal net operating losses	46,645		46,645
State net operating losses	3,248		3,248
Tax credit carryforwards	1,630		1,630
Alternative minimum tax credit carryforwards	156		156
	-----		-----
Total net operating losses and tax credits	51,679		51,679
	-----		-----
Valuation allowance	(48,611)		(48,611)
	-----	-----	-----
Net deferred tax assets and liabilities	\$ 14,231	\$ (15,554)	\$ (1,323)
	=====	=====	=====

</TABLE>

The Company has recorded a valuation allowance to reflect the estimated amount of deferred tax assets which may not be realized principally due to expiration of net operating losses and tax credit carryforwards. The change in the valuation allowance is as follows (in thousands):

<TABLE>
<CAPTION>

	1993	1992
	-----	-----
<S>	<C>	<C>
Balance at beginning of year	\$ (48,611)	\$ (26,148)
Net increase in allowance related to uncertainty of recovery of net operating loss carryforwards	(3,438)	(24,891)
Utilization of capital loss carryforwards	- -	2,428
	-----	-----
Balance at end of year	\$ (52,049)	\$ (48,611)
	=====	=====

</TABLE>

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The annual tax benefit is different from the amount which would be provided by applying the statutory federal income tax rate to the Company's pretax loss. The reasons for the difference are as follows (in thousands):

	1993	%	1992	%	1991	%
	-----	---	-----	---	-----	---
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Computed "statutory" benefit	\$ (4,309)	(34)	\$ (16,841)	(34)	\$ (6,115)	(34)
Effect of adjustments associated with the alternative minimum tax	- -	- -	- -	- -	3,594	20
Investment and foreign tax credits	- -	- -	- -	- -	(202)	(1)
Nonutilization of net operating losses	3,508	28	16,455	33	- -	- -
State income taxes, net of federal tax benefit	(137)	(1)	41	- -	167	1
	-----	---	-----	---	-----	---
Income tax benefit	\$ (938)	(7)	\$ (345)	(1)	\$ (2,556)	(14)
	=====	===	=====	====	=====	===

Certain of the Company's net operating loss carryovers are attributed to preference related items, and therefore are not available to offset alternative minimum taxable income. However, they are available to offset future regular taxable income. At December 31, 1993, the Company had tax basis net operating loss carryovers available to offset future regular and alternative minimum taxable income. These carryovers expire as follows (in thousands):

	Regular Tax Net Operating Losses	Alternative Minimum Tax Net Operating Losses
	-----	-----
<S>	<C>	<C>
1994	\$ 11,009	
1995	12,590	\$ 5
1996	268	268
1997	2,020	695
1998	11,005	308
1999	6,235	1,199
2000	3,089	789
2001	4,538	1,683
2002	1,359	346
2003	1,150	623
2004	13,131	532
2005	17,201	878
2006	25,000	3,105
2007	27,088	17,414
2008	27,840	22,731
	-----	-----
	\$163,523	\$50,576
	=====	=====

In addition to the above, the Company had Mexican tax net operating loss carryovers totaling \$1,280,000, which expire in 1998.

During 1992, the Company used prior year capital loss carryovers of approximately \$7.4 million to offset 1992 capital gains. At December 31, 1993, for income tax purposes, the Company had approximately \$6.0 million of alternative minimum tax net operating losses generated by CoCa Mines Inc. prior to its merger with the Company in 1991. Due to the merger,

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there are limitations on the amount of these net operating losses that can be utilized in any given year to reduce certain future taxable income.

Long-term debt at December 31, 1993 and 1992, consisted of the following (in thousands):

<TABLE>
<CAPTION>

	1993	1992
	-----	-----
<S>	<C>	<C>
Zero coupon convertible notes	\$ 48,433	\$ 69,376
Notes payable	962	917
Other long-term debt	94	89
	-----	-----
	\$ 49,489	\$ 70,382
	=====	=====

</TABLE>

Zero Coupon Convertible Notes

During 1989, the Company issued subordinated zero coupon convertible notes, due June 14, 2004, with a face value at maturity of \$201,250,000. These Liquid Yield Option Notes (LYONs) were issued at 30.832% of their face value at maturity which results in an 8% yield compounded semiannually to maturity. These notes are carried net of original issue discount, which is being amortized by the interest method over the life of the issue. The outstanding balances at December 31, 1993 and 1992, include the accrued original issue discount. The noteholder, at his option, may convert each note with a face value of \$1,000 into 20.824 shares of the Company's common stock. The notes are redeemable in cash at any time at the option of the Company, in whole or in part, at redemption prices equal to the issue price plus original issue discount to the date of redemption. The Company will purchase any note with a face value of \$1,000 at the option of the holder on June 14, 1994 (Put Feature), at a purchase price of \$456.39 (issue price plus original issue discount to such date). The Company, at its option, may pay such purchase price in cash, shares of common stock or extension notes, but not in any combination thereof. However, because of the Company's need to utilize cash for planned capital expenditures, absent any action by the Company, it will pay for any LYONs delivered to it pursuant to the Put Feature by issuing Company common stock. The Company is unable to predict how many LYONs it may be required to purchase pursuant to the Put Feature and cannot predict what effect the Put Feature will have on the market price of Company common stock.

The Company is currently considering several alternatives with respect to the Put Feature. Among the alternatives being examined by the Company is the sale of additional shares of the Company's common stock (or other Company securities) with the proceeds of such an offering being used to pay cash for LYONs delivered to the Company pursuant to the Put Feature (and any remaining proceeds would be used for the Company's capital expenditures). The Company is also considering amending certain terms of the LYONs in order to make it less likely that the Put Feature will be exercised on June 14, 1994, including changing the conversion ratio to increase the number of shares of the Company's common stock that would be issuable for each LYON. If either of these alternatives is pursued, then additional shares of Company common stock could be issued, although the Company's intent with respect to these alternatives is to issue less shares of Company common stock (other than any securities sold to raise additional funds for capital expenditures) than would be the case if the Company was

required to repurchase all of the outstanding LYONs pursuant to the Put Feature on June 14, 1994. However, if the Company takes no action with respect to the Put Feature and is required to purchase all of the outstanding LYONs on June 14, 1994, based upon year end market prices (\$11.63 on December 31, 1993), the Company would have to issue approximately 4,300,000 shares of Company common stock. There can be no assurance that the Company will determine to pursue, or be successful in pursuing, any alternative (including and in addition to the alternatives discussed above) to reduce the likelihood that the Put Feature will result in the issuance of a significant amount of the Company's common stock.

At December 31, 1993, remaining deferred debt issuance costs of approximately \$1.4 million incurred in connection with the issuance of

this debt is being amortized using the interest method over the life of the issue.

On May 19, 1992, the Company exchanged 1,120,125 shares of its common stock for 30,900 outstanding LYONs. In the noncash transaction, the Company recorded the issuance of common stock totaling approximately \$11.2 million and the reduction of long-term debt and deferred issuance costs totaling approximately \$12.0 million and \$0.3 million, respectively, recognizing a gain totaling approximately \$0.5 million.

On April 29, 1993, the Company exchanged 2.2 million shares of its common stock for 60,400 outstanding LYONs. The Company recorded the issuance of common stock totaling approximately \$24.4 million and the reduction of long-term debt and deferred issuance costs totaling approximately \$25.2 million and \$0.5 million, respectively, recognizing a gain from this transaction of approximately \$0.3 million. The market value of the outstanding LYONs at December 31, 1993, is \$48.4 million based on quoted market prices for the debt.

Notes Payable

The notes are noninterest-bearing, discounted at 15% and payable in three annual equal amounts from the date of commercial production of the Grouse Creek property which is currently estimated to be October 1994. The fair value of these notes payable approximates the carrying value at December 31, 1993.

Revolving Credit Agreement

On January 25, 1993, the Company entered into a secured reducing revolving credit facility. The agreement provided for reducing revolving credit advances of up to \$24.0 million. On November 11, 1993, the Company amended this agreement to provide for reducing revolving credit advances of up to \$30.0 million. There were no outstanding borrowings under this agreement at December 31, 1993. Pursuant to the amended agreement, the availability under the facility reduces as follows:

<TABLE>

<CAPTION>

Scheduled Reduction Date	Base Commitment Reduction	Base Commitment Available
-----	-----	-----
<S>	<C>	<C>
December 31, 1995	\$ 3,750,000	\$26,250,000
March 31, 1996	3,750,000	22,500,000
June 30, 1996	3,750,000	18,750,000
September 30, 1996	3,750,000	15,000,000
December 31, 1996	15,000,000	- -

</TABLE>

Commitment fees are 1/2 of 1 percent on the average daily unused portion of the base commitment. The interest rate options are a specified bank's reference rate plus 1/2 percent, a CD Rate plus 1 5/8 percent or the Offshore Rate plus 1 1/2 percent. No compensating balances are required. Borrowings under the agreement are collateralized by the Company's accounts receivable, inventories, and specified marketable securities. The agreement contains restrictive covenants, among others, concerning the maintenance of a minimum net worth, current ratio, leverage ratio, and fixed charge coverage ratio.

Note 8: Contingencies

The Company has received notices from the United States Environmental Protection Agency (EPA) that it and numerous other parties are potentially responsible to remediate alleged hazardous substance releases at several sites under the Comprehensive Environmental Response Compensation and Liability Act of 1980 (CERCLA or Superfund). In addition, in January of 1985, the Company was named, along with a number of other parties, as a third-party defendant in a suit initially brought by the State of Colorado against ASARCO Inc. in December 1983 in Colorado Federal District Court under CERCLA to recover natural resource damages allegedly caused by releases of hazardous substances into the environment from the Yak Tunnel, located near Leadville, Colorado (Leadville Site). The third-party complaint seeks contribution from the third-party defendants for damages which ASARCO may be held liable for in the primary action. In August 1986, the Company was named a defendant in a lawsuit brought in Colorado Federal District Court by the United States of America against the Company and a number of other parties seeking to

recover the United States' response costs under CERCLA incurred or to be incurred at the Leadville Site covered by the State of Colorado lawsuit filed previously. The state and federal government CERCLA litigation related to the Leadville Site was consolidated into a single lawsuit on February 2, 1987. In September 1991, the Company entered into an Order on Consent with the EPA and the Department of Justice pursuant to which the Company and the federal government agreed to a three-step process for settling the Company's liability to the federal government at the Leadville Site. As a step in the three-step settlement process, on January 6, 1993, the Colorado Federal District Court entered a Partial Consent Decree between the United States and the Company which resolves all issues concerning the Company's alleged liability to the United States for response costs at the site, except for response costs related to certain mill tailings impoundments located at the Leadville Site. The Company paid the United States \$450,000 under the decree. The other two steps in the settlement process at the site relate to the Company finalizing a study of any environmental impacts associated with the tailings impoundments and implementing the appropriate response activity to address these impacts. In July 1993, the Company completed and delivered to EPA the study report analyzing the environmental impacts associated with the tailings impoundments. Based on that study report, EPA has selected a response action for the tailings impoundments which requires capping and providing of vegetation cover for the tailings impoundments. The Company has recently finalized the terms of a consent decree with the federal government providing for the payment by the Company of \$516,000 to cover a portion of EPA's past costs at the site and a portion of the costs of the selected response action for the tailings impoundments. The consent decree is in the process of being signed by all parties and must also be approved by the Colorado Federal District Court. Upon final approval of the consent decree, the Company will be released from liability for response costs for

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the entire Leadville Site. In November 1991, the Company finalized a settlement with two primary liability insurers concerning insurance coverage for the Company's environmental liability at the Leadville Site. The monies received in the insurance settlement in November 1991 are sufficient to cover the Company's CERCLA liability at the site.

In October 1989, and again in February 1990, the Company was notified by the EPA that the EPA considered the Company a Potentially Responsible Party (PRP) at the Bunker Hill Superfund Site located at Kellogg, Idaho (Bunker Hill Site). The EPA has also notified a number of other companies involved in mining or smelting activities in the site area that the EPA has determined they are also PRPs at the site. The EPA has asserted that all PRPs, including the Company, are responsible for the EPA's response costs and for remediating the Bunker Hill Site as a result of the parties' release of hazardous substances at or into the site. In August 1991, the EPA issued a Record of Decision regarding the remedial action plan for the populated areas of the site. During the summers of 1990, 1991, 1992, and 1993, the Company participated, along with a number of other PRPs at the site, in a number of Orders on Consent pursuant to which the participating PRPs agreed to undertake certain limited remedial activities related to the populated areas of the site. The Company has also participated with Gulf USA Corporation, one of the PRPs at the site, in an Order on Consent with the EPA pursuant to which the Company and Gulf USA agreed to undertake certain remedial activity with regard to the hillsides located within the site. The EPA's Record of Decision covering the nonpopulated areas of the site was issued on September 22, 1992. On November 4, 1992, the EPA issued special notice letters under CERCLA to the Company and a number of other PRPs at the site demanding reimbursement of the federal government's past response costs and implementation of the remedial activity covered by the two previous Records of Decision issued for the site. In November 1992, the major PRPs at the site, including the Company, agreed to an allocation of most of the future remedial activity at the site under the Records of Decision. The allocation is between two PRP groups. One PRP group is principally made up of mining companies who operated upstream from the site, and the second PRP group is made up of Gulf USA and other companies who had mining, smelting, or related operations within the site. The allocation for remedial activity among the two PRP groups is based upon a number of factors, including each PRP's level of activity affecting the site and an estimate of the costs to implement the various portions of the site remediation. On January 11, 1993, the Company and certain other PRPs who had received the special notice letters submitted to the EPA an offer which the PRPs deemed should satisfy the government's requirements under CERCLA for a good-faith offer. Under the terms of the offer, the Company and a subset of the participating PRPs would assume responsibility for most residential and commercial soils remediation and other incidental and related activities. A different PRP sub-group, of

which the Company is not a member but which includes Gulf USA, would be responsible for implementing most of the remaining site's remedial activities. The responsibility of each PRP group would be several from the responsibilities of the other group, but would be joint and several among the PRPs within each group. The Company estimates most of the proposed remedial activity at the site will be undertaken over a period of five to seven years. The PRPs' good-

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faith offer did not include payment of any of the government's past response costs. In October 1993, Gulf USA filed voluntary bankruptcy under Chapter 11 of the United States Bankruptcy Code. Notwithstanding Gulf's bankruptcy filing, the PRP group including the Company has recently finalized the terms of a consent decree with the federal government generally along the allocation of liability set forth in the PRP's good-faith offer. The Company and the other PRPs participating in the consent decree have also agreed to an allocation of costs to implement the work at the Bunker Hill Site under the terms of the consent decree. The consent decree at the Bunker Hill Site is in the process of being executed by all parties and will also be subject to Idaho Federal District Court approval.

In July 1991, the Coeur d'Alene Indian Tribe brought a lawsuit, under CERCLA, in Idaho Federal District Court against the Company and a number of other mining companies asserting claims for damages to natural resources located downstream from the Bunker Hill Site over which the Tribe alleges some ownership or control. The Company has answered the Tribe's complaint denying liability for natural resource damages and asserted a number of defenses to the Tribe's claims, including a defense that the Tribe has no ownership or control over the natural resources they assert have been damaged. In July 1992, the Idaho Federal District Court, in a separate action, determined that the Coeur d'Alene Indian Tribe does not own the beds, banks and waters of Lake Coeur d'Alene and the lower portion of its tributaries, the ownership of which is the primary basis for the natural resource damage claims asserted by the Coeur d'Alene Indian Tribe against the Company. Based upon the Tribe's appeal of the July 1992 district court ownership decision to the 9th Circuit U.S. Court of Appeals, the court in the natural resource damage litigation issued an order on October 30, 1992, staying the court proceedings in the natural resource damage litigation until a final decision is handed down on the question of the Tribe's title.

In 1991, the Company initiated litigation in the Idaho State District Court in Kootenai County, Idaho, against a number of insurance carriers which provided comprehensive general liability insurance coverage to the Company and its predecessors. The Company believes that the insurance companies have a duty to defend and indemnify the Company under their policies of insurance relating to claims asserted against the Company by the EPA and by the Coeur d'Alene Indian Tribe. In two separate decisions issued in August 1992 and in March 1993, the court ruled that the named primary insurance companies had a duty to defend the Company in the Tribe's lawsuit, but that no carrier had a duty to defend the Company in the EPA proceeding. The Company has not reduced its environmental accrual to reflect any anticipated insurance proceeds.

