

Celebrating 125 Years



P E R S I S T E N C E

P E R S P E C T I V E

P O S I T I O N

Hecla
MINING COMPANY

Hecla's management team, Burke, Idaho, ca. 1901. Left to right: Fremont Rowe, Doc Evans, Ed Torkelson, Chet Lawrence, Charles Foreman, Pete Raton, Ed "Spud" Murphy, Bert Sloan. Burke was the location of the original Hecla mine (as well as the Hercules and the Star); at its height, as many as 1,400 people lived along its single street at the bottom of Burke Canyon. On the cover, a 1927 photograph of workers from the Hecla mine is juxtaposed with a 2015 photo of miners at Hecla's newest operating property: the Casa Berardi gold mine in Quebec.



Hecla Mining Com



WALLACE

THE

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is entitled to — Five Thousand — Shares
Capital Stock of the **HECLA MINING COMP**
transferable only on the Books of the Company in
or by Attorney on surrender of this Certy

Wallace, Idaho. Octo

Hecla's management team, Burke, Idaho, ca. 1901. Left to right: Fremont Rowe, Doc Evans, Ed Torkelson, Chet Lawrence, Charles Foreman, Pete Raton, Ed "Spud" Murphy, Bert Sloan. Burke was the location of the original Hecla mine (as well as the Hercules and the Star); at its height, as many as 1,400 people lived along its single street at the bottom of Burke Canyon. On the cover, a 1927 photograph of workers from the Hecla mine is juxtaposed with a 2015 photo of miners at Hecla's newest operating property: the Casa Berardi gold mine in Quebec.

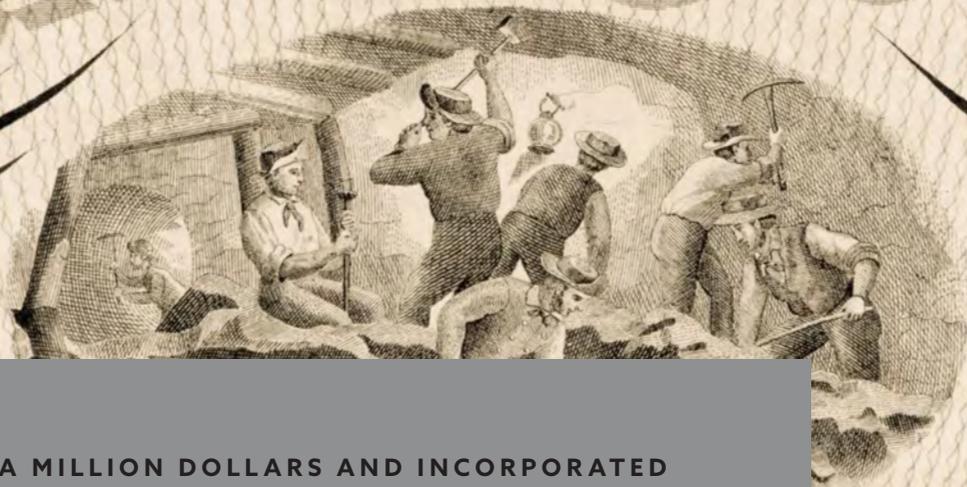


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NUMBER

Hecla Mining Com

OF WALLACE,



IDAHO.

CAPITALIZED FOR HALF A MILLION DOLLARS AND INCORPORATED ON OCTOBER 14, 1891, HECLA MINING COMPANY STANDS TODAY AS THE LAST OF THE PIONEER MINING COMPANIES OF NORTH IDAHO'S FABLED SILVER VALLEY — THE OLDEST U.S.-BASED PRECIOUS METALS MINING COMPANY AND THE LARGEST PRIMARY SILVER PRODUCER IN THE UNITED STATES.

IDAHO.

Campbell

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Wallace, Idaho. Octo



1891 WAS A REMARKABLE YEAR.



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

The Dalton Gang failed in its first train robbery attempt; the first gasoline-powered car debuted in Springfield, Massachusetts, shortly before the first-ever basketball game was played in the same city; Thomas Edison patented a “means for transmitting signals electrically.” And stepping right into this incredible year of innovation were the men who created Hecla Mining Company.

This company was born in one of the top mining districts in the entire world – a district that’s so far produced more than 1.2 billion ounces of silver. Today, we’re the largest primary silver producer in the United States and the country’s third-largest zinc and lead producer.

Hecla’s also the last of those original, gutsy Silver Valley mining companies still standing. But we’ve done more than simply outlast our rivals. We survived the labor unrest of the 19th century, we overcame the unrelenting financial and political challenges of the 20th (including the highs and lows of several supercycles in metals prices), and we continue to grow well into the 21st.

Hecla perfected the underhand mining technique, built the first circular concrete shaft in the Silver Valley, is currently taking the Lucky Friday’s #4 Shaft to nearly two miles below the surface, and has safely mined within the environmentally sensitive Admiralty Island National Monument for nearly three decades. Much of our progress and innovation over the years has come out of a desire not only for more production, but, more importantly, for a safer workplace. It’s why we became an early and full adopter of the National Mining Association’s CORESafety initiative, a program that has largely taken the insights and programs of the biggest mining companies and, at no cost, made them available to the entire industry. Three years after joining the program, we’ve already seen a 30 percent reduction in the All Injury Frequency Rate.

And the metals that Hecla produces? They’re absolutely critical in our daily lives. Silver in particular plays an important role in 21st-century technologies. Its superior conductivity and thermal efficiency make it ideal for use in all modern electronic devices, from cell phones to tablets to computers. It’s used in solar panels to generate electricity, in filtration systems to purify water, and in medical imaging technology to diagnose and treat illness. Industry demands it, technology requires it, and emerging economies depend on it.

THIS COMPANY WAS BORN IN ONE OF THE TOP MINING DISTRICTS IN THE ENTIRE WORLD – A DISTRICT THAT’S SO FAR PRODUCED MORE THAN 1.2 BILLION OUNCES OF SILVER. TODAY, WE’RE THE LARGEST PRIMARY SILVER PRODUCER IN THE UNITED STATES AND THE COUNTRY’S THIRD LARGEST ZINC AND LEAD PRODUCER.

Hecla’s value today is measured in large part by the company’s ownership of district-sized, high-quality land packages in safe and stable jurisdictions: Greens Creek, Casa Berardi, Lucky Friday, and San Sebastian. They’re our legacy; the result of 125 years of hard work and persistence.

Our value is also measured by a diversified revenue stream. One of Hecla’s competitive advantages is that we produce large amounts of four metals: silver, gold, lead, and zinc. Because precious and base metals prices typically don’t move together – when one is high, the other is frequently low – it can provide a natural revenue hedge.

Today, Hecla is a company transformed, building on a track record of mining excellence and focused on the safe and sustainable practices that will enable us to grow and evolve even more in the present century than we have in the previous two. Consider our 2015 performance: record silver production and silver equivalent production (11.6 million and 37.5 million ounces, respectively), and the tenth consecutive year of record proven and probable silver reserves.

For me, it’s particularly meaningful that Hecla is celebrating its 125th year in the wake of some of the most transformational events in the company’s history: settling the Coeur d’Alene Basin environmental litigation, acquiring Greens Creek and Casa Berardi, and developing the deeper potential of the Lucky Friday. And, most recently, the acquisition of Rock Creek, the largest undeveloped silver and copper deposit in the United States. Ours is a history of great assets, great people, and continual improvement and innovation – a history that gives me a great deal of confidence in our future. It’s a story of triumphs and stumbles, yes; but it’s also a story of persistence, creativity, skill, resilience, and courage.



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



Hecla's timber-framed surface buildings at Burke, Idaho, before the fire of 1923 that destroyed much of the town – and the Hecla plant.



P E R S I S T E N C E



THE FIRST
100 YEARS

On October 14, 1891, Patsy Clark, Amasa Campbell, and John Finch formed Hecla Mining Company to acquire and trade mining claims in North Idaho's newly discovered Silver Valley. The company's longevity is no accident. We believe our strategy is what's behind our enduring success. Because, for a company to last long enough to celebrate its centenary – let alone make it to 125 – it must be doing *something* right.



Patsy Clark



Amasa Campbell



John Finch

The company's next hundred years will be marked by a series of successes as well as challenges. But one thing remains constant: persistence in the face of sometimes overwhelming odds.

