



European Gold Forum

April 17 - 20, 2012

Hecla MINING COMPANY

Cautionary Statements

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Statements made which are not historical facts, such as anticipated payments, litigation outcome, production, sales of assets, exploration results and plans, prospects and opportunities including reserves, resources, and mineralization, costs, and prices or sales performance are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “may”, “will”, “should”, “expects”, “intends”, “projects”, “believes”, “estimates”, “targets”, “anticipates” and similar expressions are used to identify these forward-looking statements. Forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, expected or implied. These risks and uncertainties include, but are not limited to, metals price volatility, volatility of metals production and costs, environmental and litigation risks, operating risks, project development risks, political and regulatory risks, labor issues, ability to raise financing and exploration risks and results. Refer to the company's Form 10-K and 10-Q reports for a more detailed discussion of factors that may impact expected future results. The company undertakes no obligation and has no intention of updating forward-looking statements other than as may be required by law.

Cautionary Statements to Investors on Reserves and Resources

The United States Securities and Exchange Commission permits mining companies, in their filings with the SEC, to disclose only those mineral deposits that a company can economically and legally extract or produce. We use certain terms on this release, such as “resource,” “other resources,” and “mineralized materials” that the SEC guidelines strictly prohibit us from including in our filings with the SEC. U.S. investors are urged to consider closely the disclosure in our Form 10-K and Form 10-Q. You can review and obtain copies of these filings from the SEC's website at www.sec.gov.

Cautionary Note Regarding Non-GAAP measures

Total cash cost per ounce of silver and earnings before adjustments represent non-U.S. Generally Accepted Accounting Principles (GAAP) measurements. A reconciliation of total cash cost to cost of sales and other direct production costs and depreciation, depletion and amortization (GAAP) can be found in the Appendix.

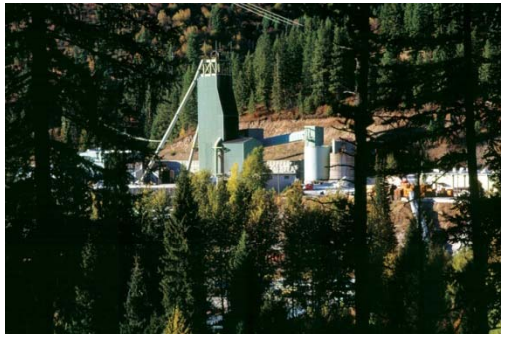
Growth and Value in Silver

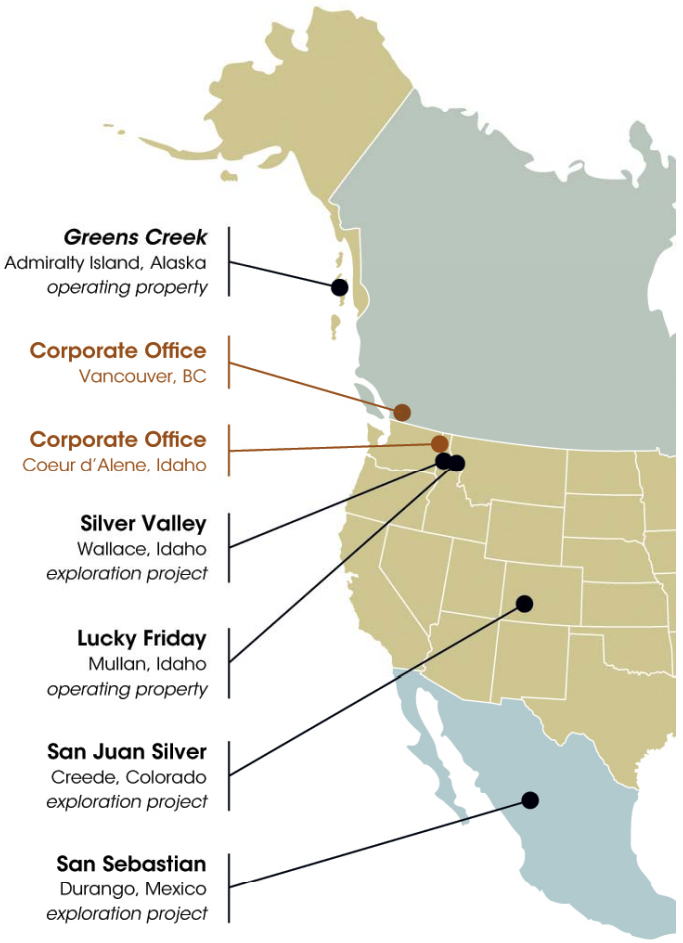
- Largest U.S silver producer with expected 2012 production of 7 million ounces
- 50% silver production growth anticipated between 2013 - 2017
- Three acquisitions and two divestitures in last four years
- 6th consecutive year of reserves and resources growth
- Strong Cash Position – No debt – Revolving credit
- New silver-based common stock dividend/minimum annual dividend
- Strong Silver Market Fundamentals
- NYSE-listed since 1964 – Market Cap $1.2 billion