The Records of Decision with respect to both the populated and nonpopulated areas for the Bunker Hill Site indicate that future remediation costs total approximately \$93.0 million. Additionally, the federal government has asserted that they have incurred approximately \$17.0 million in past costs at the site. Because CERCLA assigns joint and several liability among the PRPs, any one of the PRPs, including the Company, could be assessed the entire cost of remediation. However, based upon the terms of the consent decrees and related agreements for the Bunker Hill and Leadville Sites, as described above, the Company has accrued an amount for the Company's share of such remediation and other costs that management presently believes is the most likely amount that the Company will be required to fund. Based upon this analysis, in the fourth quarter of 1993, the Company increased its allowance for CERCLA Superfund Site remedial action costs at the Bunker Hill and Leadville Sites by approximately \$0.2 million and \$0.3 million, respectively. The total allowance for liability for remedial activity costs at the Bunker Hill and Leadville Sites is \$10.2 million and \$0.5 million, respectively, as of December 31, 1993. Other than consulting work necessary for the implementation of the Company's allocated portion of the remedial activity at these sites, the Company's accruals do not include any future legal or

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consulting costs. The Company does not believe that these costs will be material. In addition, the Company has not included any amounts for unasserted claims at these or any other sites because the Company's potential liability has not been asserted or established and amounts, if any, of potential liability are impossible to determine. During 1993, 1992 and 1991, the Company expensed approximately \$0.8 million, \$8.6 million and \$2.8 million, respectively, in connection with the Superfund Sites.

In December 1993, Industrial Contractors Corp. (ICC) served the Company with a complaint in Federal District Court for the District of Idaho alleging that the Company failed to comply with the terms of the contract between the Company and ICC relating to the earth moving work contracted to ICC at the Company's Grouse Creek gold project. ICC has alleged that the Company owes ICC in excess of \$5.0 million not previously paid, including an approximate \$1.0 million retention currently held by the Company under the terms of the contract. The Company terminated ICC's work at the Grouse Creek gold project effective November 26, 1993, pursuant to its rights in the contract and is proceeding to rebid the second season of work originally contracted to ICC. The Company has answered the complaint denying the allegations of ICC and has filed a counterclaim against ICC in excess of \$2.0 million for damages incurred by the Company as a result of ICC's failure to comply with the terms of the contract. The litigation is in the early stages of discovery; however, the Company hopes to be able to mediate the dispute with ICC prior to proceeding to trial.

A jury trial is scheduled to commence in March 1994 in Idaho State District Court with respect to a lawsuit previously filed against the Company by Star Phoenix Mining Company (Star Phoenix), a former lessee of the Star-Morning Mine, over a dispute between the Company and Star Phoenix with respect to the Company's November 1990 termination of Star Phoenix's lease of the Star-Morning Mine property. Star Phoenix, which is in bankruptcy, alleges the Company wrongfully terminated the lease agreement and interfered with the Star Phoenix's contractual relationship with a major vendor and the purchase of concentrates for the Star Phoenix operations. In addition, certain principals of Star Phoenix who guaranteed a portion of the Star Phoenix obligations have made similar claims against the Company. In each case the plaintiffs have asserted that they have incurred damages amounting to millions of dollars as a result of the Company's actions. It is the Company's position that the plaintiffs' claims are without merit and that the Company terminated the lease agreement in accordance with the terms of the agreement. The Company believes it has sufficient defenses to all the plaintiffs' claims, and that the Company will ultimately prevail in this litigation.

The Company is subject to other legal proceedings and claims which have arisen in the ordinary course of its business and have not been finally adjudicated. These actions when ultimately concluded and determined and any remaining unaccrued potential liability at the Superfund sites addressed above, will not, in the opinion of management, have a material effect on results of operations or the financial condition of the Company and its subsidiaries.

Note 9: Employee Benefit Plans

The Company and certain subsidiaries have pension plans covering substantially all employees. One plan covering eligible salaried and hourly employees provides retirement benefits and is based on the employee's compensation during the highest 36 months of the last 120 months

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before retirement. Three other pension plans covering eligible hourly employees provide benefits of stated amounts for each year of service. It is the Company's policy to make contributions to these plans sufficient to meet the minimum funding requirements of applicable laws and regulations, plus such additional amounts, if any, as the Company and its actuarial consultants consider appropriate. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Plan assets for these plans consist principally of equity securities, insurance contracts and corporate and U.S. government obligations.

Net periodic pension cost (income) for the plans consisted of the following in 1993, 1992 and 1991 (in thousands):

<TABLE>
<CAPTION>

	1993	1992	1991
	-----	-----	-----
<S>	<C>	<C>	<C>
Service cost	\$ 961	\$ 872	\$ 665
Interest cost	1,899	1,732	1,735
Return on plan assets	(2,924)	(2,849)	(2,265)
Amortization of transition asset	(434)	(434)	(443)
Amortization of unrecognized prior service cost	45	45	45
Amortization of unrecognized net (gain) loss from earlier periods	6	(305)	- -
	-----	-----	-----
Net pension income	\$ (447)	\$ (939)	\$ (263)
	=====	=====	=====

</TABLE>

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The following table sets forth the funded status of the plans and amounts recognized in the Company's consolidated balance sheets at December 31, 1993 and 1992 (in thousands):

<TABLE>
<CAPTION>

	1993	1992
	-----	-----
<S>	<C>	<C>
Actuarial present value of benefit obligations:		
Vested benefits	\$ 27,771	\$ 26,171
Nonvested benefits	764	395
	-----	-----
Accumulated benefit obligations	28,535	26,566
Effect of projected future salary and wage increases	2,205	1,701
	-----	-----
Projected benefit obligations	\$ 30,740	\$ 28,267
	=====	=====
Plan assets	\$ 35,135	\$ 35,299
Projected benefit obligations	(30,740)	(28,267)
	-----	-----
Plan assets in excess of projected benefit obligations	4,395	7,032
Unrecognized net gain	(253)	(2,643)
Unrecognized prior service cost	778	519
Unrecognized net asset at January 1	(3,515)	(3,950)
	-----	-----
Pension asset recognized in consolidated balance sheets	\$ 1,405	\$ 958
	=====	=====

</TABLE>

The projected benefit obligation was calculated applying the following average rates:

<TABLE>
<CAPTION>

	1993	1992
	-----	-----
<S>	<C>	<C>
Discount rate	6.50%	7.00%
Long-term compensation increase	5.00%	6.00%
Long-term rate of return on plan assets	8.50%	8.50%

</TABLE>

In 1988, 1991 and again in 1992, the Company offered a special early retirement option to participants in the Hecla retirement plan with no actuarial reduction in their accrued benefit for early retirement. The costs associated with the 1988 special early retirement program were accrued in 1988 and are being funded out of general corporate funds until

the participant reaches normal retirement age or age 60 with 30 years of service, at which time payments will be made by the related pension trust. The 1991 and 1992 special early retirement programs are being funded out of the related pension trust.

The Company provides certain postretirement benefits, principally health care and life insurance benefits for qualifying retired employees. The costs of these benefits are being funded out of general corporate funds. Prior to 1992, the cost of some of these benefits was expensed when payments were made. Other health care and life insurance benefits had been previously accrued. Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS No. 106), which

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requires that these postretirement benefits be accrued over the period in which active employees provide services to the Company. At January 1, 1992, the cumulative effect of recording these postretirement benefits was to increase the 1992 net loss by \$1.6 million or \$0.051 per share.

Net periodic postretirement benefit cost for 1993 and 1992 included the following components (in thousands):

	1993	1992
	----	----
<S>	<C>	<C>
Service cost	\$ 28	\$ 22
Interest cost	164	179
	----	----
Net postretirement benefit cost	\$192	\$201
	=====	=====

Postretirement benefit costs under the previous method were \$40,000 in 1991.

The following table sets forth the status of the postretirement benefits programs (other than pensions) and amounts recognized in the Company's consolidated balance sheets at December 31, 1993 and 1992 (in thousands):

	1993	1992
	-----	-----
<S>	<C>	<C>
Accumulated postretirement benefit obligation:		
Retirees	\$ (1,569)	\$ (2,011)
Fully eligible, active plan participants	(355)	(113)
Other active plan participants	(242)	(220)
	-----	-----
	(2,166)	(2,344)
Unrecognized net (gain) loss	(191)	50
	-----	-----
Accumulated postretirement benefit obligation recognized in consolidated balance sheet	\$ (2,357)	\$ (2,294)
	=====	=====

The actuarial assumptions used in determining the Company's accumulated postretirement benefit obligation are provided in the table below. Due to the short period which the Company provides medical benefits to its retirees, the increases in medical costs are assumed to be 6% in each year. A 1% change in the assumed health care cost trend rate would not have a significant impact on the accumulated postretirement benefit obligation or the aggregate of service and interest cost for 1993 or 1992.

	1993	1992
	----	----
<S>	<C>	<C>
Discount rate	6.50%	7.00%

</TABLE>

The Company has a Deferred Compensation Plan which permits eligible officers and directors to defer a portion of their compensation. The deferred compensation, which together with Company matching amounts and accumulated interest is accrued but unfunded, is distributable in cash after retirement or termination of employment, and at December 31, 1993 and 1992, amounted to approximately \$1.2 million. The Company has insured the lives of certain officers, who participate in the deferred compensation program, to assist in the funding of the deferred compensation liability. The Company is the owner and beneficiary of the insurance policies. At

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December 31, 1993, the cash surrender value of these policies was \$2.4 million, which is net of \$2.2 million of policy loans.

The Company has an employees' Capital Accumulation Plan (Plan) which is available to all salaried and certain hourly employees after completion of one year of service. Employees may contribute from 2% to 10% of their compensation to the Plan. Effective January 1, 1993, nonhighly compensated employees may contribute up to 15%. The Company makes a matching contribution of 25% of an employee's contribution up to, but not exceeding, 5% of the employee's earnings. The Company's contributions for both 1993 and 1992 were approximately \$158,000 and \$149,000 for 1991.

Note 10: Shareholders' Equity

Preferred Stock

In June 1993, the Company completed a public offering of 2.3 million shares of Series B Cumulative Convertible Preferred Stock, par value \$0.25 per share (the Preferred Shares). The shares were sold for \$50 each and the Company received net proceeds of \$110,346,000 from the offering. Holders of the Preferred Shares are entitled to receive cumulative cash dividends at the annual rate of \$3.50 per share payable quarterly, when and if declared by the Board of Directors.

The Preferred Shares are convertible in whole or in part at the option of the holders thereof, into shares of common stock at an initial conversion price of \$15.55 per share of common stock. The Preferred Shares are not redeemable by the Company prior to July 1, 1996. After such date, the shares will be redeemable at the option of the Company at any time, in whole or in part, initially at \$52.45 per share and thereafter at prices declining ratably on each July 1 to \$50 per share on or after July 1, 2003.

Holder of the Preferred Shares have no voting rights except if the Company fails to pay the equivalent of six quarterly dividends. If these dividends are not paid, the holders of Preferred Shares, voting as a class, shall be entitled to elect two additional directors. The holders of Preferred Shares also have voting rights related to certain amendments to the Company's Articles of Incorporation.

The Preferred Shares rank senior to the common stock and any outstanding shares of Series A Preferred Shares. The Preferred Shares have a liquidation preference of \$50 per share plus all accrued and unpaid dividends.

Shareholder Rights Plan

In 1986, the Company adopted a Shareholder Rights Plan. Pursuant to this plan, holders of common stock received one preferred share purchase right for each common share held. The plan was amended effective November 9, 1990. The rights will be triggered once an Acquiring Person, as defined, acquires 15% or more of the Company's outstanding common shares. The 15% triggering threshold may be reduced by the Board of Directors to not less than 10%. When exercisable, the right would, subject to certain adjustments and alternatives, entitle rightholders, other than the Acquiring Person or group, to purchase common stock of the Company or the acquiring company having a market value of twice the \$47.50 exercise price of the right. The rights are nonvoting, may be redeemed at any time

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at a price of 5 cents per right prior to the tenth day after an Acquiring Person acquires 15% of the Company's common stock, and expire in 1996. Additional details are set forth in the Rights Agreement filed with the Securities and Exchange Commission on May 19, 1986, and in the amendments dated November 29, 1990 and September 30, 1991.

Stock Option Plans

In connection with the Company's 1991 acquisition of CoCa Mines Inc. (CoCa), the Company assumed three preexisting CoCa employee stock option plans (CoCa Plans), and converted all options then outstanding under the CoCa Plans into options to acquire shares of the Company's common stock. No further options will be granted under these CoCa Plans.

The Company adopted a nonstatutory stock option plan in 1987. The plan provides that options may be granted to certain officers and key employees to purchase common stock at a price of not less than 50% of the fair market value at the date of grant. The plan also provides that options may be granted with a corresponding number of stock appreciation rights and/or tax offset bonuses to assist the optionee in paying the income tax liability that may exist upon exercise of the options. All of the outstanding stock options under the 1987 plan were granted at an exercise price equal to the fair market value at the date of grant and with an associated tax offset bonus. Outstanding options under the 1987 plan are immediately exercisable for periods up to ten years. At December 31, 1993 and 1992, there were 129,148 and 101,748 shares, respectively, available for grant in the future under the plan. The plan expires in 1997.

The Company had an incentive stock option plan under which options were granted to purchase common stock at a price not less than the fair market value at date of grant. This plan expired in 1992.

The aggregate amounts charged (credited) to operations in connection with the plans were \$309,000, \$(165,000) and \$170,000 in 1993, 1992 and 1991, respectively.

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Transactions concerning stock options are summarized as follows:

	Incentive Stock Option Plan		Nonstatutory Stock Option Plan		Total Shares
	Shares	Price	Shares	Price	
<S>	<C>	<C>	<C>	<C>	<C>
Outstanding, December 31, 1990	151,606	\$8.54-10.87	424,281	\$ 7.12-18.26	575,887
Year ended December 31, 1991:					
Exercised	(104,980)	8.54-10.87	(38,653)	7.12- 8.54	(143,633)
Outstanding, December 31, 1991	46,626	8.54-10.87	385,628	7.12-18.26	432,254
Year ended December 31, 1992:					
Granted	- -	- -	66,000	10.50	66,000
Exercised	- -	- -	(37,525)	7.12- 8.54	(37,525)
Expired	(46,626)	8.54-10.87	(7,500)	10.37	(54,126)
Outstanding, December 31, 1992	- -	- -	406,603	7.12-18.26	406,603
Year ended December 31, 1993:					
Granted	- -	- -	- -	- -	- -
Exercised	- -	- -	(86,443)	7.12-12.25	(86,443)
Expired	- -	- -	(18,500)	10.38-12.25	(18,500)
Outstanding, December 31, 1993	- -	- -	301,660	\$ 7.12-18.26	301,660

At December 31, 1993, the Company has outstanding 459,433 warrants

to acquire the Company's common stock at an exercise price of \$17.81 and 12,859 warrants to acquire the Company's common stock at an exercise price of \$12.42. The warrants outstanding are exercisable until May 5, 1994. However, such warrants will expire if, at any time after May 15, 1990, upon 60 calendar days prior notice, the Company's common stock has had an average per share closing public market price of not less than \$22.24 for at least 60 consecutive trading days prior to such expiration notice.

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Note 11: Business Segments (in thousands)

<TABLE>

<CAPTION>

	1993	1992	1991
	-----	-----	-----
<S>	<C>	<C>	<C>
Net sales to unaffiliated customers:			
Metals	\$ 34,851	\$ 57,420	\$ 77,044
Industrial minerals	44,953	43,231	40,524
Specialty metals	2,043	- -	- -
	-----	-----	-----
	\$ 81,847	\$100,651	\$117,568
	=====	=====	=====
Gross profit (loss):			
Metals	\$ (4,088)	\$ (1,142)	\$ 5,339
Industrial minerals	5,038	5,012	6,215
Specialty metals	(504)	- -	- -
	-----	-----	-----
	\$ 446	\$ 3,870	\$ 11,554
	=====	=====	=====
Capital expenditures:			
Metals (including \$12,826 in Mexico in 1993)	\$ 44,821	\$ 19,815	\$ 14,527
Industrial minerals (including \$5,800 in Mexico in 1993)	11,938	3,203	3,401
Specialty metals	- -	- -	- -
General corporate assets	548	158	957
	-----	-----	-----
	\$ 57,307	\$ 23,176	\$ 18,885
	=====	=====	=====
Depreciation, depletion and amortization:			
Metals	\$ 6,818	\$ 9,305	\$ 16,847
Industrial minerals	3,718	4,188	4,314
Specialty metals	33	- -	- -
General corporate assets	392	819	692
	-----	-----	-----
	\$ 10,961	\$ 14,312	\$ 21,853
	=====	=====	=====
Identifiable assets:			
Metals (including \$21,028 in Mexico in 1993)	\$126,912	\$127,833	\$167,794
Industrial minerals (including \$7,054 in Mexico in 1993)	68,068	46,488	47,452
Specialty metals	4,197	- -	- -
General corporate assets	78,431	42,850	32,996
Idle facilities	55,270	5,272	9,879
	-----	-----	-----
	\$332,878	\$222,443	\$258,121
	=====	=====	=====

</TABLE>

Net sales, costs and identifiable assets of each segment are those that are directly identified with those operations. General corporate assets consist primarily of cash, receivables, investments and corporate property, plant and equipment. As a result of depressed metals prices, operations were suspended at the Greens Creek mine in April 1993 and the property was placed on a care-and-maintenance basis pending resumption of operations. At December 31, 1993, the Company's recorded net book value of identifiable assets of the Greens Creek mine was approximately \$50.3 million. This amount has been classified in the Idle Facilities category at December 31, 1993.