Hecla's founders took a gamble in capitalizing their nascent mining company with half a million dollars: In those early years, it certainly wasn't apparent that the Silver Valley would become a major mining district – producing 1.2 billion ounces of silver by the turn of the 21st century – or that Hecla would enjoy a long and fruitful history in the same district where it got its start. But within three months of its founding, the company's stock nearly doubled. And before the first decade was over, it had paid its first dividends – just as Campbell had predicted. Hecla, founded as steam power was giving way to electricity and mule teams were being replaced by mechanized equipment, was hitting its stride as it embraced the rapid changes of the time. And then, on July 13, 1923 (a Friday) fire swept through the town of Burke, Idaho, destroying the Hecla mine buildings, damaging the hoist, and laying waste to the Burke business district – as well as 50 homes. Hecla was out of

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commission nearly six months. The company rose from the ashes, built a new, fireproof plant twice as large as the old one, and began hoisting ore again on January 27, 1924. As if that weren't enough, workers completed an 8,203-foot crosscut from the bottom of the Hecla Shaft to the 4000 level of the Star mine. It was the longest tunnel in the world at the time, and it was done in 32 months.

By the 1930s, Hecla had become involved in its first real silver venture, having acquired the Polaris mine at the start of the decade. The Great Depression, though, wreaked havoc on everyone. In 1932, operating profits throughout the Coeur d'Alene Mining District plummeted to around 10 percent of what they were just two years earlier. Hecla emerged from the decade battered and bruised, with nearly 20 percent of its profits going to state and federal taxes, and thousands of tons of lead and zinc left unsold.



Again, Hecla bounced back. In 1944 – the same year that the last tonnage was hoisted out of the original Hecla Shaft – a remarkable discovery was made at the Polaris mine: a drill intersection of 24 percent lead and 125 ounces per ton silver, enabling the mine to pay dividends throughout the 1940s on the back of this new high-grade material. And an interest in Utah’s Radon and Hot Rock uranium deposits, purchased in 1954, provided more than \$9 million over the next nine years to build up the treasury. And then, Hecla made what’s arguably its best strategic move: the purchase of 184,000 shares in the Lucky Friday Silver-Lead Mines Company, followed by an additional acquisition of 644,058 shares – making the company the largest shareholder in the Lucky Friday silver-lead mine in Mullan, Idaho. Hecla bought the mine outright in 1964 for \$3.4 million.

Lucky Friday was by no means a sure thing. The mine had been down for the count more than once, sold at a 1912 sheriff’s sale for \$2,000 and again in 1936 for \$120 in back taxes. It wasn’t until 1938 that John Sekulic, a garage mechanic in Mullan, purchased the mine for \$15,000 and formed the Lucky Friday Mining Company. The company shipped its first ore in 1942. The mine has been in near-continuous operation ever since, yielding 160

million ounces of silver, more than a million tons of lead, and nearly 200,000 tons of zinc over its lifetime. And that same mine – already one of the world’s top-producing operations – looks to have another 20-plus years of life ahead of it.

From the late 1960s through to the late 70s, silver prices remained stubbornly flat. Hecla again persevered. But then, in 1979, an unlikely savior appeared in the form of oil heirs Herbert and Nelson Hunt, whose plan to corner the silver market led to their downfall – while turning Hecla’s fortunes around in a big way.

As the real value of the U.S. dollar fell, Nelson Hunt predicted an increase in the price of silver; he and his brother began to buy up not only physical silver, but also future contracts. And rather than closing out their contracts with cash, they took delivery on silver, stockpiling the metal and using cash reserves to buy up even more futures. The billions in demand triggered the rise of silver to more than \$50 per ounce. Hecla’s stock price rose accordingly, going from \$5.25 in January to a high of \$53.50 a year later, making it the New York Stock Exchange’s best performer of 1979.

A devastating fire in 1923 destroyed much of Burke, Idaho, including a number of surface buildings associated with Hecla’s namesake mine. The company would later rebuild – but this time with concrete.

Three miners pose with hand tools in front of a jackleg drill lit by a single candle. They're underground at the original Hecla mine in Burke, Idaho, which yielded more than nine million tons of ore before closing in 1944.



Around this time, work began on Lucky Friday's Silver Shaft, a 6,200-foot-deep, concrete-lined, cylindrical shaft with a hoisting speed of 2,250 feet per minute. The \$30 million project was in lieu of deepening the existing #2 Shaft, which was of the conventional rectangular, timber-supported design.

Workers bested industry records for speed and safety with the shaft's sinking. Nothing like it had ever been accomplished before in Hecla's history – or that of the Silver Valley. In fact, it was the first of its kind in the Coeur d'Alene Mining District. And despite what the naysayers pronounced – that only a crazy company would sink a cylindrical concrete shaft through the active faults of the Coeur d'Alene Mining District – the Silver Shaft, completed in 1984, continues to run smoothly, as advertised, hauling men and ore every day.

Hecla closed out its first century in business with growth across a number of sectors. A 1981 merger with Day Mines turned the company into a gold miner; in 1984, another merger with Ranchers Exploration and Development Corporation brought Hecla into the industrial minerals business and ball clay and volcanic scoria mining. That segment expanded yet again with the 1989 acquisition of the kaolin division of Cyprus Minerals, and, in 1990, the addition of a feldspar processing plant and two mines.

But it was the purchase of 28 percent of Greens Creek mine in Alaska in 1987, just four years before Hecla's centennial, that arguably set the company up for continued success in the new millennium. One of the largest silver-producing mine in the world, Greens Creek has been a consistent cash flow generator for the company since day one. Perhaps more significantly, though, the mine is an example of Hecla's long-time commitment to modern, sustainable mining practices.

Located in the Tongass National Forest in Alaska's Admiralty Island National Monument, Greens Creek has been operating adjacent to a pristine wilderness for nearly 30 years – a wilderness that's home to the highest density of brown bears and nesting bald eagles in the world, as well as robust populations of five species of Pacific salmon in the waters surrounding the island.

The success at Greens Creek is evidence of the mining industry as a whole becoming ever more creative, innovative, and diligent on the environmental front in order to continue to prosper in the future. And it marked a shift in perception. Long the target of environmental activists, Hecla and the mining industry began to see themselves as active environmentalists: engineering solutions and paying for improvements to actually care for and protect the land.



Idaho Governor H. C. Baldrige (center) visiting the Hecla mine in 1927. Hecla President James F. McCarthy is at far left.

P E R S P E C T I V E



THE LAST
25 YEARS

Hecla got off to something of a rocky start in the first decade following its hundredth year in business. A look at two of its properties – the Yellow Pine and Grouse Creek Units, both located in central Idaho – offers a sharp contrast: the company’s award-winning, forward-thinking approach to mining followed by a massive disappointment.

Yellow Pine was established as a short-term project to mine about 80,000 ounces of gold over a three-year period beginning in 1988. Though the deposit itself was mined out in 1991, heap-leaching of the ore continued into 1992, when the mine poured its last ounce of gold. Total production reached nearly 100,000 ounces.

Hecla’s reclamation efforts at Yellow Pine were recognized twice – in 1991 and 1993 – when Idaho Governor Cecil Andrus presented the company with the state’s highest award for Excellence in Annual Operations; in 1992, the operation was given the

Industrial Pollution Control Award for Idaho by the Pacific Northwest Pollution Control Association for the unit’s innovative strides toward water quality improvement. Yellow Pine proved that a successful mining project can also be compatible with environmental sustainability.

Grouse Creek came with Hecla’s purchase of CoCa Mines in 1991. Though it was an expensive project – including running a \$10 million power line onto the property and the construction of a \$200 million mill – it was a time when everyone was looking for ways to make money out of lower-grade deposits. Meanwhile, initial drilling showed promise, and mining crews hit a pocket of high-grade material early on that sent the company’s stock through the roof. Unfortunately, the ore body failed to deliver. With cratering gold prices and lower-than-anticipated grades, Hecla had no choice but to shutter the mine less than a year after operations began.



A Hewitt ramp near the Lucky Friday mine improves fish habitat by creating plunge pools and slowing and aerating the stream. The area is part of an expanded riparian habitat for moose, beaver, frogs, and wetland plants.

The turn of the millennium marked Hecla's move into Mexico and Venezuela: San Sebastian and La Camorra, respectively. Both were part of the 1999 acquisition of Monarch Resources Investments Limited for \$25 million – \$9 million in cash and 6.7 million shares of Hecla common stock.

