



October 22, 2018

To the Salaried Employees of the Lucky Friday Mine:

Recently, we have received inquiries about the upcoming union vote and any updates to the company's Revised Final Offer (RFO) from December 2017. We have also been asked how Hecla's offer compares to the contract ratified by the Union at the Galena Mine. I thought this would be a good time for an update on both items.

There are no updates to Hecla's position. We have not made any changes to the RFO that was presented on December 15, 2017. You may find the RFO on Hecla's website at www.hecla-mining.com, under the Lucky Friday Q&A link.

Hecla and the Union met a few times during 2018, but no progress was made. The Union offered minor, insignificant modifications to the positions it held in 2017, and in multiple cases, submitted proposals that pushed the two sides further apart. Due to the regressive Union proposals, the two sides are farther apart than we were at this time last year. While the Union is holding a vote, we have no expectation the vote will result in any change regarding the labor dispute.

During August, the Local 5114 ratified a new contract at the Galena mine. The contract that was ratified includes lower wages than what was offered in Hecla's RFO, and the Galena contract does not include the outdated bidding language the Union leadership is clinging to at the Lucky Friday. Many of you may not be aware, but prior to submitting our RFO, we offered to adopt either of the job progression systems the USW has accepted at the Galena or Stillwater mines. Unfortunately, the offer was promptly rejected by the Local 5114 negotiating committee. The Union leadership wants the senior miners to continue picking where they work and with whom they work. The Union is unwilling to work unless the bidding work rules remain essentially the same as they were in the 2010 contract. Hecla is unwilling

to continue operating the way we have operated in the past because it has resulted in the Lucky Friday losing money while mining out the ore reserves.

On several occasions, we have explained to the Union that the Lucky Friday has lost tens of millions of dollars over the past 30 years, and operating the same way we've operated in the past will lead to the same result. The Union negotiating committee's response was that although the mine has lost a lot of money, they like the current work rules and are unwilling to change to a progression system – even though every other mine in the entire United States operates with a form of progression system. While we would be pleased to have the strike resolved, it is more important to have an operating plan that leads to sustained profitability.

Hecla intends to conserve the Lucky Friday silver reserves by engaging in a limited mining plan during this time of low metals prices. At the same time, we will reduce development within the mine, but continue to design and fabricate the RVM, which is expected to improve efficiency and miner safety. Evolving technologically has allowed the Lucky Friday to exist more than 76 years, and continuing to implement new technology is necessary for the Lucky Friday to operate safely and profitably in the future.

Enclosed with this letter is a summary (which is also available on Hecla's website) showing how Hecla's RFO compares to both the recently ratified Galena contract, and the 2010 contract, regarding some of the key terms involved in our labor dispute.

I hope this letter, and the attachment, answer many of your questions.

Sincerely,

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

Clayr Alexander
VP and General Manager
Hecla Limited