Letterhead of Coopers & Lybrand

REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULES

The Board of Directors and Shareholders
Hecla Mining Company

Our report on the consolidated financial statements of Hecla Mining Company and subsidiaries is included in this Form 10-K and covers the financial statements listed under Item 14(a) of this Form 10-K. In connection with our audits of such financial statements, we have also audited the related financial statement schedules listed under Item 14(a)(2) of this Form 10-K.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

/s/Coopers & Lybrand
COOPERS & LYBRAND

Spokane, Washington
February 3, 1994, except for
Note 5, as to which the
date is February 8, 1994

SCHEDULE V

HECLA MINING COMPANY and SUBSIDIARIES

PROPERTY, PLANT AND EQUIPMENT - For the Years Ended December 31, 1993, 1992 and
1991
(dollars in thousands)

<TABLE> <CAPTION>	Column A	Column B	Column C	Column D	Column E	Column F
Classification	Balance at Beginning of Period	Additions at Cost (1)	Retirements	Other Change Add (Deduct) (2)	Balance at End of Period	
<S>	<C>	<C>	<C>	<C>	<C>	
Year ended December 31, 1993:						
Mining properties	\$ 39,811	\$ 2,067	\$ 20	\$ 13,126	\$ 54,984	
Deferred development costs	127,529	40,336	317	(13,543)	154,005	
Plants and equipment	167,873	15,615	5,421	573	178,640	
Land	6,176	721	800	66	6,163	
	\$ 341,389	\$ 58,739 (3)	\$ 6,558	\$ 222	\$ 393,792	
Year ended December 31, 1992:						
Mining properties(5)	\$ 36,105	\$ 3,057	\$ 7	\$ 656	\$ 39,811	
Deferred development costs	128,858	12,326	1,644	(12,011)	127,529	
Plants and equipment	182,468	7,620	5,083	(17,132)	167,873	
Land	5,667	173	-	336	6,176	
	\$ 353,098	\$ 23,176 (3)	\$ 6,734	\$ (28,151) (4)	\$ 341,389	
Year ended December 31, 1991:						

Mining properties(5)	\$ 35,455	\$ 650	\$ - -	\$ - -	\$ 36,105
Deferred development costs	117,701	11,442	436	151	128,858
Plants and equipment	177,887	7,265	2,533	(151)	182,468
Land	5,550	117	- -	- -	5,667
	-----	-----	-----	-----	-----
	\$ 336,593	\$ 19,474 (3)	\$ 2,969	\$ - -	\$ 353,098
	=====	=====	=====	=====	=====

</TABLE>

Notes:

- (1) See Note 1 of Notes to Consolidated Financial Statements for a description of the Company's depreciation, depletion and amortization policies. The amounts in 1993 include the acquisition of Mountain West Bark Products, Inc. for the issuance of 655,000 shares of the Company's common stock valued at \$6.3 million, of which \$4.6 million was allocated to property, plant and equipment. The amounts in 1992 include the acquisition of mineral concessions for the issuance of 184,862 shares of the Company's common stock valued at \$1.8 million.
- (2) Reclassifications primarily to other asset accounts and transfers between plants and equipment and deferred development costs.
- (3) See "Management's Discussions and Analysis" for major capital expenditures.
- (4) Represents the write-down of the Company's interest in several mining properties. See Note 5 of Notes to Consolidated Financial Statements for discussion.
- (5) Reflects reclassification made in 1992 of the Company's investment in the mining properties of Consolidated Silver Corporation from other investments to mining properties.

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SCHEDULE VI

HECLA MINING COMPANY and SUBSIDIARIES

ACCUMULATED DEPRECIATION, DEPLETION and AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

For the Years Ended December 31, 1993, 1992 and 1991
(dollars in thousands)

<TABLE> <CAPTION>	Column A	Column B	Column C	Column D	Column E	Column F
Description	Balance at Beginning of Period	Additions At Cost	Retirements	Other Change Add (Deduct) (1)	Balance at End of Period	
<S>	<C>	<C>	<C>	<C>	<C>	
Year ended December 31, 1993:						
Mining properties	\$ 8,406	\$ 2,004	\$ 20	\$ (910)	\$ 9,480	
Deferred development costs	52,909	2,919	2,028	(217)	53,583	
Plants and equipment	100,247	7,246	757	1,123	107,859	
	-----	-----	-----	-----	-----	
	\$ 161,562	\$ 12,169	\$ 2,805	\$ (4)	\$ 170,922	
	=====	=====	=====	=====	=====	
Year ended December 31, 1992:						
Mining properties	\$ 6,268	\$ 691	\$ - -	\$ 1,447	\$ 8,406	
Deferred development costs	50,439	6,617	2,076	(2,071)	52,909	
Plants and equipment	97,375	6,565	4,147	454	107,541	
	-----	-----	-----	-----	-----	
	\$ 154,082	\$ 13,873	\$ 6,223	\$ (170)	\$ 161,562	
	=====	=====	=====	=====	=====	

Year ended December 31, 1991:					
Mining properties	\$ 6,214	\$ 54	\$ - -	\$ - -	\$ 6,268
Deferred development costs	43,197	7,242	- -	- -	50,439
Plants and equipment	85,704	13,210	1,539	- -	97,375
	-----	-----	-----	-----	-----
	\$ 135,115	\$ 20,506	\$ 1,539	\$ - -	\$ 154,082
	=====	=====	=====	=====	=====

</TABLE>

- (1) Other change due to reclassification between categories of accumulated depreciation, depletion and amortization of property, plant and equipment.

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SCHEDULE X

HECLA MINING COMPANY and SUBSIDIARIES

SUPPLEMENTARY INCOME STATEMENT INFORMATION

For the Years Ended December 31, 1993, 1992 and 1991
(dollars in thousands)

<TABLE>
<CAPTION>

	Column A	Column B
	Item Note (2)	Charged to Costs and Expenses
<S>		<C>
Year ended December 31-1993:		
1. Maintenance and repairs		Note (1)
3. Taxes, other than payroll and income taxes (principally property taxes)		\$ 1,132
4. Royalties paid		\$ 685
Year ended December 31-1992:		
1. Maintenance and repairs		Note (1)
3. Taxes, other than payroll and income taxes (principally property taxes)		\$ 2,457
4. Royalties paid		\$ 628
Year ended December 31-1991:		
1. Maintenance and repairs		Note (1)
3. Taxes, other than payroll and income		\$ 2,523
4. Royalties paid		\$ 1,055

</TABLE>

Notes:

- (1) The accounts of the Company do not segregate the amounts of maintenance and repairs, and it is not practicable to obtain the information.
- (2) Items where no information is provided were less than 1% of total sales and revenues.

HECLA MINING COMPANY and WHOLLY OWNED SUBSIDIARIES

FORM 10-K - December 31, 1993

INDEX TO EXHIBITS

<TABLE>
<CAPTION>

	Sequential Page Number1
Number and Description of Exhibits -----	-----
<S>	<C>
3.1(a)	Certificate of Incorporation of the Registrant as amended to date.3
3.1(b)	Certificate of Amendment of Certificate of Incorporation of the Registrant, dated as of May 16, 1991.
3.1(c)	Certificate of Designations, Preferences and Rights of Series A Junior Participating Preferred Stock of the Registrant.3
3.1(d)	Certificate of Designations, Preferences and Rights of Series B Cumulative Convertible Preferred Stock of the Registrant.3
3.2	By-Laws of the Registrant as amended to date.3
4.1(a)	Rights Agreement dated as of May 9, 1986 between Hecla Mining Company and Manufacturers Hanover Trust Company, which includes the form of Certificate of Designation setting forth the terms of the Series A Junior Participating Preferred Stock of Hecla Mining Company as Exhibit A, the form of Right Certificate as Exhibit B and the summary of Rights to Purchase Preferred Shares as Exhibit C.3
4.1(b)	Amendment, dated as of November 9, 1990 to the Rights Agreement dated as of May 9, 1986 between Hecla Mining Company and Manufacturers Hanover Trust Company.3
4.1(c)	Second Amendment to Rights Agreement dated September 30, 1991, between Hecla Mining Company and Manufacturers Hanover Trust Company.

</TABLE>

INDEX TO EXHIBITS (continued)

<TABLE>
<CAPTION>

	Sequential Page Number1
Number and Description of Exhibits -----	-----
<S>	<C>
4.1(d)	Hecla Mining Company Notice Letter to Shareholders, being holders of Rights Certificates, appointing American Stock Transfer & Trust Company as Rights Agent, successor to Manufacturers Hanover Trust Company, effective September 30, 1991, pursuant to Section 21 of the Rights Agreement.
4.2	Form of Certificate for Liquid Yield Option(TM) Note3
4.3	Form of Indenture dated as of June 1, 1989, between Hecla Mining Company and Manufacturers Hanover Trust Company, as Trustee, related to Liquid Yield Option(TM) Notes due 2004 (Zero Coupon - Subordinated)3

4.4	Form of Extension Indenture between Hecla Mining Company and Manufacturers Hanover Trust Company, as Trustee, related to Subordinated Extension Notes due 20043	
10.1(a)	Credit Agreement dated as of January 25, 1993, among the Registrant and certain of Registrant's subsidiaries, and Mase Westpac Limited, New York Branch, Nations Bank of Texas, Bank of America National Trust and Savings Association, West One Bank, Idaho, N.A., and Seattle-First National Bank.3	
10.1(b)	First Amendment to Credit Agreement dated as of April 12, 1993, among the Registrant and certain of Registrant's subsidiaries, and Mase Westpac Limited, as Agent for the Banks participating therein.	
10.1(c)	Second Amendment to Credit Agreement dated as of August 11, 1993, among the Registrant and certain of Registrant's subsidiaries, and Mase Westpac Limited, as Agent for the Banks participating therein.	97-106
10.1(d)	Third Amendment to Credit Agreement dated as of November 9, 1993, among the Registrant and certain of Registrant's subsidiaries, and Mase Westpac Limited, as Agent for the Banks participating therein.	107-114

</TABLE>

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INDEX TO EXHIBITS (continued)

<TABLE>
<CAPTION>

	Number and Description of Exhibits	Sequential Page Number1
	-----	-----
<S>	<C>	<C>
10.2	Employment agreement dated November 10, 1989 between Hecla Mining Company and Arthur Brown. (Registrant has substantially identical agreements with each of Messrs. Joseph T. Heatherly, Roger A. Kauffman, Ralph R. Noyes, John P. Stilwell, and Michael B. White. Such substantially identical agreements are not included as separate Exhibits.)2,3	
10.3(a)	Form of Deferred Compensation Plan Agreement for Officers of the Registrant, as amended February 12, 1988.2,3	
10.3(b)	Form of Deferred Compensation Plan Agreement for Directors of the Registrant, as amended November 8, 1985.2,3	
10.4	1987 Nonstatutory Stock Option Plan of the Registrant.2,3	
10.5(a)	Hecla Mining Company Retirement Plan for Employees and Supplemental Retirement and Death Benefit Plan.2,3	
10.5(b)	Supplemental Retirement Benefit Plan.2,3	
10.6	Form of Indemnification Agreement dated May 27, 1987 between Hecla Mining Company and each of its Directors and Officers.2,3	
10.7(a)	Purchase and Sale Agreement between Registrant as "Purchaser" and Amselco Minerals Inc. as "Seller" and Greens Creek Mining Company and Hawk Inlet Company, dated March 17, 1987, together with Assignment of Interest in Joint Venture Agreement dated May 29, 1987.3	
10.7(b)	Joint Venture Agreement between the Registrant, Greens Creek Mining Company, Hawk Inlet Company, Amselco Minerals Inc., Exalas Resources Corporation and CSX Oil & Gas Corporation, as last amended June 2, 1987 by Fifth Amendment.3	
10.8	Purchase Agreement dated October 26, 1993,	115-186

among Registrant as Purchaser and Gerald and Gae Taylor, Frank J. and Sharon D. Daniels, Dee R. and Donna Thueson, Clair O. and Ann B. Thueson and Neil H. and Linda J. Knudsen as Sellers.

</TABLE>

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INDEX TO EXHIBITS (continued)

<TABLE>

<CAPTION>

	Number and Description of Exhibits	Sequential Page Number1
<S>	<C>	<C>
10.9	Acquisition Agreement dated as of December 29, 1993, by and among Registrant and B.P.Y.A. 1193 Holdings Ltd., 1057451 Ontario Limited and Equinox Resources Ltd.3	
10.10(a)	Acquisition Agreement - Grouse Creek Project, dated January 21, 1994, among Registrant, Great Lakes Idaho Inc. and Great Lakes Minerals Inc.3	
10.10(b)	Mining Venture Agreement dated as of February 8, 1994, between Registrant and Great Lakes Idaho Inc.3	
11.	Computation of weighted average number of common shares outstanding.	187
22.	List of subsidiaries of the registrant.	189
24.	Consent of Coopers & Lybrand to incorporation by reference of their report dated February 3, 1994, on the Consolidated Financial Statements of the Registrant in the Registrant's Registration Statements on Form S-3, No. 33-72834, Form S-8, No. 33-7833, No. 33-41833, No. 33-14758 and No. 33-40691.	191

</TABLE>

1. This information appears only in the manually signed, original, sequentially numbered copy of this report.
2. Indicates a management contract or compensatory plan or arrangement.
3. These exhibits were filed as indicated on the following page and are incorporated herein by this reference thereto:

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<TABLE>

<CAPTION>

Exhibit in this Report	Corresponding Exhibit in Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K, Proxy Statement or Registration Statement, as Indicated
<S>	<C>
3.1(a) & (b)	3.1 (10-K for 1987 - File No. 1-8491)
3.1(c) & (d)	4.1(d)(c) and 4.5 (Quarterly Report on Form 10-Q dated June 30, 1993)
3.2	2 (Current Report on Form 8-K dated November 9, 1990 - File No. 1-8491)
4.1(a)	1 (Current Report on Form 8-K dated May 23, 1986 - File No. 1-8491)
4.1(b)	1 (Current Report on Form 8-K dated November 9, 1990 - File No. 1-8491)
4.1(c)	4.1(c) (10-K for 1991 - File No. 1-8491)
4.1(d)	4.1(d) (10-K for 1991 - File No. 1-8491)
4.2	4.1 (Registration Statement No. 33-28648)
4.3	4.2 (Registration Statement No. 33-28648)
4.4	4.4 (Registration Statement No. 33-28648)
10.1(a)	10.1(10-K for 1992 - File No. 1-8491)
10.1(b)	10.1(b) (Quarterly Report on Form 10-Q dated June 30, 1993)
10.2	10.2(b) (10-K for 1989 - File No. 1-8491)
10.3(a)	10.7(a) (10-K for 1988 - File No. 1-8491)
10.3(b)	10.9(b) (10-K for 1985 - File No. 1-8491)
10.4	B (Proxy Statement dated March 20, 1987 - File No. 1-8491)

10.5(a)	10.11(a) (10-K for 1985 - File No. 1-8491)
10.5(b)	10.11(b) (10-K for 1985 - File No. 1-8491)
10.6	10.15 (10-K for 1987 - File No. 1-8491)
10.7(a)	10.16(a) (10-K for 1987 - File No. 1-8491)
10.7(b)	10.16(b) (10-K for 1987 -File No. 1-8491)
10.9	Exhibit 2 (Schedule 13D dated January 7, 1993 - filed by Registrant with respect to Equinox Resources Ltd.
10.10(a)	(c)1(Current Report on Form 8-K dated February 10, 1994 - File No. 1-8491)
10.10(b)	(c)2(Current Report on Form 8-K dated February 10, 1994 - File No. 1-8491)

</TABLE>

SECOND AMENDMENT TO CREDIT AGREEMENT

This SECOND AMENDMENT TO CREDIT AGREEMENT (this "Second Amendment"), dated as of August 11, 1993, is made and entered into by and among HECLA MINING COMPANY, a Delaware corporation ("Hecla"), for itself and on behalf of its wholly-owned subsidiaries, COLORADO AGGREGATE COMPANY OF NEW MEXICO INC., a New Mexico corporation ("CAC"), KENTUCKY-TENNESSEE CLAY COMPANY, a Delaware corporation ("K-T Clay"), K-T FELDSPAR CORPORATION, a North Carolina corporation ("K-T Feldspar") (Hecla, CAC, K-T Clay and K-T Feldspar are referred to herein collectively as the "Borrowers" and individually as a "Borrower"), the banks named on the signature pages hereto (collectively, the "Banks" and each individually, a "Bank"), and MASE WESTPAC LIMITED, NEW YORK BRANCH, a New York State licensed branch of Mase Westpac Limited, an authorized institution under the Banking Act of 1987 in England, as agent for the Banks (in such capacity, together with its successors in such capacity, the "Agent").