La Camorra was an underground gold mine located near the town of El Callao in the eastern Venezuelan state of Bolivar, and was accompanied by nine other exploration concessions encompassing 8,000 hectares near the mine. After improvements to the mine and mill, the first gold pour under Hecla management took place on October 18, 1999. Over the next nine years, La Camorra produced over a million ounces of gold for Hecla, making the company the largest gold producer in Venezuela.

By 2008, however, Venezuelan President Hugo Chavez, who, early in his term, was instrumental in bringing in foreign investment to develop the country's natural resources, was in the midst of what could only be called an expropriation spree. In June, the government announced that it would mediate between workers and Hecla management concerning working conditions at the company's Isadora mine – about 70 miles north of La Camorra. Anticipating that the La Camorra mill and concession would revert to the state by January 1, 2009, Hecla sold its interest to Rusoro Mining for \$25 million.

San Sebastian, in Durango, Mexico, was a different story altogether. Production began there in 2001 and continued through the end of 2005, yielding 11.2 million ounces of silver. Having extracted the high-grade ore, Hecla put the mine on care and maintenance while continuing its exploration activities on the 200-square-mile land package. For the next 10 years, exploration and definition drilling continued. In December 2015, following an infill drill program that confirmed high-grade material and a positive Preliminary Economic Assessment indicating an expected 400 percent internal rate of return, work began again at San Sebastian – this time on shallow pits to mine the high-grade supergene material.

San Sebastian is a case study in patience. Hecla geologists believed they were in the right spot – and it turns out they were. Careful planning and built-in efficiencies (the company is leasing a nearby mill rather than purchasing one outright) will make the mine a strong cash flow generator for the next 18 months to two years – even as further underground exploration continues.



Surface core drilling at Hecla's San Sebastian silver and gold property near Durango, Mexico.

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The bursting of the \$8 trillion housing bubble in December 2007 set off a series of events that former Federal Reserve Chairman Ben Bernanke called the worst financial crisis in history: chaos in the global markets, a collapse in business investment, and the loss of nearly 8.5 million jobs in the U.S. labor market alone.

And in the midst of it all – during what eventually came to be known as the Great Recession – Hecla CEO Phil Baker and the company’s board of directors managed to shepherd through a deal that saved the company: the purchase of 100 percent of the Greens Creek mine in Alaska.

The \$750 million deal was struck in April 2008. Nearly half of the purchase was made with cash on hand and \$50 million worth of Hecla shares, but \$380 million had to be borrowed from a banking syndicate – 70 percent of which had to be repaid by year-end. Three months later, the collapse of Fannie Mae and Freddie Mac, the world financial markets, Merrill Lynch, and Lehman Brothers led to a credit crisis that forced Hecla to do something the company had done only twice during

Baker’s tenure to date: issue equity. But by the end of 2009, thanks in large part to the Greens Creek acquisition and a recovering silver price, Hecla was back in the black, its bank debts repaid. Net income to shareholders that year was \$54.2 million (versus a loss of \$80 million the previous year).

Around the same time as the Greens Creek deal, Hecla commenced engineering and construction activities on the #4 Shaft project at Lucky Friday, with the board of directors giving its final approval of the project in August 2011. As currently designed, the #4 Shaft – at \$225 million the largest capital project in Hecla’s history – is expected to involve development to nearly 9,500 feet below the surface, providing deeper access to higher-grade material in order to increase the mine’s production and operational life. The Lucky Friday is a 70-year-old mine – but the completion of the #4 Shaft in late 2016 means its best days are still ahead.

This was an exciting time for Hecla. But the company wasn’t done – not by a long shot. The purchase of Casa Berardi and its parent company Aurizon in June 2013 marked Hecla’s return to the primary gold-mining business after its sale of La Camorra in 2008. Though Hecla had flirted with Casa Berardi owner Aurizon first in 2010, the companies were unable to strike a deal. But in January 2013, the two CEOs met to reconsider. Hecla began a due-diligence review of Aurizon and managed to squelch a competitor’s hostile takeover bid.

Difficulties with the EPA proved challenging during this period as well. Hecla was part of a legal action brought by the Coeur d’Alene Tribe of Indians – and later the U.S. government – against more than 70 mining companies operating in North Idaho.

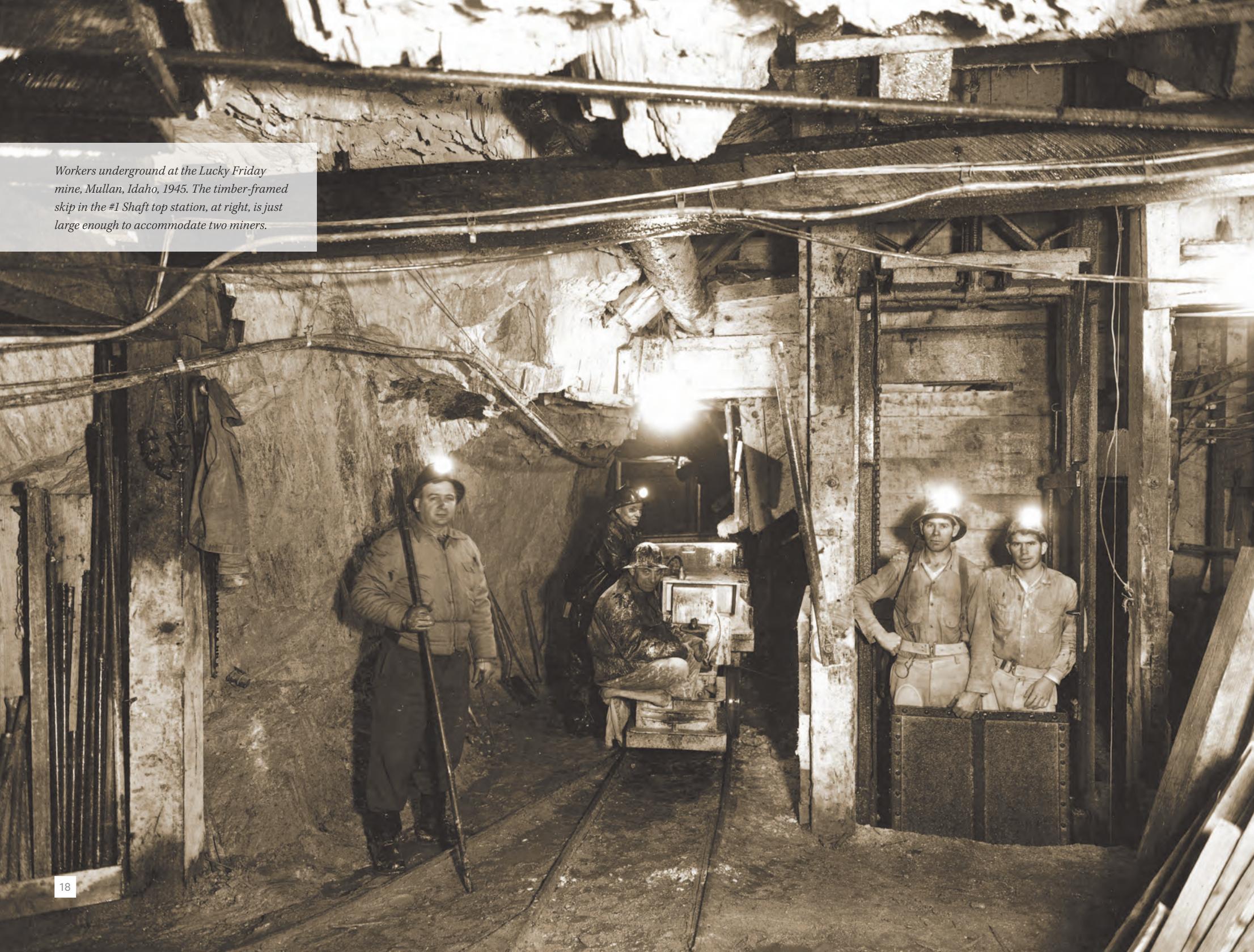
It started with the 1981 closure of the Bunker Hill mining and smelting facility in Kellogg. The owners left behind what the EPA designated as the nation’s largest Superfund site: 21 square miles covering three cities. Hecla was a one-time partner with Bunker Hill in the Star mine north of Wallace, and had acquired other inactive properties in the area through its merger with Day Mines, which had also done business with Bunker Hill.

