



January 12, 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 Wages/Silver Premium topic.

During our negotiations with the Union subsequent to the strike, Hecla has offered to convert the at-risk silver premium to base wages by increasing the base rates by \$6 to \$8 per hour. As a result, all overtime pay will be worth an additional \$3 to \$4 per hour.

The wage rates for all employees have been mapped from the old "Grade" system to the new "Tech Level" system. This Tech Level system is similar to the wage format used by many mines across the country. In order to prevent employees from earning a lower rate per hour, the Company has offered to make an Adjustment Payment during the first year following ratification of the contract. If a permanent employee has been mapped to a lower wage and silver premium payment than he or she would have received under the former Grade system, the Company will make up the difference for the first 12 months following ratification of the contract. During this 12-month period, all employees will have the ability to increase their wage rate by learning new skills and growing within the Tech Level system. Employees typically want the opportunity to increase their wages and can do so by learning new skills, which is supported by the Company as it provides Hecla a workforce with diverse skillsets.

Please see the second page of this letter for a comparison of the former wage scale to the proposed wage scale. By evolving with the implementation of technologies, the Lucky Friday Mine can remain competitive while paying the higher wages contained in the proposal, as well as the increased overtime rates that result from the higher base wages.

Our revised offer is accessible on Hecla's web page at 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 black ink that reads "Clayr Alexander". The signature is fluid and cursive.

Clayr Alexander

Proposed - Classification of Wage Rates

Positions	Tech Level	Date Year 1	Date Year 2	Date Year 3	Date Year 4	Date Year 5	Date Year 6
Entry Laborer	T1	19.50	19.50	19.50	19.85	20.20	20.50
Support, Surface, Construction, Miner, Hoistman, Mill Operator, Mill Mechanic, Mine Mechanic, Electrician	T2	21.00	21.00	21.00	21.35	21.75	22.15
	T3	22.75	22.75	22.75	23.15	23.55	24.00
	T4	24.75	24.75	24.75	25.20	25.65	26.10
	T5	27.00	27.00	27.00	27.50	28.00	28.50
Mill Mechanic, Mine Mechanic, Electrician	T6	31.00	31.00	31.00	31.55	32.15	32.75
Master Mechanic, Master Electrician	T7	33.00	33.00	33.00	33.60	34.25	34.90

Former - Classification of Wage Rates

Pay Grade	May 10, 2010	May 1, 2011	May 1, 2012	May 1, 2013	May 1, 2014	May 1, 2015
1	Minimum Wage	Minimum Wage	Minimum Wage	Minimum Wage	Minimum Wage	Minimum Wage
2	12.39	12.89	13.39	14.19	14.69	15.19
4	14.99	15.49	15.99	16.79	17.29	17.79
6	15.53	16.03	16.53	17.33	17.83	18.33
7	15.91	16.41	16.91	17.71	18.21	18.71
8	16.27	16.77	17.27	18.07	18.57	19.07
9	16.69	17.19	17.69	18.49	18.99	19.49
10	17.14	17.64	18.14	18.94	19.44	19.94
11	18.06	18.56	19.06	19.86	20.36	20.86
12	20.14	20.64	21.14	21.94	22.44	22.94
13	20.14	20.64	21.14	21.94	22.44	22.94