RECITALS

WHEREAS, the Borrowers, the Banks and the Agent entered into a Credit Agreement, dated as of January 25, 1993, as amended April 12, 1993 (such Credit Agreement as so amended, the "Credit Agreement"), pursuant to which the Banks agreed, subject to the terms and conditions of the Credit Agreement, to provide financing to the Borrowers in an aggregate amount not to exceed at any time the lesser of Twenty-Four Million Dollars (\$24,000,000), as such amount is reduced from time to time pursuant to the terms of the Credit Agreement, or the Borrowing Base (as defined in the Credit Agreement); and

WHEREAS, the parties hereto desire to make certain amendments to the Credit Agreement as provided herein;

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, and for other good and valuable consideration (including without limitation the consideration recited in the Credit Agreement), the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

2. Amendments to Credit Agreement.

(a) Amendment Regarding Date of Providing Annual Updated Five-Year Mining Projections. Section 9.6(g) of the Credit Agreement is hereby amended by replacing the date "AUGUST 15" with the date "NOVEMBER 15".

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(b) Amendment Regarding Investments in Dreyfus Cash Management Fund. Section 10.5 of the Credit Agreement is hereby amended by deleting the word "AND" immediately following subparagraph (c), inserting the word "AND" immediately following subparagraph (d), and adding a new subparagraph (e), which shall read as follows:

"(E) SHARES OF THE DREYFUS CASH MANAGEMENT FUND OR ANY OTHER CASH MANAGEMENT FUND ACCEPTABLE TO MAJORITY BANKS AND WITH A COMPARABLE OR BETTER CREDIT RATING AND CREDIT QUALITY;"

3. Amendment to Other Loan Documents. The parties hereby agree that the other Loan Documents shall be amended to the extent necessary to conform to and be consistent with the amendments herein contained.

4. Conditions to Effectiveness of Second Amendment. This Second Amendment shall be effective immediately upon the due execution and delivery hereof.

5. Counterparts. This Second Amendment may be executed in one or more counterparts, each of which when so executed, irrespective of the date of its execution and delivery, shall be deemed an original, and all such counterparts together shall constitute one and the same instrument.

6. Governing Law; Descriptive Headings. THIS SECOND AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

7. Succession; Assignment. This Second Amendment shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. The rights and obligations hereunder may be assigned only in accordance with the assignment provisions of the Credit Agreement.

8. References to Credit Agreement. Except as expressly provided in this Second Amendment and the amendments to the other Loan Documents contemplated hereby, the terms, provisions, conditions and agreements of the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed in all respects. On and after the effectiveness of the amendments to the Credit Agreement and the other Loan Documents contemplated hereby, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference to the Credit Agreement in any Note or other Loan Document, or other

agreement, document or instrument executed and delivered pursuant to the Credit Agreement, shall be deemed a reference to the Credit Agreement as so amended.

9. No Other Modifications; Same Indebtedness. The modifications effected by this Second Amendment shall not be deemed to provide for or effect a repayment to and re-advance of any of

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3

the Advances by any Bank now outstanding, it being the intention of the parties that the Advances outstanding under the Credit Agreement, as amended by this Second Amendment, be and are the same Advances outstanding under the Credit Agreement immediately prior to the effectiveness hereof.

IN WITNESS WHEREOF, each of the parties hereto has caused this Second Amendment to be executed and delivered by its duly authorized officers and representatives as of the date first above written.

THE BORROWERS:

HECLA MINING COMPANY, for itself and
on behalf of Colorado Aggregate Company
of New Mexico Inc., Kentucky-Tennessee
Clay Company and K-T Feldspar
Corporation

By: /s/ John P. Stilwell
Name: John P. Stilwell
Title: Treasurer

ATTEST:

By: /s/ J.T. Heatherly
Name: J.T. Heatherly
Title: Vice President

THE AGENT:

- - - - -

MASE WESTPAC LIMITED, NEW YORK
BRANCH, as Agent

By: /s/ Lucy W. Huebner
Name: Lucy W. Heubner

Title: Vice President

By: /s/ William S. Edge III
Name: William S. Edge
Title: Senior Vice President

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THE BANKS:

MASE WESTPAC LIMITED, NEW YORK
BRANCH, as a Bank

By: /s/ Lucy W. Huebner
Name: Lucy W. Huebner
Title: Vice President

By: /s/ William S. Edge III
Name: William S. Edge III
Title: Senior Vice President

NATIONSBANK OF TEXAS, N.A.

By: /s/ Roger S. Manny
Name: Roger S. Manny
Title: Senior Vice President

SEATTLE-FIRST NATIONAL BANK

By: /s/ Joe Poole
Name: Joe Poole
Title: VP

WEST ONE BANK, IDAHO

By: /s/ Kathleen C. Lewis
Name: Kathleen C. Lewis
Title: Vice President

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

By: /s/ Jim C. Deichen
Name: Jim C. Deichen
Title: SVP

BANK OF AMERICA IDAHO, N.A.

By: /s/ John A. MacPhee
Name: John A. MacPhee
Title: Vice President

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THIRD AMENDMENT TO CREDIT AGREEMENT

This THIRD AMENDMENT TO CREDIT AGREEMENT (this "Third Amendment"), dated as of November 9, 1993, is made and entered into by and among HECLA MINING COMPANY, a Delaware corporation ("Hecla"), together with its wholly-owned subsidiaries, COLORADO AGGREGATE COMPANY OF NEW MEXICO INC., a New Mexico corporation ("CAC"), KENTUCKY-TENNESSEE CLAY COMPANY, a Delaware corporation ("K-T Clay"), K-T FELDSPAR CORPORATION, a North Carolina corporation ("K-T Feldspar") (Hecla, CAC, K-T Clay and K-T Feldspar are referred to herein collectively as the "Borrowers" and individually as a "Borrower"), the banks named on the signature pages hereto (collectively, the "Banks" and each individually, a "Bank"), and MASE WESTPAC LIMITED, NEW YORK BRANCH, a New York State licensed branch of Mase Westpac Limited, an authorized institution under the Banking Act of 1987 in England, as agent for the Banks (in such capacity, together with its successors in such capacity, the "Agent").

RECITALS

WHEREAS, the Borrowers, certain banks and the Agent entered into a Credit Agreement, dated as of January 25, 1993, as amended April 12, 1993 and August 11, 1993 (such Credit Agreement as so amended, the "Credit Agreement"), pursuant to which the banks party thereto agreed, subject to the terms and conditions of the Credit Agreement, to provide financing to the Borrowers in an aggregate amount not to exceed at any time the lesser of Twenty-Four Million Dollars (\$24,000,000), as such amount is reduced from time to time pursuant to the terms of the Credit Agreement, or the Borrowing Base (as defined in the Credit Agreement); and

WHEREAS, the parties hereto desire to amend the Credit Agreement to increase the maximum limit for borrowing and to make certain other amendments to the Credit Agreement and other Loan Documents as provided herein;

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, and for other good and valuable consideration (including without limitation the consideration recited in the Credit Agreement), the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Credit Agreement.

2. Addition of New Bank; Reallocation of Banks' Interests in Credit. Each Bank shall be deemed a Bank (as defined in the Credit Agreement) for all purposes under the Credit Agreement and the other Loan Documents, each as amended hereby, to the extent of such Bank's interest as set forth opposite such Bank's name on the

signature pages hereto. Each Bank shall have the same rights and benefits as against the Borrowers and the same obligations to the Borrowers as it would have had as if it were a Bank (as defined in the Credit Agreement) to the extent of its interest as set forth opposite such Bank's name on the signature pages hereto, or if such Bank was an original Bank under the Credit Agreement, as if its interest under the Credit Agreement were the same as that set forth opposite such Bank's name on the signature pages hereto. All references in the Credit Agreement and the other Loan Documents, each as amended hereby, to the Banks shall as of the effective date hereof and thereafter be construed as a reference to the Banks named on the signature pages hereto, each to the extent of its interest as set forth opposite such Bank's name on the signature pages hereto. All references in the Credit Agreement and the other Loan Documents to any Bank's pro rata share of the Commitment or of any Advances and all references of similar import shall be deemed to be a reference to such Bank's pro rata share as set forth opposite such Bank's name on the signature pages hereto.

3. Amendments to Credit Agreement.

(a) The Second Recital on page 1 of the Credit Agreement is hereby amended by replacing the phrase "TWENTY-FOUR MILLION DOLLARS (\$24,000,000)" with the phrase "THIRTY MILLION DOLLARS (\$30,000,000)".

(b) The definition of "AVAILABILITY PERIOD" in Section 1.1 of the Credit Agreement is hereby amended by replacing the date "DECEMBER 31, 1994" with the date "DECEMBER 31, 1996".

(c) The definition of "BASE COMMITMENT" in Section 1.1 of the Credit Agreement is hereby amended by replacing the amount "\$24,000,000" with the amount "\$30,000,000".

(d) Clause (e) of the definition of "BORROWING BASE" in Section 1.1 of the Credit Agreement is hereby amended by replacing the phrase "ONE HUNDRED PERCENT (100%) OF THE VALUE OF EACH BORROWER'S ELIGIBLE CASH EQUIVALENTS" with the phrase "ONE HUNDRED PERCENT (100%) OF THE VALUE OF EACH BORROWER'S ELIGIBLE CASH EQUIVALENTS THAT ARE SUBJECT TO A VALID AND ENFORCEABLE PERFECTED FIRST PRIORITY SECURITY INTEREST OR LIEN IN FAVOR OF THE AGENT".

(e) The definition of "ELIGIBLE INVESTMENTS" in Section 1.1 of the Credit Agreement is hereby amended by replacing the phrase "[MAJORITY BANKS]" with the phrase "MAJORITY BANKS".

(f) Clause (e)(ii) of the definition of "ELIGIBLE RECEIVABLES" in Section 1.1 of the Credit Agreement is hereby amended by replacing the phrase "SUBPARAGRAPH (C) (I)" with the phrase "SUBPARAGRAPH (E) (I)".

(g) The definition of "INITIAL REDUCTION DATE" in Section 1.1 of the Credit Agreement is hereby amended in its entirety to read as follows:

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"INITIAL REDUCTION DATE" MEANS DECEMBER 31, 1995.

(h) Section 2.7 of the Credit Agreement is hereby amended in its entirety to read as follows:

SECTION 2.7 REPAYMENT OF ADVANCES DUE TO SCHEDULED REDUCTIONS OF BASE COMMITMENT. ON EACH OF THE DATES (A "REDUCTION DATE") SET FORTH IN THE SCHEDULE SET FORTH BELOW (THE "COMMITMENT REDUCTION SCHEDULE"), THE BASE COMMITMENT SHALL BE REDUCED TO THE AMOUNT SET OUT OPPOSITE SUCH DATE IN THE THIRD COLUMN OF THE COMMITMENT REDUCTION SCHEDULE AND, IF THE SUM OF THE OUTSTANDING PRINCIPAL BALANCE OF ALL ADVANCES MADE UNDER THIS ARTICLE 2 EXCEEDS THE RESULTING COMMITMENT ON SUCH DATE, THE BORROWERS SHALL REPAY AN AMOUNT OF DOLLARS EQUAL TO SUCH EXCESS. THE COMMITMENT REDUCTION SCHEDULE SHALL BE AS FOLLOWS:

<TABLE>
<CAPTION>

SCHEDULED REDUCTION DATE -----	BASE COMMITMENT REDUCTION -----	BASE COMMITMENT OUTSTANDING -----
<S>	<C>	<C>
12/31/95	\$3,750,000	\$26,250,000
03/31/96	3,750,000	22,500,000
06/30/96	3,750,000	18,750,000
09/30/96	3,750,000	15,000,000
12/31/96	15,000,000	-0-

</TABLE>

(i) Section 2.9(b) of the Credit Agreement is hereby amended by replacing the phrase "THEN TO PRINCIPAL PRO RATA OVER THE AMOUNTS OWING ON THE THEN-REMAINING SCHEDULED REDUCTION DATES AS SET FORTH IN SECTION 2.7 HEREOF" with the phrase "THEN TO PRINCIPAL".

(j) The proviso of Section 4.1 of the Credit Agreement is hereby amended in its entirety to read as follows:

PROVIDED, HOWEVER, THAT WITH RESPECT TO THE SECURITY INTEREST IN CASH EQUIVALENTS, THE BORROWERS SHALL BE OBLIGATED ONLY TO USE THEIR BEST EFFORTS TO PERFECT SUCH SECURITY INTEREST.

(k) Section 12.11 of the Credit Agreement is hereby amended by replacing the phrase "TANGIBLE NET WORK" with the phrase "TANGIBLE NET WORTH".

4. Amendments to Security Agreement. The proviso of Section 4.1(a) of the Security Agreement is hereby amended in its entirety to read as follows:

PROVIDED, HOWEVER, THAT WITH RESPECT TO THE SECURITY INTEREST IN CASH

EQUIVALENTS UNDER SECTION 2.1(E) HEREOF, THE PARTIES AGREE THAT THE BORROWERS SHALL BE OBLIGATED ONLY TO USE THEIR BEST EFFORTS TO PERFECT SUCH SECURITY INTEREST;

5. Amendment to Other Loan Documents. The parties hereby agree that the other Loan Documents shall be amended to the extent

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necessary to conform to and be consistent with the amendments herein contained.

6. Amendment Fee. The Borrowers shall pay the Banks an amendment fee equal to one-half of one percent (0.5%) of each Bank's pro rata share of the Commitment as set forth opposite such Bank's name on the signature pages hereto. Such fee shall be due and payable upon the execution and delivery of this Third Amendment.

7. Representations and Warranties. Each Borrower hereby certifies as of the date hereof that the representations and warranties contained in Article 8 of the Credit Agreement and any other Loan Document executed and delivered in connection therewith to which it is a party are true and accurate in all material respects as though made on and as of the date hereof, except that Kingswood Resources Inc. should be added to and Acadia Mineral Ventures Limited should be deleted from Schedule 1 to the Credit Agreement.

8. Conditions to Effectiveness of Third Amendment. This Third Amendment shall become effective and binding on the parties hereto upon receipt by the Agent of each of the following, in form and substance reasonably satisfactory to Majority Banks:

(a) counterparts of this Third Amendment duly executed by each of the Borrowers, the Agent and the Banks;

(b) a Note for each Bank duly executed by the Borrowers evidencing such Bank's pro rata share of the Commitment as set forth opposite such Bank's name on the signature pages hereto;

(c) an opinion or opinions of counsel for the Borrowers;

(d) a copy of a resolution or resolutions passed by the Board of Directors of each Borrower, certified by the Secretary or an Assistant Secretary of such Borrower as of a recent date as being in full force and effect on such date, authorizing the increase of the maximum limit for borrowing provided hereby and the execution, delivery and performance of this Third Amendment and the other Loan Documents to which it is or will be a party in connection herewith;

(e) evidence that the amendment fees provided for herein have been paid in full; and

(f) such other evidence as Majority Banks may reasonably request to establish the consummation of the transactions contemplated hereby,

the taking of all proceedings in connection herewith and compliance with the conditions set forth in this Third Amendment.

9. Counterparts. This Third Amendment may be executed in one or more counterparts, each of which when so executed, irrespective of the date of its execution and delivery, shall be deemed an

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original, and all such counterparts together shall constitute one and the same instrument.