When the EPA placed liens on the surviving operations in 1996, many simply gave up – and saw their mine portals bulldozed shut – while others settled early. But neither of the plaintiffs were satisfied. Ultimately, the lawsuit led to a 78-day trial in U.S. District Court in 2001. The defendants were Hecla and ASARCO, with the latter reaching a \$485 million settlement in 2008 while it was emerging from Chapter 11 bankruptcy. Three years later, Hecla agreed to a settlement of \$263 million in cash and stock, and made its final payment to the government in 2014.



Collared at 4,700 feet below and one mile north of the Silver Shaft collar, Lucky Friday's #4 Shaft will extend almost two miles below the surface.

Workers underground at the Lucky Friday mine, Mullan, Idaho, 1945. The timber-framed skip in the #1 Shaft top station, at right, is just large enough to accommodate two miners.



P O S I T I O N



THE FUTURE

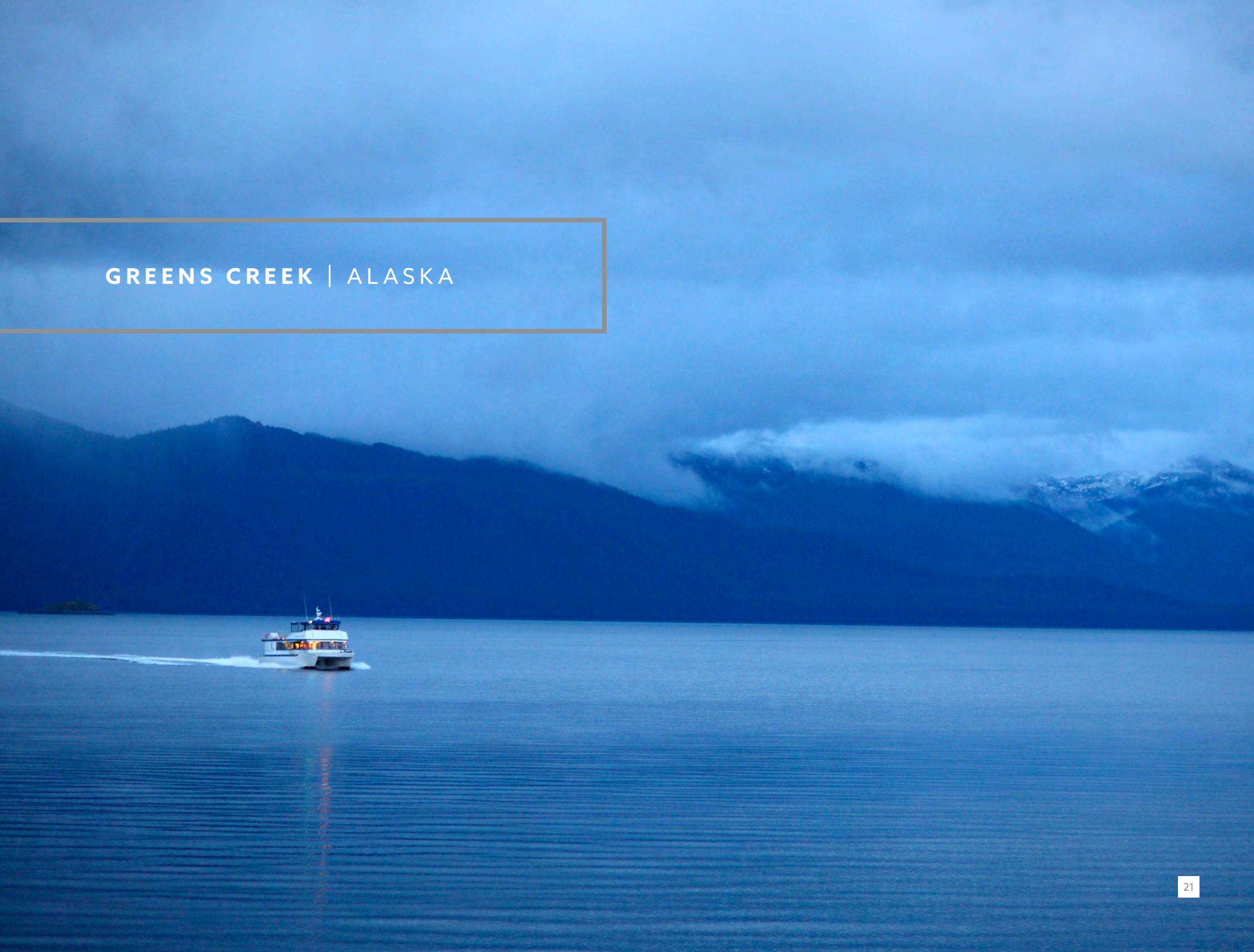
Lost to history is why geologists Bill “Boomer” Block and Joe Dreschler chose “Big Sore” as the name of their 1974 aerial discovery of evidence of a large underground anomaly on the northern end of Alaska’s Admiralty Island. No matter, though: what they’d found was the extraordinary Greens Creek mine, North America’s largest, most prolific, and lowest-cost polymetallic silver mine.

Hecla purchased an interest in the multi-venture project in 1987. A decade later, Greens Creek yielded, for Hecla’s accounts, 2.9 million ounces of silver and 17,000 ounces of gold. And by 2007, the mine served up 8.6 million ounces of silver, 68,000 ounces of gold, 63,000 tons of zinc, and 21,000 tons of lead. The cash cost of the silver mined, when factoring in by-product credits, was actually in the minus column.

So when Rio Tinto’s Kennecott division, owner of the remaining portion of the project, offered up all of Greens Creek for sale in 2008, Hecla CEO Phil Baker pounced. He believed it was a once-in-a-lifetime opportunity for the company. And he was right. In 2015, the mine produced 8.5 million ounces of silver and more than 60,000 ounces of gold.

Right: Operating on Admiralty Island, a national monument, Greens Creek demonstrates that improving operations while maintaining high environmental and safety standards is not just a goal, it’s a reality. Facing page: The Greens Creek ferry takes employees between Juneau and Young Bay on Admiralty Island.



A wide-angle photograph of a calm lake at dusk. The sky is a deep, layered blue with soft, wispy clouds. In the distance, dark mountains rise, with some peaks covered in snow and partially shrouded in mist. A white boat with a cabin and a small flag is moving across the water from left to right, leaving a white wake. The boat's lights are on, and their reflection is visible on the water's surface. The overall mood is serene and quiet.

GREENS CREEK | ALASKA





GREENS CREEK

TOTAL PRODUCTION TO DATE*

200 MILLION OZ SILVER

1.5 MILLION OZ GOLD

0.5 MILLION TONS LEAD

1.4 MILLION TONS ZINC

TOTAL REVENUE TO DATE

\$4.6 BILLION

*Ownership: 28.0% in 1987; 29.73% in 1994; 100% in 2008

Facing page: A Load-Haul-Dump loader fills an underground haul truck with ore. Left: A lab employee at the Greens Creek mine in Alaska.

Acquired in June 2013, Casa Berardi marked Hecla's return to the primary gold-mining business after a five-year absence. The mine is located 60 miles north of La Sarre, Quebec, in the Abitibi Mining District along the Cadillac Fault – a greenstone belt stretching from Wawa, Ontario, to Val-d'Or. Since 1901, the region has produced 170 million ounces of gold from some 100 mines.

Casa Berardi has generated cash flow for Hecla from the time of the acquisition – producing nearly 130,000 ounces of gold in 2015 alone – and has been partially insulated from lower gold prices by the weaker Canadian dollar.

In addition to the underground workings, crews have begun excavating the project's first open pit, called the East Mine Crown Pillar pit. The project is expected to provide 5,000 additional gold ounces in 2016, then 30,000 ounces annually for the rest of the project's life – and an internal rate of return of 90 percent. It's also anticipated to provide an additional 700-800 tons of ore a day, bringing the mill to full capacity and supplementing the higher-grade production from underground. And exploration results show considerable promise: the 2015 drilling program replaced more than 75 percent of the ounces mined during the year.

When Casa Berardi resumed operations in 2006, it had a five-year mine life. Today, it's looking to be in good shape for at least the next 11.

