



January 10, 2018

Dear Bargaining Unit Employee,

The Company and the Union met on numerous occasions subsequent to the strike, and have narrowed down the remaining open items to six: Scheduling, Wages/Silver Premium, Holidays, Personal Leave Days, Bidding/Progression, and Term of Contract. I am writing to provide information on the Bidding/Progression topic.

During a two-day session with the federal mediator in November 2017, the Union, Company and federal mediator all agreed that Bidding is the key topic upon which the strike is based. The mediator recommended the two sides focus on resolving the Bidding issue, and when that is resolved, the remaining items could be solved very quickly.

After the first day of mediation, which resulted in no progress, the mediator advised the Company that he had an idea which had the potential to end the strike. He asked if Hecla would agree to drop its entire proposal on Bidding, and agree instead to accept the exact terms of another USW-represented mine. The mediator stated this would require significant compromise by Hecla. The mediator explained that by Hecla agreeing to the system in place at the Galena or the Stillwater mine, both USW-represented mines, the Union would be accepting a system it knows, understands, and is proven to be successful.

Hecla's negotiating team requested time to think about the idea, and following some internal discussion, advised the mediator the Company would agree to accept either the Galena or Stillwater systems, and authorized him to make the offer to the Union. The mediator was pleased with Hecla's willingness to compromise, and left to share the offer with the Union negotiating team. Unfortunately, the mediator returned a short time later and informed us the Union was unwilling to accept the compromise to meet in the middle. When we questioned why the Union refused to accept the same system they have agreed to at the neighboring mines, we were advised the Union would not agree to any system unless the senior miners retain control of their work places.

The Union then responded with a proposal that it claimed would give management partial control by working together with the senior miner to select the crew. However, as we read the language of the Union's proposal, it became clear the terms of their proposal gave the senior miner the ultimate authority to select the crew - the senior successful qualified bidder would determine who would be on the crew. The Union's proposal was essentially the same system that existed in the prior agreement - the senior miner is awarded the bid, and then selects his crew. The mediation ended a short time later as the two sides were deadlocked.

The system included in Hecla's revised final offer provides employees the opportunity to bid on a career path, and from there, grow based on their own initiative. Employees will have the opportunity to learn more skills and receive additional compensation as those skills are obtained. A mine department employee will no longer have to wait until someone bids off a job before having a chance to learn a new skill. Miners will have a chance to work in stopes and development headings based on what they know, rather than who they know. Maintenance and mill department employees are already working under a progression system, so the proposed system will not affect their growth.

Our revised offer is accessible on Hecla's web page at [www.hecla-mining.com](http://www.hecla-mining.com), under the *Lucky Friday Labor Negotiations* link. Please consider the above information in the event the Union representatives allow a vote. Our hope is the Union will allow you to vote your conscience through a secret ballot process.

Sincerely,

A handwritten signature in cursive script, appearing to read "Clayr Alexander".

Clayr Alexander