10. Governing Law; Descriptive Headings. THIS THIRD AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

11. Succession; Assignment. This Third Amendment shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto. The rights and obligations hereunder may be assigned only in accordance with the assignment provisions of the Credit Agreement.

12. References to Credit Agreement. Except as expressly provided in this Third Amendment and the amendments to the other Loan Documents contemplated hereby, the terms, provisions, conditions and agreements of the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed in all respects. On and after the effectiveness of the amendments to the Credit Agreement and the other Loan Documents contemplated hereby, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference to the Credit Agreement in any Note or other Loan Document, or other agreement, document or instrument executed and delivered pursuant to the Credit Agreement, shall be deemed a reference to the Credit Agreement as so amended.

13. No Other Modifications; Same Indebtedness. The modifications effected by this Third Amendment shall not be deemed to provide for or effect a repayment to and re-advance of any of the Advances by any Bank now outstanding, it being the intention of the parties that the Advances outstanding under the Credit Agreement, as amended by this Third Amendment, be and are the same Advances outstanding under the Credit Agreement immediately prior to the effectiveness hereof.

IN WITNESS WHEREOF, each of the parties hereto has caused this Third Amendment to be executed and delivered by its duly authorized officers and representatives as of the date first above written.

THE BORROWERS:

HECLA MINING COMPANY

By: /s/ Joseph T. Heatherly
Name: J.T. Heatherly

Title: Vice President - Controller

ATTEST:

By: /s/ Michael B. White
Name: Michael B. White
Title: Secretary

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COLORADO AGGREGATE COMPANY OF
NEW MEXICO INC.

By: /s/ J.T. Heatherly
Name: Joseph T. Heatherly
Title: Vice President

ATTEST:

By: /s/ Michael B. White
Name: Michael B. White
Title: Secretary

KENTUCKY-TENNESSEE CLAY COMPANY

By: /s/ J.T. Heatherly
Name: Joseph T. Heatherly
Title: Vice President - Controller

ATTEST:

By: /s/ Nathaniel K. Adams
Name: Nathaniel K. Adams
Title: Assistant Secretary

K-T FELDSPAR CORPORATION

By: /s/ J.T. Heatherly
Name: Joseph T. Heatherly
Title: Vice President - Controller

ATTEST:

By: /s/ Michael B. White
Name: Michael B. White
Title: Secretary

7

THE AGENT:

MASE WESTPAC LIMITED, NEW YORK
BRANCH, as Agent

By:-----
Name:-----
Title:-----

By:-----
Name:-----
Title:-----

THE BANKS:

- - - - -

MASE WESTPAC LIMITED, NEW YORK
BRANCH, as a Bank

Amount: \$7,500,000
Percentage: 25%

By:-----
Name:-----
Title:-----

By:-----
Name:-----
Title:-----

NATIONSBANK OF TEXAS, N.A.

Amount: \$7,500,000
Percentage: 25%

By:-----
Name:-----
Title:-----

SEATTLE-FIRST NATIONAL BANK

Amount: \$6,000,000
Percentage: 20%

By:-----
Name:-----
Title:-----

THE BANK OF NOVA SCOTIA

Amount: \$6,000,000
Percentage: 20%

By:-----
Name:-----
Title:-----

Address for notices:

101 California St., 48th Floor
San Francisco, CA 94111
Attention:

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BANK OF AMERICA IDAHO, N.A.

Amount: \$1,000,000
Percentage: 3-1/3%

By:-----
Name:-----
Title:-----

WEST ONE BANK, IDAHO

Amount: \$2,000,000
Percentage: 6-2/3%

By:-----
Name:-----
Title:-----

ACKNOWLEDGED AND AGREED:

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION

By:-----
Name:-----
Title:-----

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PURCHASE AGREEMENT

among

HECLA MINING COMPANY
("Purchaser")

-and-

GERALD AND GAE TAYLOR,
FRANK J. AND SHARON D. DANIELS,
DEE R. and DONNA THUESON,
CLAIR O. and ANN B. THUESON,
NEIL H. AND LINDA J. KNUDSEN
("Sellers")

DATED: October 26, 1993

SHARE PURCHASE AGREEMENT

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SHARE PURCHASE AGREEMENT

THIS AGREEMENT made as of the 26th day of October, 1993.

A M O N G:

HECLA MINING COMPANY, a corporation incorporated under the laws of the State of Delaware

(hereinafter referred to as the "Purchaser");

-and-

GERALD TAYLOR and GAE TAYLOR, husband and wife (hereinafter referred to as "Taylor");

FRANK J. DANIELS and SHARON D. DANIELS, husband and wife (hereinafter referred to as "Daniels");

DEE R. THUESON and DONNA THUESON, husband and wife, (hereinafter referred to as "D. Thueson");

CLAIR O. THUESON and ANN B. THUESON, husband and wife, (hereinafter referred to as "C. Thueson");

NEIL H. KNUDSEN and LINDA J. KNUDSEN, husband and wife (hereinafter referred to as "Knudsen");

(hereinafter jointly referred to as the "Sellers")

WHEREAS, the Sellers are the registered and beneficial owners of one hundred percent (100%) of the issued and outstanding common shares in the capital of Mountain West Bark Products, Inc., a corporation incorporated under the laws of the State of Idaho (the "Corporation");

AND WHEREAS, the Purchaser wishes to purchase, and the Sellers wish to sell, one hundred percent (100%) of the issued and outstanding shares in the capital of the Corporation (the "Corporation's Shares") on the terms and conditions herein contained;

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NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants herein contained, the parties hereto hereby covenant and agree as follows:

ARTICLE 1

INTERPRETATION

1.1 Defined Terms

In this Agreement and in the Schedules hereto, unless there is something in the subject matter or context inconsistent therewith, the following terms and expressions shall have the following meanings:

- (a) "Bank of Commerce Debt" means the indebtedness of the Corporation to the Bank of Commerce with principal offices in the city of Idaho Falls, State of Idaho, pursuant to those certain notes for which Sellers may be liable by virtue of Sellers' personal guaranty to The Bank of Commerce including: note number 4011900717 dated November 4, 1992, in the original principal amount of \$500,200.00, the outstanding balance of which on August 31, 1993, was \$292,180.93, and note number 4011900081 dated September 7, 1990, in the original principal sum of

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\$1,000,000.00, the outstanding balance of which on August 31, 1993, was \$454,964.37.

- (b) "Business" with respect to the Corporation means the business carried on by the Corporation which primarily involves the acquisition, exploration, mining development, processing and marketing of scoria, bark products, soil and soil additives;
- (c) "Business of the Purchaser" means the business carried on by the Purchaser which primarily involves the acquisition, exploration, development and management of resource properties;
- (d) "Business Day" means any day other than a day which is a

Saturday, a Sunday or a statutory holiday;

- (e) "Closing" means the closing of the purchase and sale of the Corporation's Shares on the Closing Date;
- (f) "Closing Date" means November 30, 1993, or such other date as may be mutually agreed to by the Sellers and the Purchaser;

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- (g) "Closing Time" means 10:00 a.m. (Pacific Standard Time) on the Closing Date or such other time on the Closing Date as the parties hereto may agree upon;
- (h) "Condition" of the Corporation means the condition of the assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation, as the case may be;
- (i) "Corporation's Shares" means 74,506 common shares \$1.00 par value of the Corporation which represents 100% of the issued and outstanding capital of the Corporation;
- (j) "Encumbrances" means mortgages, charges, pledges, security interests, liens, encumbrances, actions, claims, demands and equities of any nature whatsoever or howsoever arising and any rights or privileges capable of becoming any of the foregoing;
- (k) "Financial Statements" of the Corporation means the unaudited (unconsolidated or consolidated, as the case may be) financial statements as at and for the fiscal year ended on August 31, 1993, including the balance sheet and income statement together with the notes to such financial statements, all as telecopied to Purchaser

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on September 27, 1993, copies of which are attached hereto as Schedule A;

- (l) "Interim Period" means the period from and including the date of this Agreement to and including the Closing Date;

- (m) "Key Bank Debt" means any indebtedness of the Corporation to the Key Bank of Idaho, Rexburg Branch, located in the city of Rexburg, State of Idaho, for which Sellers may be liable by virtue of Sellers' personal guaranty to Key Bank of Idaho, pursuant to that certain note dated December 24, 1992, Note No. 000329 as in the original principal amount of \$651,512.01 as thereafter extended pursuant to agreements dated October 5, 1993, and that certain Note and Security Agreement dated September 24, 1991, in the original principal sum of \$13,305.00, the outstanding balance of which on August 31, 1993, was \$5,621.78 covering a 1990 Ford Truck, VIN #2FTEF14N3LCA08543;
- (n) "Letter of Intent" means the letter of the Purchaser dated March 22, 1993, addressed to the Sellers and accepted by the Sellers March 22, 1993;
- (o) "person" means and includes any individual, corporation, partnership, firm, joint venture, syndicate, association,

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trust, government, governmental agency or board or commission or authority, and any other form of entity or organization;

- (p) "Properties" of the Corporation means (i) all interests in real property including all fee interests, leases, letters of intent, water rights, and any equitable or other interests which are more fully described in Schedule C-1, attached hereto and incorporated herein by this reference, and (ii) all personal property, including all chattel, equipment, rolling stock, fixtures and other movable property with a fair market value in excess of \$2500, and as recorded on the depreciation schedules of the Corporation, which are more fully described in Schedule C-2, attached hereto and incorporated herein by this reference;
- (q) "Purchase Price" shall have the meaning set out in Section 2.2 hereof, which is the consideration payable by the Purchaser to the Sellers for all of the Corporation's Shares issued and outstanding, as provided herein;
- (r) "Purchaser's Shares" means 655,000 common shares \$.25 par value in the capital of the Purchaser to be delivered to Sellers at Closing. As to the Purchaser's Shares, once issued such securities shall cease to be Purchaser's

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Shares when (i) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act (as hereinafter defined) and such securities shall have been disposed of in accordance with such registration statement, (ii) such securities shall have been sold pursuant to Rule 144 (or any successor provision) under the Securities Act, (iii) such securities shall have been otherwise transferred and new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by Purchaser or (iv) such securities shall have ceased to be outstanding.

- (s) "Registration Expenses" means any and all expenses incident to performance of or compliance with this Agreement, including without limitation, (i) all SEC (as hereinafter defined) and stock exchange or National Association of Securities Dealers, Inc. registration and filing fees, (ii) all fees and expenses of complying with securities or blue sky laws (including reasonable fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Purchaser's Shares), (iii) all printing, messenger and delivery expenses, (iv) the fees and disbursements of counsel for Purchaser and of Purchaser's independent public accountants, including the expenses of any special

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audits and/or "cold comfort" letters required by or incident to such performance and compliance; but excluding (x) the fees and disbursements of counsel, if any, retained by any of the Sellers (y) any fees and disbursements of underwriters, if any, or fees and expenses of any special experts, if any, retained by or at the request of Sellers in connection with the registration and (z) underwriting discounts and commissions and transfer taxes, if any.

- (t) "SEC" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.
- (u) "Securities Act" means the Securities Act of 1933, as amended, or

any similar federal statute then in effect, and a reference to a particular section thereof shall be deemed to include a reference to the comparable section, if any, of any such similar federal statute.

(v) "Statement Date" means August 31, 1993.

1.2 Best of Knowledge

Any reference herein to "the best of the knowledge" of a party shall be deemed to mean the actual knowledge of a party and the

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knowledge which it would have had if it had conducted a diligent inquiry into the relevant subject matter.

1.3 Schedules

The Schedules listed in the Table of Contents to this Agreement and which are attached to this Agreement are incorporated into this Agreement by reference and are deemed to be part hereof.

1.4 Choice of Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho. The parties agree that the courts of the State of Idaho shall have exclusive jurisdiction to determine all disputes and claims arising between the parties.

1.5 Interpretation Not Affected by Headings or Party Drafting

The division of this Agreement into articles, sections, paragraphs, subsections and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement," "hereof," "herein," "hereunder" and similar expressions refer to this Agreement and the Schedules hereto and not to any particular article, section, paragraph, clause or other portion

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hereof and include any agreement or instrument supplementary or ancillary

hereto. Each party hereto acknowledges that it and its legal counsel have reviewed and participated in settling the terms of this Agreement, and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall not be applicable in the interpretation of this Agreement.

1.6 Number and Gender

In this Agreement, unless there is something in the subject matter or context inconsistent therewith,

- (a) words in the singular number include the plural and such words shall be construed as if the plural had been used,
- (b) words in the plural include the singular and such words shall be construed as if the singular had been used, and
- (c) words importing the use of any gender shall include all genders where the context or party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

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1.7 Time of Essence

Time shall be of the essence of this Agreement.

ARTICLE 2

PURCHASE AND SALE

2.1 Corporation's Shares

On the terms and subject to the fulfillment of the conditions hereof, the Sellers hereby agree to sell, assign and transfer to the Purchaser, and the Purchaser hereby agrees to purchase and accept from the Sellers the Corporation's Shares.

2.2 Purchase Price

The price (the "Purchase Price") payable by the Purchaser to the Sellers for the Corporation's Shares shall be the Purchaser's Shares.

2.3 Payment of Purchase Price

The Purchase Price shall be paid and satisfied in full at the Closing by the issuance and delivery by the Purchaser to the Sellers of certificates of the Purchaser's Shares as fully paid and non-assessable, distributed to the Sellers as follows:

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<TABLE>
<CAPTION>

SELLERS
- - - - -

Distribution of Purchaser's Shares

<S>	<C>	<C>
TAYLOR	655,000 x 33.62145%	= 220,220
DANIELS	655,000 x 27.15217%	= 177,847
D. THUESON	655,000 x 16.81072%	= 110,110
C. THUESON	655,000 x 16.81072%	= 110,110
KNUDSEN	655,000 x 5.60494%	= 36,713
	-----	-----
Total		100% 655,000
		====

</TABLE>

2.4 Adjustment

The parties agree that Purchaser shall conduct an audit of the Financial Statements and, as soon as reasonably practicable and not later than fourteen (14) days prior to the Closing Date, prepare and submit to Sellers an audited balance sheet for the Corporation as of the Statement Date ("Final Balance Sheet"). The Final Balance Sheet shall be prepared in accordance with generally accepted accounting principles and shall be in a format consistent with the balance sheet comprising a part of the Financial Statements.

The Final Balance Sheet shall be compared against the balance sheet comprising the balance sheet in the Financial Statements for the period ending on the Statement Date. The audit shall accept the values stated in the Corporation's Financial Statements for the fixed assets and the volume and value of fungible inventory actually in the Corporation's possession on the Statement Date; in the event such fixed assets were not actually in the Corporation's possession on the Statement Date, an adjustment shall be made as a

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portion of the following procedure. The aggregate difference between the amount of any and all accounts on the Final Balance Sheet and the amount of any and all accounts on the balance sheet in the Financial Statements at the Statement Date (the "Aggregate Difference"), if less than one hundred eighty-six thousand dollars (\$186,000) shall be paid to the appropriate party, as follows: if the Aggregate Difference results in net reduction of the accounts on the Final Balance Sheet, then Sellers, jointly and severally, agree to pay to Purchaser the entire amount of the Aggregate Difference. If the Aggregate Difference results in net increase of accounts on the Final Balance Sheet, Purchaser shall pay Sellers the entire amount of the Aggregate Difference. If the Aggregate Difference exceeds one hundred eighty-six thousand dollars (\$186,000), neither party shall be obligated to make any payment or to close the transaction contemplated in this Agreement, as specified in Article 6 hereof. Any payment pursuant to this section shall be made to Purchasers or Sellers, respectively, in cash or certified funds, at December 31, 1993.

The Sellers shall have ten (10) days from their receipt of the Final Balance Sheet to review the Final Balance Sheet and provide Purchaser with any written objections to the balance sheet presentation. In the event the Sellers do not object to the Final Balance Sheet within said period of time, the Final Balance Sheet shall be deemed correct and shall be used for the purposes of the adjustment. In the event that the Sellers object to the Final

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Balance Sheet, the parties shall endeavor to resolve their differences within a period of four (4) days; provided, however, if the parties are unable to resolve their differences, Closing shall take place on the Closing Date, and the Final Balance Sheet shall be prepared by Coopers & Lybrand. The Purchaser and Sellers shall equally share the cost of the accounting firm's preparation of the Final Balance Sheet. The balance sheet prepared by Coopers & Lybrand shall be the Final Balance Sheet for the purposes of the adjustment, and the Aggregate Difference, if any, shall be paid by the appropriate party within ten (10) days of receipt thereof, if the Final Balance Sheet is provided after December 21, 1993.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties by the Sellers

The Sellers hereby jointly and severally represent, warrant and covenant to the Purchaser as follows, and acknowledge that the Purchaser is relying upon such representations, warranties and covenants in connection with the purchase of the Corporation's Shares as herein provided:

- (1) Authority and Binding Obligation. The Sellers have taken all necessary or desirable actions, steps, corporate action and other proceedings to approve or authorize, validly and

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effectively, the entering into of, and the execution, delivery and performance of, this Agreement and the sale and conveyance of the Corporation's Shares to the Purchaser. This Agreement is a legal, valid and binding obligation of the Sellers, enforceable against each of them in accordance with its terms subject to the laws affecting the enforcement of creditors rights generally and the availability of discretionary judicial remedies.