*Right: Gold doré process at the Casa Berardi mine in Quebec, Canada.
Facing Page: Casa's headframe.*



CASA BERARDI | QUEBEC





PERSONNEL
AUTORISÉ
SEULEMENT



GUENILLE

DÉCHETS
DOMESTIQUES



CASA BERARDI

TOTAL PRODUCTION TO DATE*

1.9 MILLION OZ **GOLD**

TOTAL REVENUE TO DATE*

\$1.7 BILLION

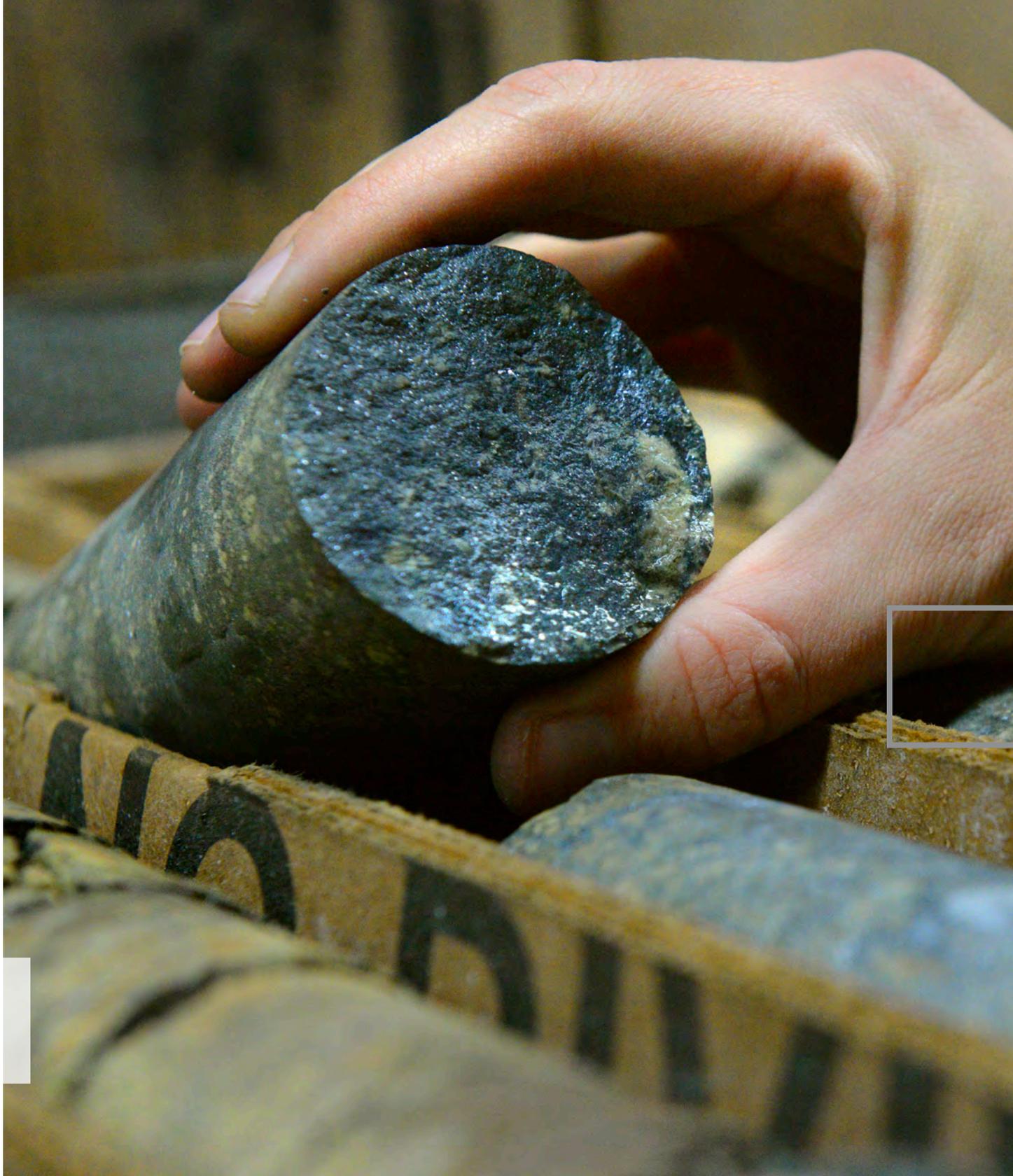
*Production from 1988-1997 and 2006 to present
Ownership: 100% in June 2013

Facing page: Workers arrive for a shift change at Casa Berardi. Left: The mine's ball mill.

When Hecla bought the Lucky Friday mine in 1964, nobody knew that one of the biggest silver deposits in North America lurked a mile below. It's now the target of the most ambitious capital project in Hecla's history.

As the company entered its second century, however, Lucky Friday was operating at a loss. Conventional wisdom held that the mine was done. But in 1992, Hecla embarked upon what the company's annual report described as a "major exploration program." A feasibility study was commissioned in January 1993. A year later, drillers shot 22,000 feet of holes and drift miners drove 6,000 feet toward the hoped-for deposit. And there it was. By the end of 1998, Lucky Friday produced 4.1 million ounces of silver for the year. In August 2011, Hecla's board approved construction of the #4 Shaft. Designed to provide even deeper access to the deposit, it will take miners nearly 9,500 feet beneath the surface – and potentially extend the mine life by several decades.

*Right: A drill core sample from underground definition drilling at the Lucky Friday mine.
Facing page: Miners in Lucky Friday's Silver Shaft skip prepare to unload.*





LUCKY FRIDAY | IDAHO





LUCKY FRIDAY

TOTAL PRODUCTION TO DATE*

158.4 MILLION OZ SILVER

1.0 MILLION TONS LEAD

188,502 TONS ZINC

TOTAL REVENUE TO DATE**

\$1.2 BILLION

*Ownership: 100% in 1964

**Total revenue since 1981

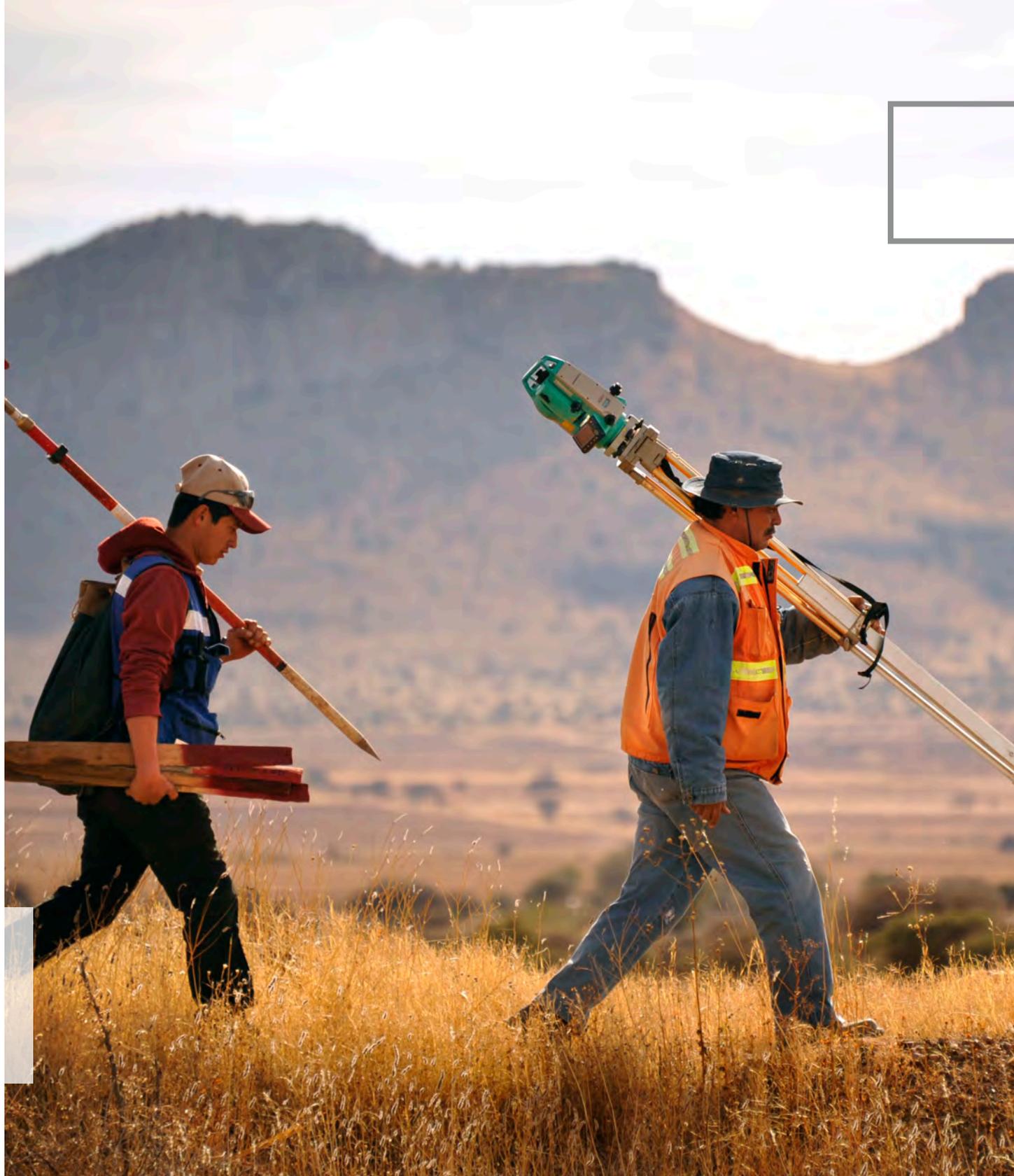
*Facing page: Today's modern methods – such as this mechanized rock bolter at the Lucky Friday mine – increase not only mine safety, but also efficiency and productivity.
Left: An ore loading pocket at Lucky Friday.*