- (2) No Other Purchase Agreements. As of Closing, no person will have any written or oral agreement, assignment, option, understanding or commitment or any right or privilege capable of becoming an agreement, for (i) the purchase from the Sellers of any of the Corporation's Shares, or (ii) for the purchase, subscription, allotment or issuance of, or conversion into convertible securities, warrants or convertible obligations of any nature, any of the unissued shares in the capital of the Corporation or any securities of the Corporation.

- (3) Status

- (a) The Corporation is a corporation duly incorporated and validly subsisting in all respects under the laws of its respective jurisdiction of incorporation. The Corporation has all necessary corporate power to own its

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Properties and to carry on its Business in the states as it is now being conducted. The Corporation has not qualified to conduct business or own assets in any state other than Idaho and Montana.

(b) To the best of the Sellers' knowledge, the Corporation is duly registered, licensed and qualified in each jurisdiction in which the character of its property and assets now owned by it or the nature of its business now conducted by it requires it to be so registered, licensed or qualified and all such registrations, licenses or qualifications are valid and subsisting and in good standing, and the Corporation has filed all returns required to be filed and has paid all fees and taxes required to be paid by it to maintain such registrations, licenses or qualifications.

(4) No Violation. The execution, delivery and performance of this Agreement by the Sellers, and the completion of the transactions contemplated hereby, shall not constitute or result in a violation or breach of or default under, or cause the acceleration of any obligations of the Corporation under:

(a) any term or provision of any of the articles, by-laws or other constating documents of the Corporation;

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(b) the terms of any agreement (written or oral), indenture, instrument or understanding or other obligation or restriction to which the Corporation or the Sellers are a party or by which any of them is bound; or

(c) any term or provision of any of the licenses of the Corporation or any order of any court, governmental authority or regulatory body or, to the best of the knowledge of the Sellers, any law or regulation of any jurisdiction in which the Business of the Corporation is carried on.

(5) Corporate Records. To the best of the knowledge of the Sellers, the corporate records and minute books of the Corporation have been maintained in accordance with reasonably accepted practice and in particular contain minutes of all meetings of the directors and shareholders of the Corporation and all such meetings were duly held. To the best of the knowledge of the Sellers, the share certificate books, register of security holders, register of transfers and any similar corporate records of the Corporation are complete and accurate.

(6) Authorized and Issued Capital. The authorized capital of the Corporation consists of two hundred fifty thousand (250,000) common shares, par value of one dollar (\$1.00) each, of which

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74,506 common shares have been duly issued and are outstanding as fully paid and non-assessable shares, and 29,871 are issued and held as Treasury Stock of the Corporation. The Sellers own 100% of the issued and outstanding common shares of the Corporation as the shareholder of record and as the beneficial owners, with good and marketable title thereto free and clear of any and all Encumbrances.

- (7) Shareholders Agreements, Etc. As of Closing, there will be no shareholders' agreements, pooling agreements, voting trusts, stock options, or other similar agreements with respect to the ownership or voting of any of the Corporation's Shares.
- (8) Financial Condition. To the best of the knowledge of the Sellers, the financial position and all financial transactions of the Corporation are presented fairly in its books and records. The Financial Statements, including the notes thereto, present fairly the financial position of the Corporation, including the assets and liabilities of the Corporation normally recorded in the Financial Statements as at the dates stated therein and the balance statement, income statement and cash flow statement for the respective periods indicated in such financial statements, and the Financial Statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis,

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except as specifically otherwise described in the Financial Statements.

- (9) No Material Adverse Change. Since August 31, 1993, there has been no material adverse change in the Business or Condition of the Corporation from that shown in the Financial Statements as of such date.
- (10) Environmental. To the best of the Sellers' knowledge, information and belief the Corporation has obtained, now and has at all times in the past been in all material respects, in compliance with all permits, licenses, approvals or other authorizations with respect to the business of the Corporation that are currently required or that were required in the past with respect to the business, operations and

assets of the Corporation pursuant to any federal, state or local law, regulation, ordinance or other requirement of the United States or of any state, municipality or other subdivision of any thereof relating to pollution or protection of the environment. The Corporation has not received any notice from a governmental authority or third party of any actual or potential violation of or liability for noise, pollution or contamination of the air, surface, water, groundwater or land; solid, gaseous or liquid waste generation, handling, treatment, storage, disposal or transportation; exposure to hazardous or toxic substances; or the manufacture, processing

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distribution in commerce, use or storage of chemical substances.

(11) Liabilities of the Corporation. There are no liabilities, debts or obligations (contingent or otherwise) of the Corporation of any kind whatsoever, and to the best of the knowledge of the Sellers there is no basis for assertion against the Corporation of any liabilities of any kind, other than:

- (a) liabilities disclosed or reflected in or provided for in the Financial Statements, and
- (b) liabilities incurred since the Statement Date, which were incurred in the ordinary course of the routine daily affairs of the Business of the Corporation and, in the aggregate, are not materially adverse to the Business of the Corporation, and
- (c) contingent liabilities otherwise specifically disclosed in this Agreement or the attached schedules.

(12) Outstanding Debts. The following amounts accurately represent the Corporation's outstanding debt to the following named parties as of the date specified, other than borrowings for working capital specified in Section 5.1(4) (viii):

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- (a) the outstanding balance of all principal and interest on the Bank of Commerce Debt as of November 1, 1993, will be \$713,190.18.

- (b) the outstanding balance of all principal and interest on the Key Bank Debt as of November 1, 1993, will be \$673,957.88.
- (c) the obligations to repay certain cash advances made by Sellers, which are evidenced by certain promissory notes, all of which are dated October 8, 1993, are hereby stipulated to be payable in full as to both principal and interest on December 31, 1993, in the aggregate amount of \$273,543.75 which notes shall not be presented for payment prior to December 31, 1993, or the date that Sellers are required to make any adjustment payment to Purchaser under Section 2.4 hereof, whichever is later.

(13) Dividends and Distributions. Since the Statement Date, the Corporation has not declared or paid any dividend or made any other distribution on any of its shares of any class, or redeemed or purchased or otherwise acquired any of its shares of any class, or reduced its authorized capital or issued capital or any options or warrants or otherwise granted a right to acquire any capital stock of the Corporation, or agreed to do any of the foregoing.

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(14) Litigation. There are no actions, suits, proceedings or investigations, whether or not purportedly on behalf of the Corporation, pending or, to the best of the knowledge of the Sellers, threatened, by or against or affecting the Corporation, at law or in equity, or before or by any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, except as disclosed in the Financial Statements of the Corporation and except as set forth in Schedule B. The Sellers are not aware of any existing grounds on which any such action, suit, proceeding or investigation against the Corporation might be commenced with any reasonable likelihood of success.

(15) Title to Assets. The Corporation is the owner of and has good and marketable title to all of its properties and assets, including, without limitation, all properties and assets reflected in the Financial Statements, and all properties and assets acquired by the Corporation after the Statement Date, free and clear of all Encumbrances whatsoever, subject to Subsection 3.1(14) hereof, except for:

- (i) the properties and assets disposed of, utilized or consumed by the Corporation since the Statement Date in the ordinary course of the Business of the Corporation;

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(ii) liens for taxes not yet due and payable; and

(iii) those items that have been disclosed in writing to Purchaser or in Schedule C-1.

(16) Properties.

(a) Schedules C-1 and C-2 attached hereto lists all Properties owned by the Corporation.

(b) The Corporation is the beneficial owner of the Properties, free and clear of any and all Encumbrances, except for liens for current taxes not yet due, and Encumbrances associated with the Key Bank Debt and the Bank of Commerce Debt.

(17) Subsidiaries and Other Interests. The Corporation has no subsidiaries and does not own any securities issued by, or any equity or ownership interest in, any other person, except as indicated in its Financial Statements.

(18) Restrictions on Doing Business of the Corporation. The Corporation is not a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any person or in any geographical area or otherwise to conduct the Business of the

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Corporation as the Corporation may determine. The Corporation is not subject to any legislation or any judgment, order or requirement of any court or governmental authority which is not of general application to persons carrying on a business similar to the Business of the Corporation. To the best of the knowledge of the Sellers, there are no facts or circumstances which could materially adversely affect the ability of the Corporation to continue to operate the Business of the Corporation as presently conducted following the completion of the transactions contemplated by this Agreement.

(19) Good Standing of Agreements. To the best of the knowledge of the

Sellers, the Corporation is not in default or breach of any of its obligations under any one or more contracts, agreements (written or oral), commitments, indentures or other instruments to which it is a party or by which it is bound and there exists no state of facts which, after notice or lapse of time or both, would constitute such a default or breach. All such contracts, agreements, commitments, indentures and other instruments are now in good standing and in full force and effect without amendment thereto, the Corporation is entitled to all benefits thereunder and, to the best of the knowledge of the Sellers, the other parties to such contracts, agreements, commitments, indentures and other instruments are not in default or breach of any of their obligations thereunder. Except for Sellers' guarantees and pledges of

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security in relation to the Key Bank Debt and the Bank of Commerce Debt, there are no contracts, agreements, commitments, indentures or other instruments under which the Corporation's rights or the performance of its obligations are dependent upon or supported by the guarantee of or any security provided by any other person.

(20) Tax Liabilities. Except as disclosed in Schedule D, to the best of the knowledge of the Sellers, the Corporation has filed all tax and other returns required to be filed by it and has paid all taxes which are due and payable and has paid all assessments and reassessments and paid or duly provided for all other governmental, including federal, state and local taxes and charges, penalties, interest and fines due and payable by it. The Corporation has been assessed with respect to all fiscal periods up to and including the fiscal period ended August 31, 1993. As of the date hereof, no taxation authority has disagreed with or raised any material issues concerning the information contained in any tax returns filed by the Corporation. Adequate provision has been made for taxes which may be payable by the Corporation for the current period for which tax returns are not yet required to be filed and all installments of taxes in the current year have been paid in accordance with the applicable statutory requirements. There are no agreements, waivers or other arrangements providing for an extension of time with respect to any

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assessment or reassessment or the filing of any tax return or payment of any tax, governmental charge or deficiency by the Corporation and there are no actions, suits, proceedings or investigations for claims now pending or threatened against the Corporation in respect of taxes, governmental charges or assessments or any matters under discussion with any governmental authority relating to the same. The Corporation has withheld from each payment made to any of its officers, directors or employees, present and past, the amount of all taxes, including but not limited to income tax and other deductions required to be withheld therefrom and has paid the same to the proper tax or other receiving officer within the time required under any applicable legislation.

- (21) Other Returns. To the best of the knowledge of the Sellers, the Corporation has filed all returns required and called for under any statutes, regulations of any jurisdiction in which the failure to file such returns would have a material adverse effect on its assets or business and such returns were completed substantially in accordance with the provisions of such statutes.
- (22) Compliance with Laws. To the best of the knowledge of the Sellers, the Corporation is not in violation of any federal, state, municipal or other law, regulation or order of any

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government or governmental or regulatory authority, domestic or foreign.

- (23) Copies of Documents. Complete and correct copies (including all amendments) of all contracts, leases and other documents referred to in this Agreement or any Schedule hereto or required to be disclosed hereby to which the Corporation is a party have been delivered to or made available to the Purchaser.
- (24) Disclosure. No representation or warranty contained in this Section 3.1, and no statement contained in any Schedule, certificate, list, summary or other disclosure document provided or to be provided to the Purchaser pursuant hereto or in connection with the transactions contemplated hereby contains or shall contain any untrue statement of a material fact, or omits or shall omit to state any material fact which is necessary in order to make the statements contained therein not misleading.

3.2 Representations and Warranties by the Purchaser

The Purchaser hereby represents, warrants and covenants to the Sellers as follows, and acknowledges that the Sellers are relying upon such representations, warranties and covenants in connection

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with the purchase of the Corporation's Shares by the Purchaser as herein provided:

- (1) Corporate Authority and Binding Obligation. Subject to obtaining Board of Directors approval prior to the Closing Date, the Purchaser has good right, full corporate power and authority to enter into this Agreement and to purchase the Corporation's Shares from the Sellers and to issue the Purchaser's Shares to the Sellers in the manner contemplated herein and to perform all of the Purchaser's obligations under this Agreement. The Purchaser has taken all necessary or desirable actions, steps and corporate and other proceedings to approve or authorize, validly and effectively, the entering into of, and the execution, delivery and performance of, this Agreement and the purchase of the Corporation's Shares from the Sellers and the issue of the Purchaser's Shares to the Sellers. Except as hereinabove provided, this Agreement is a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with its terms subject to the laws affecting the enforcement of creditors rights generally and the availability of discretionary judicial remedies.
- (2) Status. The Purchaser is a corporation duly incorporated and validly subsisting in all respects under the laws of its jurisdiction of incorporation.

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- (3) No Violation. The execution, delivery and performance of this Agreement and each of other agreements contemplated or referred to herein by the Purchaser, and the completion of the transactions contemplated hereby, shall not constitute or result in a violation or breach of or default under, or cause the acceleration of any obligations of the Purchaser under:
 - (a) any term or provision of the certificate of incorporation, by-laws or other constating documents of the Purchaser,

- (b) the terms of any agreement (written or oral), indenture, instrument or understanding or other obligation or restriction to which the Purchaser is a party or by which it is bound, or
- (c) any term or provision of any of the licenses or any order of any court, governmental authority or regulatory body or any law or regulation of any jurisdiction in which the Business of the Purchaser is carried on.

(4) Purchaser's Shares. The Purchaser's Shares to be delivered to Sellers at Closing shall be duly authorized and validly issued and such shares when issued will be fully paid and non-assessable. Subject to Section 5.2(2), the Purchaser's Shares

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shall not be registered under the Securities Act of 1933 or any comparable state securities law and shall therefore be held by Sellers as restricted stock for investment purposes. Each certificate for the Purchaser's Shares shall contain the following legend:

"The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, or under the securities laws of any state or other jurisdiction and may not be sold, offered for sale or otherwise transferred unless registered and qualified under said Act and applicable state's securities laws or unless the company receives an opinion in acceptable form and scope of counsel satisfactory to the company that registration, qualification or such other actions are not required under any such laws."

(5) Compliance with Laws. The Purchaser is not in violation of any federal, state, municipal or other law, regulation or order of any government or governmental or regulatory authority, domestic or foreign, the violation of which would have a material adverse effect on the Purchaser and its consolidated subsidiaries taken as a whole.

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(6) Disclosure. No representation or warranty contained in this Section 3.2, and no statement contained in any Schedule, certificate, list,

summary or other disclosure document provided or to be provided to the Sellers pursuant hereto or in connection with the transactions contemplated hereby contains or shall contain any untrue statement of a material fact, or omits or shall omit to state any material fact which is necessary in order to make the statements contained therein not misleading.

ARTICLE 4

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

4.1 Survival of Representations and Warranties

The representations, warranties and covenants contained in Article 3 shall survive the Closing and shall continue in full force and effect thereafter for the benefit of the Purchaser or the Sellers, as the case may be, provided, however, that:

- (i) the representations, warranties and covenants contained in Article 3, except those relating to tax liabilities and the due allotment and issuance of the Purchaser's Shares, shall continue only for a period of two (2) years from the Closing Date;

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- (ii) the representations, warranties and covenants relating to tax liabilities for a particular taxation year shall continue until the expiration of the period (if any) during which an assessment, reassessment or other form of recognized document assessing liability for tax, interest or penalties in respect of such taxation year under applicable legislation could be issued, assuming that the Corporation or the Purchaser, as the case may be, does not file any waiver or similar document extending such period as otherwise determined; and
- (iii) there shall be no time limit in respect of the representations, warranties and covenants relating to tax liabilities based upon any misrepresentation made or fraud committed in the filing of a return or in supplying information for the purposes of the United States Internal Revenue Code or any other legislation imposing a tax.

ARTICLE 5

COVENANTS

5.1 Covenants by the Sellers

The Sellers covenant to the Purchaser that they shall do or cause to be done the following:

- (1) Inspection of Records. During the Interim Period, the Sellers shall provide and shall cause the Corporation to provide, and shall permit the Purchaser and its duly authorized representatives, including the Purchaser's agents, accountants and attorneys, reasonable access during business hours to all the facilities, properties, books, contracts, commitments and records of the Corporation and shall furnish to the Purchaser during such period all such information relating to the assets, liabilities and other material aspects of the Business of the Corporation as the Purchaser may reasonably request, and the Sellers shall permit the Purchaser to take relevant extracts from such books, contracts, commitments and records; provided that the Purchaser shall maintain strictly confidential any and all materials so obtained or used and shall not use such materials for any purpose other than the completion and implementation of the purpose and intent of this Agreement and the transactions contemplated hereunder.

- (2) Transfer of Corporation's Shares. At or before the Closing Time, the Sellers shall cause all necessary steps and corporate proceedings to be taken to permit the Corporation's Shares to be duly and regularly transferred to the Purchaser. Prior to the Closing Time, Sellers shall take all steps and execute the necessary documents to waive and release any and all cross-purchase rights, and any restrictive legends appearing on the stock certificates of the Corporation's Shares and certify that all stock option rights with respect to the Corporation shall be null, void and legally unenforceable.
- (3) New Agreements. Prior to the Closing Time, the Sellers shall cause the Corporation to enter into agreements with the persons specified in Schedule E, which agreements shall be substantially in the form attached thereto.
- (4) Business of Corporation During Interim Period. During the Interim

Period, the Corporation shall operate its business only in the usual and ordinary course and shall (i) preserve intact its business organization and goodwill in all material respects and continue to operate in the ordinary course of business; (ii) maintain existing contracts for sale and delivery of Products; (iii) keep available the services of its officers and key employees; and (iv) maintain intact its relationships with customers, suppliers, distributors and

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others having business relationships with it, and the Corporation shall not without the prior written consent of Purchaser, (i) amend or otherwise change its charter or by-laws; (ii) issue, sell or authorize for issuance or sale, shares of any class of its securities (including, but not limited to, by way of stock split or dividend) or any subscriptions, options, warrants, rights, convertible securities or other agreements or commitments of any character obligating it to issue such securities; (iii) declare, set aside, make or pay any dividend or other distribution (whether in cash, stock or property) with respect to its capital stock; (iv) redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock; (v) enter into any agreement, commitment or transaction (including, but not limited to, any capital expenditure or sale of assets), except for the agreements specified in Section 5.1(3) and other than for an aggregate amount not exceeding \$10,000 which shall be necessary in the ordinary course of business; (vi) grant any increase in the compensation payable or to become payable by the Corporation to any of their respective directors, officers or employees, or any increase in or new agreements or arrangements providing for any bonus, insurance, pension or other employee benefit plan, payment or arrangement (including, but not limited to, the granting of stock options or stock appreciation rights) made to, for or with any director, officer or employee; (vii) enter into any employment

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agreement, grant any severance or termination pay with or to any officer, director or employee of the Corporation; or (viii) borrow funds, except for working capital requirements in the ordinary course of business not to exceed one hundred thousand dollars (\$100,000).

(5) Verification of scoria and peat reserves. Immediately upon execution

of this Agreement, Sellers shall cause the Corporation to make available to Purchaser access to Seller's Properties and sources of supply for scoria and peat in order to enable Purchaser, at its expense, to undertake a program of exploratory trenching to verify the color, quantity, and extent of the deposits and sources supplying the Corporation's scoria and peat.

- (6) Sale of Purchaser's Shares. Each Seller shall notify the Purchaser when it has disposed of all of Purchaser's Shares held by such Seller.

5.2 Covenants by the Purchaser

The Purchaser covenants to the Sellers that it shall do or cause to be done the following:

- (1) Issue of Purchaser's Shares. At or before the Closing Time, the Purchaser shall cause all necessary steps and corporate

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proceedings to be taken in order to issue and allot the Purchaser's Shares to the Sellers pursuant to Section 2.3 hereof.

- (2) Registration and Listing of Purchaser's Shares. Subject to the conditions specified below, the Purchaser shall as promptly as practicable prepare and file with the SEC no later than ten (10) business days after Closing and thereafter use its best efforts to cause to become effective as promptly as practicable a registration statement for a public offering to be made on a continuous or delayed basis pursuant to Rule 415 under the Securities Act (or any successor to such rule permitting securities to be registered on a continuous or delayed basis in the future) covering the Purchaser's Shares in order to permit the public sale or disposition of the Purchaser's Shares by the Sellers;
 - (a) The Purchaser will prepare and file with the SEC amendments and supplements to such registration statement and the prospectus used in connection therewith (i) as may be necessary to keep such registration statement effective under the Securities Act for a period of two (2) years from the Closing Date (subject to earlier termination in the event all the Purchaser's Shares held by the Sellers have been sold prior to the end of such two-year period).

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- (b) The Purchaser will furnish to the Sellers such number of copies of the registration statement and such prospectus and amendment or supplement as the Sellers shall reasonably request.
- (c) The Purchaser will notify the Sellers in the event any prospectus then in use contains any untrue statement of a material fact or any omission of a material fact necessary to make the statements therein in light of the circumstances under which they are made not misleading.
- (d) The Purchaser will use its best efforts to register or qualify such Purchaser's Shares covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions as any Sellers of Purchaser's Shares representing more than 15% of the total number of securities covered by such registration statement shall reasonably request, and do any and all other acts and things that may be necessary or advisable to enable such Sellers to consummate the disposition in such jurisdictions of such Purchaser's Shares owned by such Sellers; provided, however, that the Purchaser shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the

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- requirements of this clause (d) be obligated to be so qualified, to subject itself to taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction.
- (e) If the Purchaser shall furnish to the Sellers a certificate signed by the Chairman and Chief Executive Officer, the President or any Vice President of the Purchaser stating that the Purchaser would be required to disclose in such registration statement or amendment or supplement to such registration statement and the prospectus used in connection therewith a material business situation, transaction or negotiation affecting the Purchaser not otherwise then required in the opinion of the Purchaser's counsel, by law to be publicly disclosed and such disclosure would, in the opinion of the Purchaser, materially and adversely affect such business situation, transaction or negotiation, the obligation of the Purchaser to file such registration statement

or the prospectus used in connection therewith (or to keep such registration statement or prospectus effective) shall be tolled until the earlier to occur of (A) the date of public disclosure of such material business situation, transaction or negotiation or (B) the date on which the Purchaser would no longer be required

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to make such disclosure; provided, however, that such period may not be tolled for more than sixty (60) days.

- (f) The Purchaser shall use its best efforts to list the Purchaser's Shares issued to Sellers on the New York Stock Exchange.
- (g) The Purchaser shall pay all Registration Expenses in connection with the registration of Purchaser's Shares; provided that the Sellers shall pay all underwriting discounts and commissions and transfer taxes, if any (and any other expenses specifically excluded from the definition of Registration Expenses), relating to the sale or disposition of Purchaser's Shares by a Seller pursuant to a registration statement effected pursuant to this Agreement.

Notwithstanding the foregoing, the Purchaser shall not be obligated to enter into any type of underwriting agreement.

Each Seller who holds Purchaser's Shares agrees that upon receipt of any notice from the Purchaser of the happening of any event of the kind described in clause (c) of this Section 5.2(2), such holder will forthwith discontinue disposition of Purchaser's Shares pursuant to the registration statement covering such Purchaser's Shares until the Sellers receive copies of a prospectus

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supplemented or amended so that the prospectus does not contain any untrue statement of a material fact or any omission of a material fact necessary to make the statements therein in light of the circumstances under which they are made not misleading. In addition, each Seller who holds Purchaser's Shares agrees that upon receipt of a certificate from Purchaser of the kind described in clause (e) of this Section 5.2(2), such holder will forthwith discontinue

disposition of Purchaser's Shares pursuant to the registration statement covering such Purchaser's Shares until the earlier of (A) the date of public disclosure of such material business situation, transaction or negotiation or (B) the date on which the Purchaser would no longer be required to make such disclosure.

The Purchaser may require the Sellers holding Purchaser's Shares to furnish to the Purchaser and its counsel such information regarding each of the Sellers and the distribution of such securities as the Purchaser may from time to time reasonably request in writing. Such information may be included in the registration statement and other SEC filings as required by applicable law.

- (3) Trading Limitation of Purchaser's Shares. Upon the registration and listing of Purchaser's Shares pursuant to Section 5.2(2) hereof, Sellers shall not, in the aggregate, dispose of more than 50,000 of the Purchaser's Shares during

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any one trading day. In addition, so long as Sellers continue to hold at least twenty percent (20%) of the Purchaser's Shares held by them upon consummation of the transactions contemplated by this Purchase Agreement, Purchaser shall notify Sellers of the pendency of a sale under any public offering by Purchaser of Purchaser's common stock or any other Purchaser equity security, in which event none of the Sellers nor any of their affiliates shall effect any sales of any Purchaser's Shares within twenty (20) days prior to the commencement of or during such offering.

- (4) Release of Sellers Guarantee of Corporation's Debt. Within thirty (30) days after Closing, Purchaser shall restructure, repay, or otherwise address the Key Bank Debt and the Bank of Commerce Debt to provide for the release of any guarantee for these debts by Sellers, including the release of any security granted by any of the Sellers.
- (5) Nontransferability & Nonassignability. The covenants of Section 5.2(2) hereof shall be personal to the Sellers individually, and shall not be transferable or assignable under any circumstances.

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5.3 Confidentiality

Prior to the Closing Time and, if the transactions contemplated hereby are not completed, at all times after the Closing Time, each party hereto shall keep confidential all information obtained by it relating to the Corporation, the Business of the Corporation, the Purchaser and the Business of the Purchaser, as the case may be, except such information which (i) prior to the date hereof was already in the possession of such party, as demonstrated by written records, (ii) is generally available to the public, other than as a result of a disclosure by such party, or (iii) is made available to such party on a non-confidential basis from a source other than the other party (or its representatives). Each party further agrees that such information shall be disclosed only to those of its employees and duly authorized representatives of its advisors who need to know such information for the purposes of evaluating and implementing the transactions contemplated hereby. Notwithstanding the foregoing provisions of this Section 5.3, the obligation to maintain the confidentiality of such information shall not apply to the extent that disclosure of such information is required in connection with governmental or other applicable filings relating to the transactions hereunder, provided that, in such case, unless the other party otherwise agrees, a party shall, if possible, request confidentiality in respect of such governmental or other filings. For greater certainty, if the transactions contemplated hereby are

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not completed, this Section 5.3 shall survive the termination of this Agreement. The obligations set forth in this Section 5.3 shall supersede and replace the obligations of the parties set forth in the Confidentiality Agreements between the parties dated October 14, 1992, and March 22, 1993.

ARTICLE 6

CONDITIONS

6.1 Conditions to the Obligations of the Purchaser

Notwithstanding anything herein contained, the obligation of the Purchaser to complete the transactions provided for herein shall be subject to the fulfillment of the following conditions for the exclusive benefit of the Purchaser at or prior to the Closing Time, and the Sellers shall cause such conditions to be fulfilled or performed insofar as they relate to matters within its control:

- (1) Accuracy of Representations and Warranties and Performance of Covenants. The representations and warranties of the Sellers contained in this Agreement or in any documents delivered in order to carry out the transactions contemplated hereby shall be true and

accurate on the date hereof and at the Closing Time with the same force and effect and as though such representations and warranties had been made as of the closing Time (regardless of the date as of which the information in

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this Agreement or in any Schedule or other document made pursuant thereto is given). In addition, the Sellers shall have complied with all covenants and agreements herein agreed to be performed or caused to be performed by it at or prior to the Closing Time. In addition, the Sellers shall have delivered to the Purchaser a certificate signed by all Sellers confirming that the facts with respect to each of such representations and warranties by the Sellers are as set out herein at the Closing Time and that the Sellers have performed all covenants required to be performed by it hereunder.

- (2) No Restraining Proceedings. No order, decision or ruling of any court, tribunal or regulatory authority having jurisdiction shall have been made, and no action or proceeding shall be pending or threatened which, in the opinion of counsel to the Purchaser, is likely to result in an order, decision or ruling,
- (a) to disallow, enjoin, prohibit or impose any limitations or conditions on the purchase and sale of the Corporation's Shares contemplated hereby or the right of the Purchaser to own the Corporation's Shares; or
 - (b) to impose any limitations or conditions which may have a material adverse affect on the Business or the Condition of the Corporation.

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- (3) No Material Adverse Change. During the Interim Period, there shall have been no material adverse change in the Business or Condition of the Corporation considered as a whole and no legislation (whether by statute, by-law, regulation or otherwise) shall have been enacted or introduced which materially and adversely affects or may materially and adversely affect the Business or the Condition of the Corporation considered as a whole.

- (4) Regulatory Approvals. There shall have been obtained from all governmental, administrative and regulatory bodies having jurisdiction, such approvals or consents without conditions unacceptable to the Purchaser, acting reasonably, as are required in connection with the transactions contemplated hereunder.
- (5) Opinion of Sellers' Counsel. At the Closing Time, the Purchaser shall have received an opinion of legal counsel for the Sellers dated the Closing Date substantially in the form of the draft opinion attached hereto as Schedule F.
- (6) Compliance with Terms, Covenants and Conditions. All of the terms, covenants and conditions in this Agreement to be complied with or performed by the Sellers on or before the Time of Closing shall have been complied with or performed.

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- (7) Execution of Agreements. Prior to the Closing Time, the Sellers shall have caused the Corporation to enter into valid and binding agreements as specified in Section 5.1 (3).
- (8) Non-Competition Agreement. At Closing Time, Sellers shall have executed and delivered to the Purchaser the Non-Competition Agreement appended to this Agreement as Schedule G.
- (9) Directors Approval. The Purchaser shall have obtained approval of this Agreement and the transactions contemplated hereby by the Purchaser's Board of Directors.
- (10) Amount of scoria and peat reserves. Purchaser's exploratory trenching program undertaken in accordance with Section 5.1(5) of this Agreement shall have established to Purchaser's satisfaction the existence of the following recoverable scoria and peat reserves: One million (1,000,000) tons of red scoria; two hundred thousand (200,000) cubic yards of black scoria; two hundred thousand (200,000) tons of gold pumice; and two hundred thousand (200,000) tons of peat.
- (11) Amount of Adjustment. The Aggregate Difference specified in Section 2.4 payable by Purchaser, if any, shall be less than

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one hundred eighty-six thousand dollars (\$186,000). Sellers shall have the right to waive any amounts in excess of one hundred eighty-six thousand dollars (\$186,000) in which event this provision shall not be a condition to Purchaser's obligations.

6.2 Conditions to the Obligations of the Sellers

Notwithstanding anything herein contained, the obligations of the Sellers to complete the transactions provided for herein shall be subject to the fulfillment of the following conditions for the exclusive benefit of the Sellers at or prior to the Closing Time, and the Purchaser shall cause such conditions to be fulfilled or performed insofar as they relate to matters within its control:

- (1) Accuracy of Representations and Warranties and Performance of Covenants. The representations and warranties of the Purchaser contained in this Agreement or in any documents delivered in order to carry out the transactions contemplated hereby shall be true and accurate on the date hereof and at the Closing Time with the same force and effect as though such representations and warranties had been made as of the Closing Time (regardless of the date as of which the information in this Agreement or in any Schedule or other document made pursuant hereto is given). In addition, the Purchaser shall have complied with all covenants and agreements herein agreed

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to be performed or caused to be performed by it at or prior to the Closing Time. In addition, the Purchaser shall have delivered to the Sellers a certificate of a senior officer confirming on behalf of the Purchaser that the facts with respect to each of the representations and warranties of the Purchaser are as set out herein at the Closing Time and that the Purchaser has performed each of the covenants required to be performed by it hereunder.

- (2) No Restraining Proceedings. No order, decision or filing of any court, tribunal or regulatory authority having jurisdiction shall have been made, and no action or proceeding shall be pending or threatened which, in the opinion of counsel to the Sellers, is likely to result in an order, decision or ruling:
 - (a) to disallow, enjoin or prohibit the purchase and sale of the

Corporation's Shares contemplated hereby or the issue and allotment of the Purchaser's Shares.