Hecla's newest silver and gold mine, San Sebastian began mining ore in December 2015 from shallow, near-surface pits – though the company operated a series of surface trends and an underground mine from 2001-05. San Sebastian produced nearly 180,000 ounces of gold and 11.6 million ounces of silver during that time, making it one of the highest-grade producers in Mexico. Hecla geologists have long recognized the potential for the district to host similar high-grade mineralization, and a systematic exploration effort has been in place since the company arrived in 1999.

Hecla's holdings at San Sebastian are located on 162 square miles in the heart of La Faja de Plata (the Mexican Silver Belt) of north-central Mexico. It's the most productive silver district in the world, having already yielded more than 10 billion ounces of silver and currently producing 100 million ounces annually. Many of the district's mines have been in continuous production since the 16th century.

San Sebastian demonstrates a flexibility and responsiveness that belies Hecla's 125 years. Early in 2015, it was an exploration project; on December 10, it began processing ore; less than two weeks later it produced its first doré. By year's end, the mine had produced 75,552 ounces of silver and 705 ounces of gold with only a minimal capital investment.

Right: Surveyors at the San Sebastian mine in Durango. Facing page: At San Sebastian, the quick turnaround from exploration property in 2014 to operating mine in 2015 demonstrates Hecla's ability to recognize and take advantage of robust economics within a low-price environment.



SAN SEBASTIAN | MEXICO



MINING IN THE 21ST CENTURY

Around the time Hecla was founded, the mining industry began making tremendous advances in safety and productivity: from steam to electrical power, from black powder and nitroglycerin to dynamite, from the two-man double jack and hand steel to stoper drills. Those advances continue today.

Hecla itself can rightfully claim some firsts: the first mine in the country to deliver paste and mine under backfill (as well as the first paste-fill operation in the Western Hemisphere), the Silver Valley's first circular concrete shaft, the early adoption of the dry-stack method of tailings management. And that culture of continuous innovation continues today with the sinking of the deepest underground shaft in the United States.

Much of the company's progress and innovation over the years has come from the desire not only for more production, but also – and more importantly – for a safer workplace. Throughout mining's history, underground miners have been physically connected to their tools, whether it was the double jack, the stoper drill, or the jackleg. But the future promises something completely different, with the possibility of operators at the surface controlling multiple machines deep underground: quiet, battery-powered machines that produce no emissions – thus reducing refrigeration and ventilation requirements.

Few properties illustrate Hecla's innovative, forward-thinking approach to deep underground mining better than the Lucky Friday.

Back in 1984, Hecla built the 6,000-foot, cylindrical, concrete-lined Silver Shaft – the first of its kind in the Silver Valley.

Then there's the technique, borrowed from Sweden, called "upside-down mining." Coeur d'Alene District mines typically followed the traditional practice of developing on 200-foot levels. After finishing a level, miners would drop 200 feet through native rock via a shaft or a raise, then mine up to the level they'd just completed. The problem: they were exposed to native rock over their heads. Hecla first applied upside-down mining at the Star mine in 1980, then, partnering with the U.S. Bureau of Mines and the University of Idaho,

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developed what would eventually be called Lucky Friday Underhand Longwall in 1985. The concept behind upside-down mining was to mine underneath the 200-foot pillar, supporting the ground with an engineered backfill product: reinforced concrete, which is far more predictable than native rock. The technique has gained traction elsewhere in the industry. Variations are now in use at the Galena lead mine in northern Idaho's Silver Valley, and at Stillwater Mining Company's platinum-mining complex in Columbus, Montana.

But it's not about standing on former achievements. There exists at Hecla a long-term goal to use technological advancements toward improving the safety and economics at every one of the company's operations – both new technologies and those that already exist within the industry.

In 2015, Hecla's Information Technology group began working to improve capabilities in wireless data-gathering and communication within the mines. That technology will enable us to monitor underground operations, including equipment, mine environment, and personnel to better evaluate, track, and optimize performance. We'll be able to monitor various gases, ventilation, pumps, and electricity from a control center at the surface – or, really, from anywhere on Earth – to ensure the safety of Hecla's workers. But it's not just monitoring; it's also the ability to make adjustments remotely. Once this system is in place and operational, fans, air doors, pumps, any piece of equipment can be controlled from any location.



And in January 2016, we initiated a project with Atlas Copco, a Swedish mining equipment manufacturing company, to look at the possibility of building a mechanical mining system that could mine the vein without drilling and blasting – a battery-based system that’s operated remotely through the use of cameras and directional lighting. This could be a game-changer at the Lucky Friday.

Another breakthrough is the use of Computer-Aided Design for automated drilling, a technique that will be deployed this year at the Casa Berardi gold mine. This method will not only enable longer drill lines and faster advance rates, but also, since the drill can be controlled via computer, the potential for automatic drilling over shift changes – when activity is typically at a minimum.

Of course, with any of these technological advances, the first consideration is whether it will improve worker safety – especially considering the depths at which Hecla mines. The ultimate goal, in fact, is to remove people from the immediate environment where, in addition to heat, the potential is greater for higher-stress rock conditions.

The new #4 Shaft hoist control room at the 4900 level of the Lucky Friday mine.

RESPONSIBILITY

Hecla's philosophy on corporate responsibility integrates health and safety, environmental and community stewardship, and sustainable economic performance.

We've always held that our greatest resource is our people; their health and safety the company's top priority. Put simply, without our dedicated and talented workforce, Hecla wouldn't be celebrating its 125th year in business in 2016 – nor would it be as successful as it is today.

That's why the company is committed to using the most effective workplace practices available to stop accidents before they happen – in addition to stressing continuous, measurable improvement in safety and

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health performance. In 2012, Hecla joined with the National Mining Association as an early adopter of the CORESafety initiative, a new paradigm in mine safety and health. CORESafety is a scalable mining-specific safety and health management system designed to eliminate fatalities and reduce the rate of mining injuries by 50 percent nationwide over its first five years. Three years after joining the program, Hecla has already reduced its injury rate by 30 percent.

Spread across three countries, each of Hecla's properties has its own challenges and solutions. But all of them – whether exploration, pre-development, or fully operating mines – share a common goal: to send employees and contractors home to their families safe and sound, every single day.

In its 125-year history, Hecla has witnessed a dramatic shift in society's expectations surrounding environmental protections. The industrial practices of a century ago have long gone by the wayside; the last 25 years alone have seen the greatest innovations in stewardship, with today's strict standards and practices reflecting an evolving awareness of the need to preserve the environment. The mining industry has embraced this change.

Hecla in particular has a long history of honoring our environmental commitments. We seek to continuously improve on environmental performance as we adopt new technologies and practices. We've demonstrated that mining in even the most sensitive environments can work – just as it has at our Greens Creek mine in Alaska over the past 27 years. We've earned recognition for successful mining operations and reclamation practices, addressed legacy sites, and worked cooperatively with local communities and non-governmental organizations to address and improve environmental conditions near our operations.

Those long-lived mines have allowed the establishment of a deep connection between Hecla and the communities in which we operate. These long-standing, mutually beneficial partnerships have become the model for the company's future. Through transparency and responsiveness to the needs of these communities, we're able to build trust and relationships that foster the sustainability of our operations – and, at the same time, make meaningful contributions to the communities themselves, partnering with them to enhance worker skills, education, and employment opportunities, as well as to support sustainable development initiatives.



Underground miners “brass in and out” every day, a procedure that enables the mine to identify who’s underground in the event of an emergency.

The Hecla Charitable Foundation is just one example of this approach. Established in 2007 to provide grants and funds for educational and charitable purposes to qualifying 501(c)(3) organizations, the foundation's mission is to enhance the quality of life and to promote the social, environmental, and economic sustainability and development of those communities where Hecla has operations and activities. Within this overall mission, the foundation intends to focus its efforts in four areas: education, community programs, youth activities, and health services.

By treating environmental, safety, and health performance as core business principles – as well as increasing our efforts at community engagement – we're not just contributing to the economic success of the company. We're helping people improve their quality of life.

Right: One of many educational programs funded by the Hecla Charitable Foundation is a dictionary project called "Investigating our Language." Facing page: Water sampling near the Lucky Friday mine in Mullan, Idaho. Environmental stewardship is just one of Hecla's core business principles.





MILESTONES



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Founded by Amasa Campbell, Patsy Clark and John Finch, Hecla Mining Company is incorporated in the state of Idaho on October 14.

1898 | Hecla is incorporated in Washington State on July 12 with Amasa Campbell voted in as president. Capitalized for one million shares with a par value of 25¢, Hecla's stock rises within three months to 45¢ per share. Hecla's management begins to buy up the claims adjacent to the Hecla lead mine, and Campbell exults, "The Hecla is developing into a wonderful mine."

1900 | The company pays its first dividend of 2¢ per share on July 5 – just as Amasa Campbell had forecast. By the end of the year, Hecla sells \$229,550 worth of ore and pays \$100,000 in dividends.

1904 | On October 14, Hecla transfers its records from the offices of Finch and Campbell in Spokane, Washington, to Wallace, Idaho – where it would stay for more than 80 years.

1915 | Hecla stock begins trading on the New York Curb Exchange – later the American Stock Exchange – on September 23. With the listing, Hecla begins printing an annual report, which previously had been a typewritten statement from James McCarthy's handwritten draft.

1923 | Fire sweeps through Burke, Idaho on Friday, July 13, destroying the Hecla mine buildings, damaging the hoist, and decimating the Burke business district along with 50 homes. Miraculously, no one is injured: men working underground as far down as the 1600 level are hoisted out of the mine before flames cut off the electricity. The rest climb hand-over-hand to the surface – 2,000 feet above them.

1924 | The Burke fire puts Hecla out of commission five months and 18 days; ore is hoisted again on January 27, 1924. The new Hecla plant, fireproof and twice as large as the old one, processes ore from both the Hecla and Star mines. An 8,203-foot crosscut from the bottom of the Hecla Shaft to the 4000 level of the Star mine is completed after 32 months of round-the-clock digging. The longest tunnel in the world at the time, the venture costs \$531,887.

1930 | Hecla acquires the Polaris, one of the oldest claims in the district. Though some are initially skeptical of the company's first real silver venture, a spectacular ore intercept of 24% lead and 125 ounces of silver per ton is discovered in 1944. The Polaris, staked in 1884, pays Hecla's dividends through the 1940s.

1932 | With lead at its lowest price since 1914 and silver lower than anyone can remember, the annual report of the Idaho state mines inspector notes that the year was "the leanest...in 40 years." Net operating profits from the Coeur d'Alene District's mines plummet to \$437,013 from \$4.2 million just two years earlier.

While Hecla uses the lean Depression years to look for new mines and to develop those it owns within its means, a reviving market enables the company to reopen the Star mine in October.



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1938 | 18.85 percent of Hecla's profits are claimed by state and federal governments as taxes. Only 50 to 60 percent of lead output is being sold, while the zinc plant holds 7,700 tons unsold. The metals market continues its erratic behavior toward the end of the decade, causing investors to dump shares.

After four decades of production, the last tonnage is hoisted from the original Hecla Shaft in 1944. Bottoming out at 3,600 feet, the company's namesake mine yields more than nine million tons of ore during its lifetime.

1945 | Hecla-Polaris crews begin driving down the Silver Summit Shaft, their intent to explore deeper in the silver belt. They sink 1,596 feet in 11 months and eight days – said to be a record speed.

1946 | Hecla acquires 131 claims and take options on others in the Rock Creek drainage southwest of Wallace. The Wallace Miner calls it "one of the biggest deals in recent years." But by the end of the decade, Hecla sinks more than \$408,000 into the project – with no commercial ore present. The property is sold five years later at a loss.

1954 | Hecla signs a deal to acquire an interest in the rich Radon and Hot Rock uranium deposits in Utah. Over a nine-year life, the two mines yield a net income of \$9.3 million.

1958 | On December 12, Hecla purchases 184,000 shares in the Lucky Friday Silver-Lead Mines Company, and with an additional acquisition of 644,058 shares becomes the largest shareholder in the Lucky Friday silver-lead mine in Mullan, Idaho. "None of us ever dreamed," Hecla President Les Randall later reflects, "that it would become the great mine it is."



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Hecla's board of directors approves the purchase and development of the La Choya gold property in Sonora, Mexico. The purchase marks the company's first move into the Mexican mining industry. And, after nearly 100,000 ounces of gold production and four years of operations, Hecla's Yellow Pine unit is closed.

1993 | The company issues 2.3 million shares of Series B Cumulative Convertible Preferred stock, raising \$100 million to develop the La Choya and Grouse Creek properties. That same year, Hecla receives Idaho's top environmental award for "Excellence in Annual Operations of Large Hard Rock Mines," presented for reclamation work at the Yellow Pine unit.

1994 | Hecla begins operations at the open-pit, heap leach La Choya gold mine, the largest in Mexico at the time. The company completes the acquisition of Equinox Resources Ltd., which brings with it the Rosebud gold property in Nevada. Kentucky-Tennessee Clay Company, a wholly owned subsidiary of Hecla, opens its first foreign clay processing plant in Monterrey, Mexico. Hecla's Lucky Friday unit celebrates mining its 100 millionth ounce of silver. In October, Hecla reports disappointing results at the Grouse Creek mine due to lower-than-anticipated gold grades. A re-evaluation of ore reserves commences while, on December 20, the first gold pour takes place there. The company is awarded two of Idaho's top reclamation awards based on its performance at Grouse Creek.

1996 | Hecla announces that mining will continue at the Grouse Creek property for one more year while the Sunbeam deposit is mined out.

1981 | The company turns to gold mining with the merger of Day Mines, Inc. and Hecla. Operations begin on the rich Republic gold mine, located in northeast Washington State.

1982 | The Star mine – the deepest in North America at 8,100 feet – is shut down.

1984 | More growth for Hecla comes in the form of a merger with Ranchers Exploration and Development Corporation, owned by the flamboyant Maxie Anderson. This brings Hecla into the industrial minerals business and launches the company into ball clay and volcanic scoria mining. On July 10, Hecla President Bill Griffith announces the company's intentions to move its headquarters from Wallace, where it had been since 1904, to Coeur d'Alene, Idaho.

1987 | Hecla purchases a 28% interest in the massive Greens Creek silver-gold-zinc-lead mine on Admiralty Island near Juneau, Alaska. Construction of the mine is a testament to the mining industry's ability to minimize its impact on the environment.

1989 | The company expands its industrial minerals segment with the acquisition of the kaolin division of Cyprus Minerals.

1990 | One feldspar processing plant and two mines are added to the company.

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Hecla celebrates 100 years of mineral production – and completes a merger with CoCa Mines, Inc., which brings with it the undeveloped Grouse Creek gold property in central Idaho. At the company's Yellow Pine Unit, also in central Idaho, Governor Cecil Andrus honors Hecla with the state's top award for mining reclamation.

1964 | A merger between Hecla and Lucky Friday Silver-Lead Mines Company is consummated April 1, 1964. After 49 years on the American Stock Exchange, Hecla is listed on the prestigious New York Stock Exchange.

1966 | ASARCO sells the Morning mine (adjacent to the Star mine in Burke, Idaho) to Hecla for \$750,000. The company immediately begins sinking a shaft to mine the deep regions of the Star mine.

1967 | Hecla makes what becomes the most costly move in its history: an agreement to develop the Lakeshore copper mine in Arizona. By 1977, with falling copper prices, 1,500 employees are let go and the mine is closed. Lakeshore costs Hecla \$96 million.