(b) to impose any limitations or conditions which may have a material adverse affect on the Business or the Condition of the Purchaser.

(3) No Material Adverse Change. During the Interim Period, there shall have been no material adverse change in the Business or

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55 the Condition of the Purchaser considered as a whole and no legislation (whether by statute, by-law, regulation or otherwise) shall have been enacted or introduced which materially and adversely affects or may materially and adversely affect the Business or the Condition of the Purchaser and its consolidated subsidiaries considered as a whole.

(4) Regulatory Approvals. There shall have been obtained from all governmental, administrative and regulatory bodies having jurisdiction, such approvals or consents without conditions unacceptable to the Sellers, acting reasonably, as are required in connection with the transactions contemplated hereunder.

(5) Opinion of Purchaser's Counsel. At the Closing Time, the Sellers shall have received an opinion of legal counsel for the Purchaser dated the Closing Date substantially in the form of the draft opinion attached hereto as Schedule H.

(6) Compliance with Terms, Covenants and Conditions. All of the terms, covenants and conditions in this Agreement to be complied with or performed by the Purchaser on or before the Time of Closing shall have been complied with or performed.

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56 (7) Amount of Adjustment. The Aggregate Difference specified in Section 2.4 payable by Sellers, if any, shall be less than one hundred eighty-six thousand dollars (\$186,000). Purchaser shall have the right to waive any amounts in excess of one hundred eighty-six thousand dollars (\$186,000) in which event this provision shall not be a condition to Sellers' obligations.

6.3 Waiver or Termination by Purchaser

The conditions contained in Section 6.1 hereof are inserted for the exclusive benefit of the Purchaser and may be waived in whole or in part by the Purchaser at any time. The Sellers acknowledge that the waiver by the Purchaser of any condition or any part of any condition shall constitute a waiver only of such condition or such part of such condition, as the case may be, and shall not constitute a waiver of any covenant, agreement, representation or warranty made by the Sellers herein that corresponds or is related to such condition or such part of such condition, as the case may be. If any of the conditions contained in Section 6.1 hereof are not fulfilled or complied with as herein provided, the Purchaser may, at or prior to the Closing Time at its option, rescind this Agreement by notice in writing to the Sellers and in such event, subject to Section 5.3 hereof, the Purchaser shall be released from all obligations hereunder and, unless the condition or conditions which have not been fulfilled are

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reasonably capable of being fulfilled or caused to be fulfilled by the Sellers then, subject to Section 5.3 hereof, the Sellers shall also be released from all obligations hereunder.

6.4 Waiver or Termination by Sellers

The Conditions contained in Section 6.2 hereof are inserted for the exclusive benefit of the Sellers and may be waived in whole or in part by the Sellers, acting collectively, at any time. The Purchaser acknowledges that the collective waiver by the Sellers of any condition or any part of any condition shall constitute a waiver only of such condition or such part of such condition, as the case may be, and shall not constitute a waiver of any covenant, agreement, representation or warranty made by the Purchaser herein that corresponds or is related to such condition or such part of such condition, as the case may be. If any of the conditions contained in Section 6.2 hereof are not fulfilled or complied with as herein provided, the Sellers may, at or prior to the Closing Time at its option, collectively rescind this Agreement by notice in writing to the Purchaser and in such event, subject to Section 5.3 hereof, the Sellers shall be released from all obligations hereunder and, unless the condition or conditions which have not been fulfilled are reasonably capable of being fulfilled or caused to be fulfilled by the Purchaser, then, subject to Section 5.3 hereof, the Purchaser shall also be released from all obligations hereunder. In the event of disagreement among the Sellers as to

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whether or not to waive any such condition, the decision of the holders of a majority of the shares of stock of the Corporation shall be binding upon and enforceable against all holders thereof in accordance with the terms of this Agreement.

ARTICLE 7

ACKNOWLEDGEMENTS

7.1 Unregistered Shares

Subject to Section 5.2(2) hereof, the Purchaser's Shares to be issued to the Sellers pursuant to the terms hereof will not be registered under the Securities Act of 1933 or under any applicable state law. The Sellers acknowledge that the Purchaser's Shares received by Sellers are subject to restrictions on resale. The Sellers represent and warrant to Purchaser that they are acquiring the Purchaser's Shares for their own accounts for the purpose of investment and not with a view to or for sale in connection with any distribution thereof, and the Sellers have no present intention or plan to effect any distribution of the Purchaser's Shares.

7.2 Nature of Purchase

The Sellers shall receive the Purchaser's Shares issued to them by the Purchaser pursuant hereto as principals and shareholders of the Corporation, and not in any other capacity.

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ARTICLE 8

CLOSING

8.1 Location

Subject to the terms and conditions hereof, the Closing shall take place on the Closing Date commencing at the Closing Time at the offices of Purchaser in Coeur d'Alene, Idaho, or at such other place or places as may be mutually agreed upon by the Sellers and the Purchaser.

8.2 Transfer

At the Closing, upon the fulfillment of all the conditions set out in Article 6 which have not been waived in writing as herein provided, the Sellers shall deliver to the Purchaser a share certificate(s) of the Corporation representing the Corporation's Shares registered in the name of the Purchaser.

8.3 Payment

Upon completion of the matters set forth in Section 8.2 above, the Purchaser shall deliver to the respective Sellers certificates for the number of Purchaser's Shares calculated in accordance with Section 2, representing the Purchaser's Shares registered in the names of the Sellers and countersigned by the Purchaser's transfer

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agent and registrar, as payment in full of the Purchase Price for acquisition of the Corporation's Shares.

8.4 Termination

In the event that the Closing is not completed on the Closing Date, this Agreement and the transactions contemplated herein shall terminate and the parties hereto shall be released from any and all obligations arising hereunder, except those confidentiality obligations contemplated by Section 5.3 hereof.

ARTICLE 9

INDEMNIFICATION AND SET-OFF

9.1 Indemnity by the Sellers

- (a) The Sellers hereby agree jointly and severally to indemnify and save the Purchaser harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense which may be made or brought against the Purchaser or which the Purchaser may suffer or incur as a result of, in respect of or arising out of:
 - (i) any non-performance or non-fulfillment of any covenant or agreement on the part of the Sellers

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contained in this Agreement or in any document given in order to carry out the transactions contemplated hereby;

- (ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Sellers contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby; and
 - (iii) all costs and expenses including, without limitation, legal fees incidental to or in respect of the foregoing.
- (b) The obligations of indemnification by the Sellers pursuant to Clause (a) of this Section 9.1 shall be:
- (i) subject to the limitations referred to in Section 4.1 hereof with respect to the survival of the representations and warranties by the Sellers; and
 - (ii) subject to the provisions of Section 9.3 hereof.

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9.2 Indemnity by the Purchaser

- (a) The Purchaser hereby agrees to indemnify and save the Sellers harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense which may be made or brought against the Sellers or which the Sellers may suffer or incur as a result of, in respect of or arising out of:
- (i) any non-performance or non-fulfillment of any covenant or agreement on the part of the Purchaser contained in this Agreement or in any document given in order to carry out the transactions contemplated hereby;
 - (ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby; and

- (iii) all costs and expenses including, without limitation, legal fees incidental to or in respect of the foregoing.

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- (b) The obligations of indemnification by the Purchaser pursuant to Clause (a) of this Section 9.2 shall be:
 - (i) subject to the limitations referred to in Section 4.1 hereof with respect to the survival of the representations and warranties by the Purchaser; and
 - (ii) subject to the provisions of Section 9.3 hereof.

9.3 Provisions Relating to Indemnity Claims

The following provisions shall apply to any claim by a party seeking indemnification (the "Indemnified Party") against the party from whom indemnity is sought (the "Indemnifying Party") pursuant to Sections 9.1 and 9.2 hereof.

- (a) The Indemnified Party shall give prompt notice to the Indemnifying Party of any loss or liability incurred by the Indemnified Party, stating the nature, basis and estimated amount thereof.
- (b) In case of any loss suffered by the Indemnified Party as a result of any breach of a representation, warranty or covenant herein contained (other than in respect of a claim by a third party against the Indemnified Party),

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such Indemnifying Party shall, provided such loss is covered hereby, forthwith after notice of such loss pay to the Indemnified Party an amount equal to such loss.

- (c) In case of any claim by a third party against the Indemnified Party in respect of which the Indemnifying Party may be required to provide indemnification pursuant to this Article, such Indemnifying Party shall be entitled to assume the defence of such claim, and after notice from such Indemnifying Party to the Indemnified Party of the Indemnifying Party's election to assume

the defence thereof, the Indemnifying Party shall not be liable to the Indemnified Party for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defence thereof, other than reasonable costs of investigation, unless such Indemnifying Party does not actually assume the defence thereof following notice of such election. The Indemnified Party shall make available to the Indemnifying Party and its attorneys and other authorized representatives, at all reasonable times, and subject to confidentiality as to certain information, all books and records of the Indemnified Party relating to such claim and shall render to such Indemnifying Party such assistance as may reasonably be required in order to ensure proper and adequate defence of any such claim.

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- (d) The Indemnified Party shall not make any settlement of any such claim which might give rise to an obligation by the Indemnifying Party to indemnify it pursuant to this Article without the written consent of the Indemnifying Party. If the Indemnifying Party desires to effect a bona fide compromise or settlement of any such claim and the Indemnified Party should unreasonably refuse to consent to such compromise or settlement, then the Indemnifying Party's liability under this Article with respect to such claim shall be limited to the amount so offered in compromise or settlement together with all legal and other expenses which may have been incurred prior to the date on which the Indemnified Party has refused to consent to such compromise or settlement.

ARTICLE 10

GENERAL PROVISIONS

10.1 Further Assurances

Each of the Sellers and the Purchaser hereby covenants and agrees that at any time and from time to time after the Closing Date it shall, upon the request of the other party, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all such further acts, deeds, assignments, transfers,

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conveyances and assurances as may be required for the better carrying out and performance of all the terms of this Agreement.

10.2 Notices

All notices, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered or if mailed by first class registered mail or sent by telex, telecopier or other means of electronic transmission:

- (i) for the benefit of all the Sellers, to the following individual at:

Mountain West Bark Products, Inc.
4212 South Highway 191
Rexburg, Idaho 83440

Attention: Gerald Taylor

Telecopier: (208) 356-0200

- (ii) To the Purchaser at:

Hecla Mining Company
6500 Mineral Drive
Box C-8000
Coeur d'Alene, Idaho 83814-1931

Attention: Vice President - General Counsel

Telecopier: (208) 769-4159

or to such other address or telecopier number as the party to whom such notice, demand or other communication is to be given may hereafter have designated by notice given in the manner provided in

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this Section 10.2; and (x) if so mailed addressed as aforesaid, shall be deemed to have been given on the fourth Business Day following such mailing unless

there is an interruption in the mails in which case it shall be deemed to have been given when received, and (y) if so delivered or sent by telex, telecopier or other means of electronic transmission, shall be deemed to have been given on the first Business Day following the transmittal thereof.

10.3 Counterparts

This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original and all of which collectively shall constitute one and the same instrument and executed facsimile copies shall be deemed for all purposes hereunder to be valid executed copies hereof.

10.4 Expenses of Parties

Each of the parties hereto shall bear all expenses incurred by it in connection with this Agreement including, without limitation, the charges of its respective counsel, accountants, financial advisors and finders.

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10.5 Brokerage and Finder's Fees

Each of the parties hereto agree to indemnify the other party and hold the other party harmless in respect of any claim for brokerage or other commissions relative to this Agreement or the transactions contemplated hereby which is caused by actions of such party or any of its affiliates.

10.6 Disclosure

Except to the extent required by law, any regulatory authority have jurisdiction or any stock exchange on which the securities of the Purchaser are listed, neither any of the Sellers nor the Purchaser shall make public disclosure of this Agreement, or of the transactions provided for herein and therein without the prior written consent of the other party and the parties hereto shall cooperate in good faith as to the content and timing in making any such required or agreed public disclosure.

10.7 Assignment

The rights of each of the parties hereunder shall not be assignable without the written consent of the other party.

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10.8 Successors and Assigns

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein, express or implied, is intended to confer upon any person, other than the parties hereto and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

10.9 Entire Agreement

This Agreement (including the Schedules referred to herein) and the documents referred to herein constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and any previous agreements or understandings, representations or warranties between the parties or information exchanged by and regarding the subject matter hereof, including without limitation the Letter of Intent, are merged into and superseded by this Agreement.

10.10 Waiver

Except as otherwise expressly provided for herein, any party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time on or prior to the Closing Time; provided, however, that such waiver

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shall be evidenced by written instrument duly executed on behalf of such party.

10.11 Amendments

No modification or amendment to this Agreement may be made unless agreed to by the parties hereto in writing.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement under seal as of the day and year first above written.

<TABLE>

<S>

GERALD TAYLOR:

<C>

GAE TAYLOR:

/s/ Gerald Taylor

/s/ Gae Taylor

FRANK J. DANIELS:

SHARON D. DANIELS:

/s/ Frank J. Daniels

/s/ Sharon D. Daniels

DEE R. THUESON:

DONNA THUESON:

/s/ Dee R. Thueson

/s/ Donna Thueson

CLAIR O. THUESON:

ANN B. THUESON:

/s/ Clair O. Thueson

/s/ Ann B. Thueson

</TABLE>

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<TABLE>

<S>

NEIL H. KNUDSEN:

<C>

LINDA J. KNUDSEN:

/s/ Neil H. Knudsen

/s/ Linda J. Knudsen

HECLA MINING COMPANY:

ATTEST:

/s/ Arthur Brown

/s/ Michael B. White

Arthur Brown
Chairman and Chief
Executive Officer

Michael B. White
Secretary

</TABLE>

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EXHIBIT 11

HECLA MINING COMPANY AND SUBSIDIARIES

CALCULATION OF WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING

For the Years Ended December 31, 1993, 1992 and 1991

	Year Ended December 31,		
	1993	1992	1991
<S>	<C>	<C>	<C>
Shares of common stock issued at beginning of period	31,651,192	30,308,680	30,118,683
The incremental effect of the issuance of new shares in exchange for outstanding Liquid Yield Option Notes	1,269,217	516,981	- -
The incremental effect of the issuance of new shares for the acquisition of La Choya mineral concessions	- -	85,321	- -
The incremental effect of the issuance of new shares under Stock Option and Employee Stock Ownership Plans	49,970	15,667	35,098
The incremental effect of the issuance of new shares for the acquisition of Mountain West Bark Products, Inc.	8,397	- -	- -
	32,978,776	30,926,649	30,118,683
Less:			
Weighted average treasury shares held	63,728	60,933	60,201
Weighted average number of common shares outstanding during the period	32,915,048	30,865,716	30,093,580

</TABLE>

HECLA MINING COMPANY AND CONSOLIDATED SUBSIDIARIES

SUBSIDIARIES OF REGISTRANT

December 31, 1993

<TABLE>
<CAPTION>

	State or Country in Which Organized	Percentage of Voting Securities Owned	
	-----	-----	-----
<S>	<C>	<C>	
CoCa Mines Inc.	Colorado	100	(A)
Colorado Aggregate Company of New Mexico	New Mexico	100	(A)
Consolidated Silver Corporation	Idaho	67.5	(A)
Granduc Mines Limited(C)	Canada	37.9	(B)
Hecla Mining Company of Canada Ltd.	Canada	100	(A)
Kentucky-Tennessee Clay Company	Delaware	100	(A)
K-T Clay de Mexico, S.A. de C.V.	Mexico	100	(A)
K-T Feldspar Corporation	North Carolina	100	(A)
Minera Hecla, S.A. de C.V.	Mexico	100	(A)
Mountain West Bark Products Inc.	Idaho	100	(A)

</TABLE>

- (A) Included in the consolidated financial statements filed herewith.
- (B) At December 31, 1993, the Company accounts for its common stock investment using the equity method.
- (c) Divested as of January 24, 1994.

Letterhead of Coopers & Lybrand

Form 10-K December 31, 1993

Commission File No. 1-8491

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Hecla Mining Company on Forms S-8 (File Numbers 33-7833, 33-14758, 33-41833 and 33-40691) and Forms S-3 (File Number 33-72834) of our reports dated February 3, 1994, except for Note 5, as to which the date is February 8, 1994, on our audits of the consolidated financial statements and financial statement schedules of Hecla Mining Company as of December 31, 1993 and 1992, and for the years ended December 31, 1993, 1992 and 1991, which reports are included in this Annual Report on Form 10-K.

/s/Coopers & Lybrand
COOPERS & LYBRAND

Spokane, Washington
February 25, 1994