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The Hunt brothers' move to corner the silver market drives the price to over \$50 per ounce. As a result, Hecla's stock price shoots up from \$5.25 in January to a high of \$53.50 12 months later, making it the year's best performer on the New York Stock Exchange. The huge upsurge in price enables Hecla to get out of the debt caused by the Lakeshore venture within 18 months. The same year, work begins on the Lucky Friday Silver Shaft – a 6,200-foot-deep, concrete-lined, circular shaft. It's the first of its type in the Coeur d'Alene Mining District, with a hoisting speed of 2,250 feet per minute, and is completed in 1984.





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After four years of operation and a total production of about 11.2 million ounces of silver and 155,937 ounces of gold, the San Sebastian mine in Mexico is mined out and closed. Hecla continues exploration on the 346-square-mile property.

2006 | Hecla reports the highest earnings and the lowest reported cash cost for silver in its 115-year history – and increases silver reserves and resources by 25%.

2007 | In March, Hecla’s market capitalization reaches \$1 billion. The company begins the Silver Valley exploration project and starts digitizing more than 100 years’ worth of historical geologic data, maps, etc.

2008 | Hecla completes the transaction to acquire the Rio Tinto subsidiaries that hold the remaining interest in the Greens Creek joint venture. As a result of the transaction, Hecla subsidiaries now hold 100% of the Greens Creek mine. The company also sells its subsidiaries engaged in gold mining and exploration in Venezuela to Rusoro Mining Ltd.

2009 | The company reports record silver production of 10.9 million ounces and record cash flow of \$115 million for the year.

2010 | Hecla reports the highest annual revenue (\$418.8 million) and operating cash flow (\$197.8 million) in the company’s history. Lucky Friday mine, which began operating in 1942, produces its 10 millionth ton of ore. The company achieves its highest level of silver reserves and resources in the company’s history with 142 million and 248 million ounces, respectively.



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Hecla receives final approval from its board of directors for completion of the #4 Shaft Project at the Lucky Friday mine. In September, the U.S. District Court for Idaho approves and enters Hecla’s Consent Degree, which resolves all claims of the United States, the Coeur d’Alene Tribe, and the State of Idaho against Hecla Limited for historic environmental liability in the Coeur d’Alene Basin Superfund Site. In December, the company acquires the remaining 30% interest in the San Juan Silver project at Creede, Colorado, giving Hecla’s wholly owned subsidiary, Rio Grande, Silver, Inc., 100% ownership. Hecla reports record annual revenue of \$477.6 million and record silver reserves and resources of 148 million and 281 million ounces, respectively.

2012 | Increasing for the seventh consecutive year, silver reserves are the highest in the company’s history.

2013 | In June, Hecla completes the acquisition of Aurizon Mines Ltd., which brings 100% ownership of the Casa Berardi gold mine in Quebec, Canada.

2014 | Record annual revenue (\$501 million) and proven and probable silver reserves (173 million ounces) are the highest in the company’s history.

2015 | Hecla acquires Revett Mining Company in June, giving the company 100% ownership of the Rock Creek project in Sanders County near Noxon, Montana.

1997 | The Rosebud gold mine in Nevada successfully begins commercial production. The underground, high-grade gold operation is a 50/50 joint venture between Hecla and Santa Fe Pacific Gold Corporation (later to become part of Newmont). Hecla’s board of directors approves final development plans to double silver production at the Lucky Friday mine in northern Idaho by expanding into the area known as the Gold Hunter expansion area. In April, mining is suspended at the Grouse Creek property, and the facility is mothballed.

1998 | Thanks to the new expansion area, Lucky Friday doubles annual production to 4.1 million ounces of silver. La Choya’s gold reserves are mined out in December after five years of operation.

1999 | Hecla acquires the assets of Monarch Resources Limited, bringing the La Camorra gold mine in Venezuela and Mexico’s Saladillo silver-gold exploration property into the Hecla fold.

2000 | After four years of operation and a total production of about 375,000 ounces of gold, the Rosebud gold mine in Nevada is mined out and closed down.

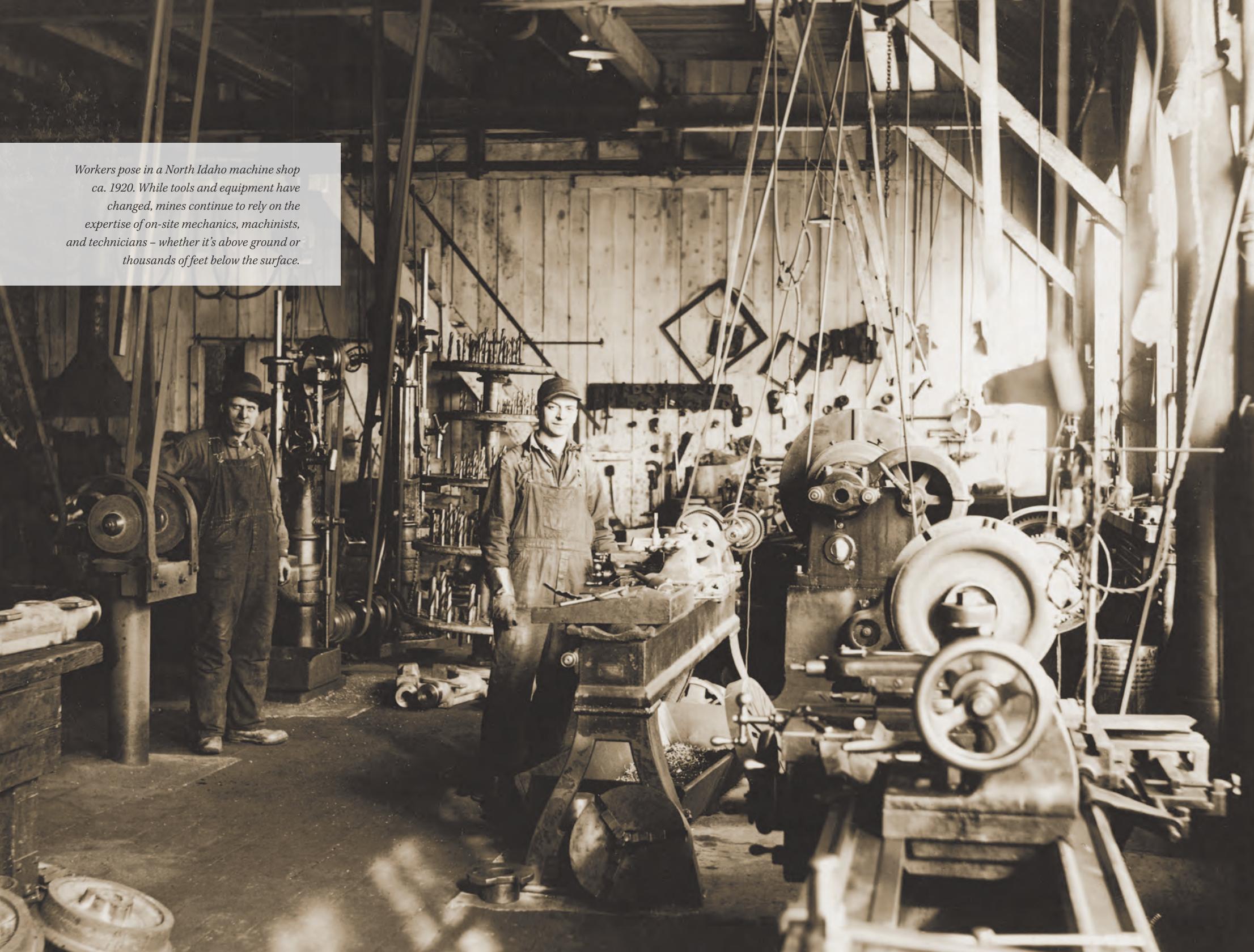
2001 | Hecla completes the sale of its industrial minerals operations, K-T Group, which includes Kentucky-Tennessee Clay Company, K-T Feldspar, and K-T Mexico.

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Hecla is the best percentage performer on the New York Stock Exchange – the second time in the company’s history – and produces the most gold (240,000 ounces) and silver (8.7 million ounces) ever.



*Workers pose in a North Idaho machine shop
ca. 1920. While tools and equipment have
changed, mines continue to rely on the
expertise of on-site mechanics, machinists,
and technicians – whether it's above ground or
thousands of feet below the surface.*





Workers in the newly built bypass drift on the 5900 level at the Lucky Friday silver mine in Mullan, Idaho.



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