North American Focus

- Two strong and long-lived silver mines in the U.S. with long futures
  - **Greens Creek Mine**, Alaska, operating since 1989 – 200m ounces of historical production – current 10-year mine life
  - **Lucky Friday Mine**, Idaho, operating since 1942 – more than 145m ounces of historical production – current 20-year mine life
- **Record 2012 exploration** and pre-development programs in U.S. & Mexico

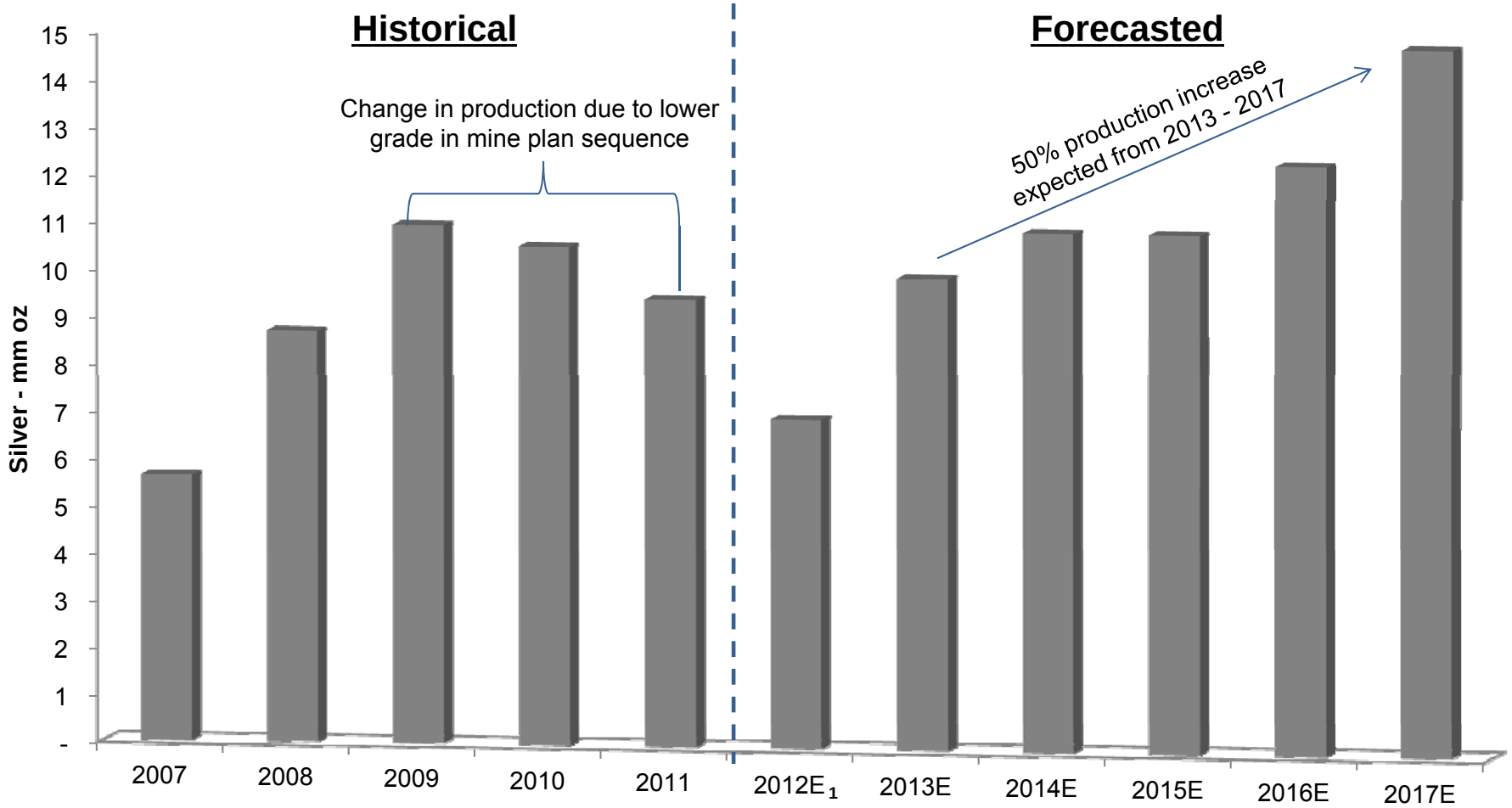






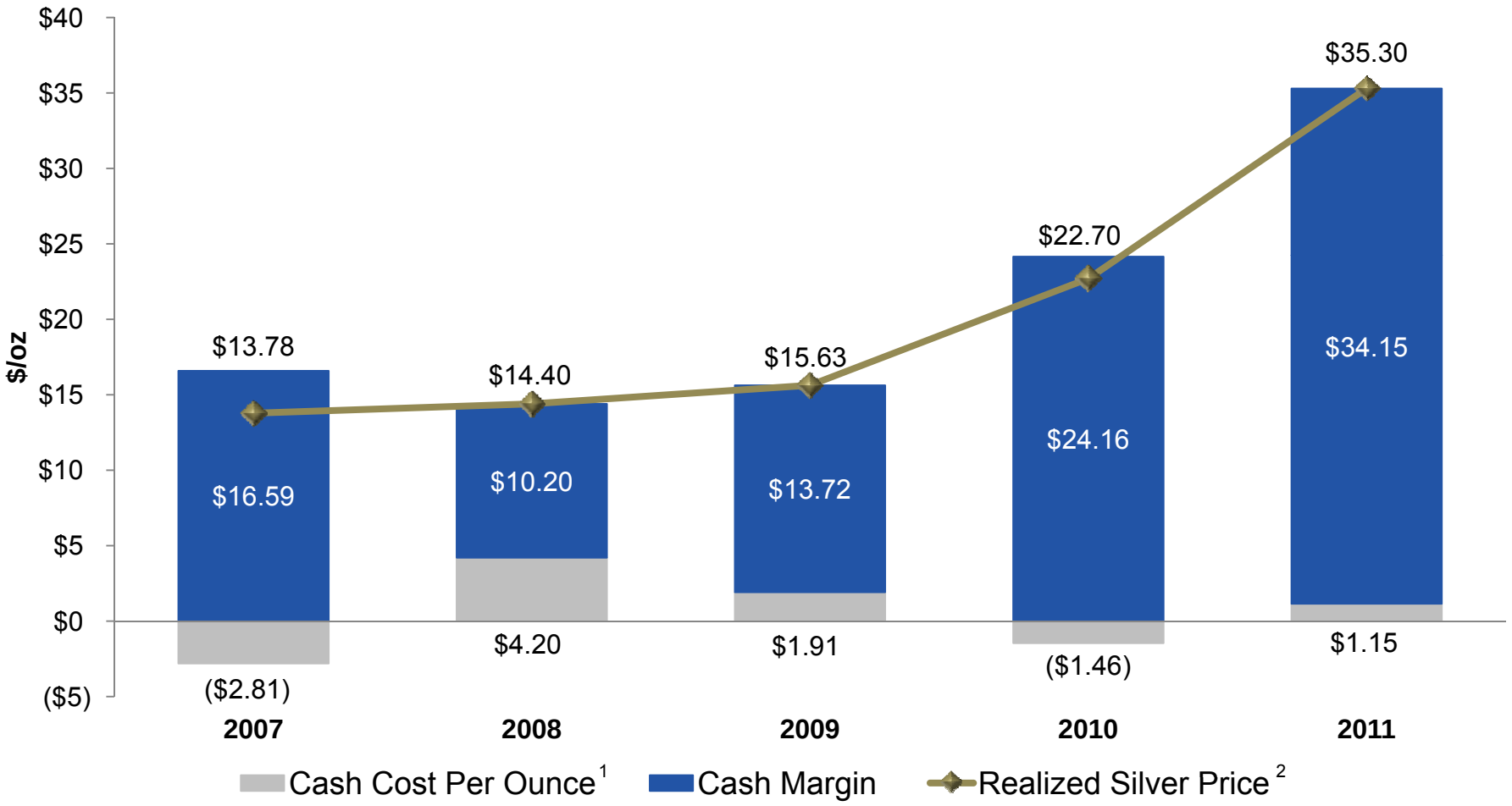
Development Driving Production Growth

Silver Production



1. No production at Lucky Friday in 2012 – Silver Shaft clean-up and mine upgrades (see slide in Appendix).

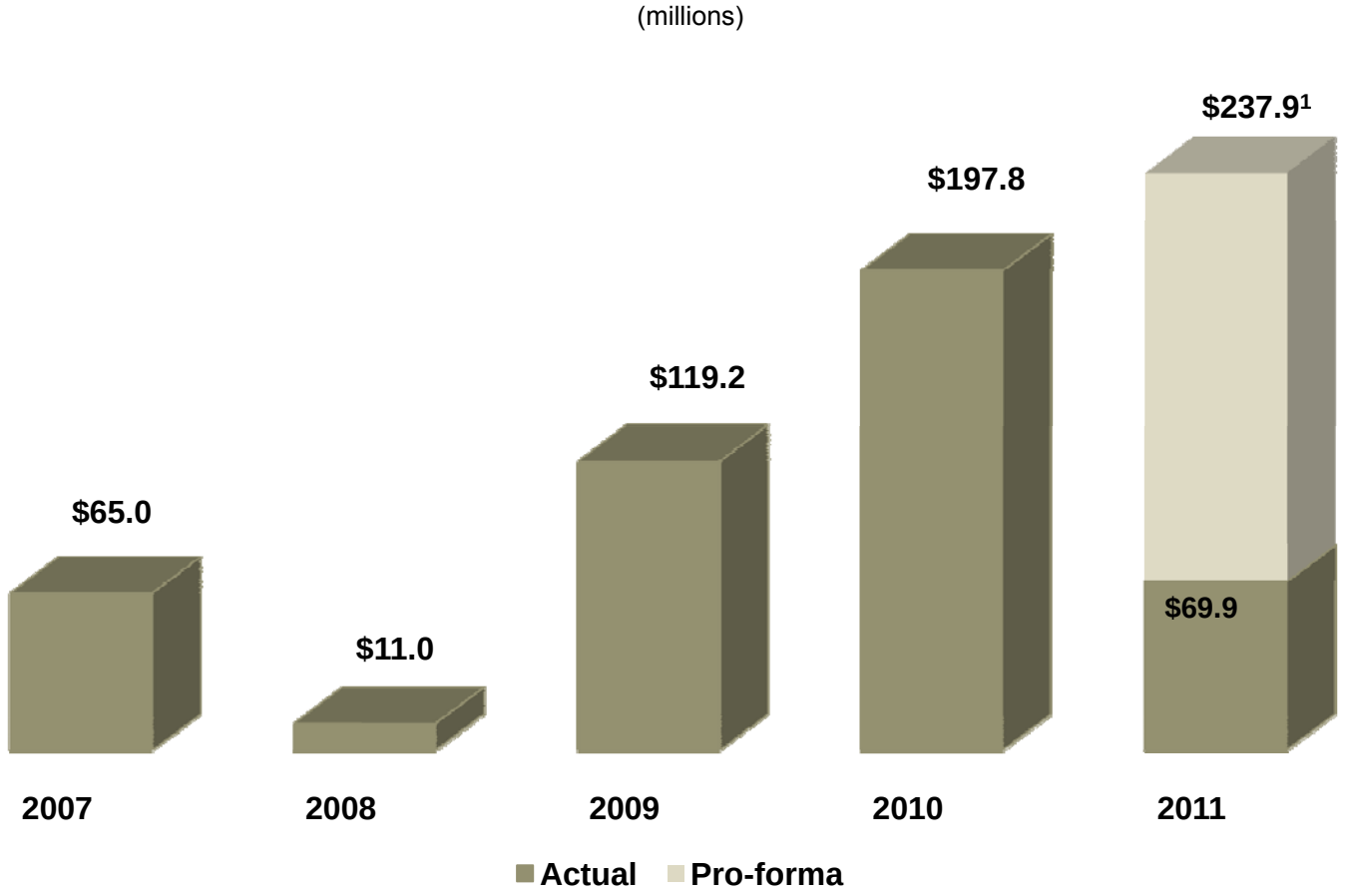
Low Cash Costs - Maintaining Margins



1. Total cash cost per ounce of silver represents non-U.S. Generally Accepted Accounting Principles (GAAP) measurement. A reconciliation of total cash costs to cost of sales and other direct production costs and depreciation, depletion and amortization (GAAP) can be found in the Appendix.
2. The realized silver price is calculated by dividing gross revenues by the payable quantities included in the concentrate and doré sold during the period.

Cash Flow Generation

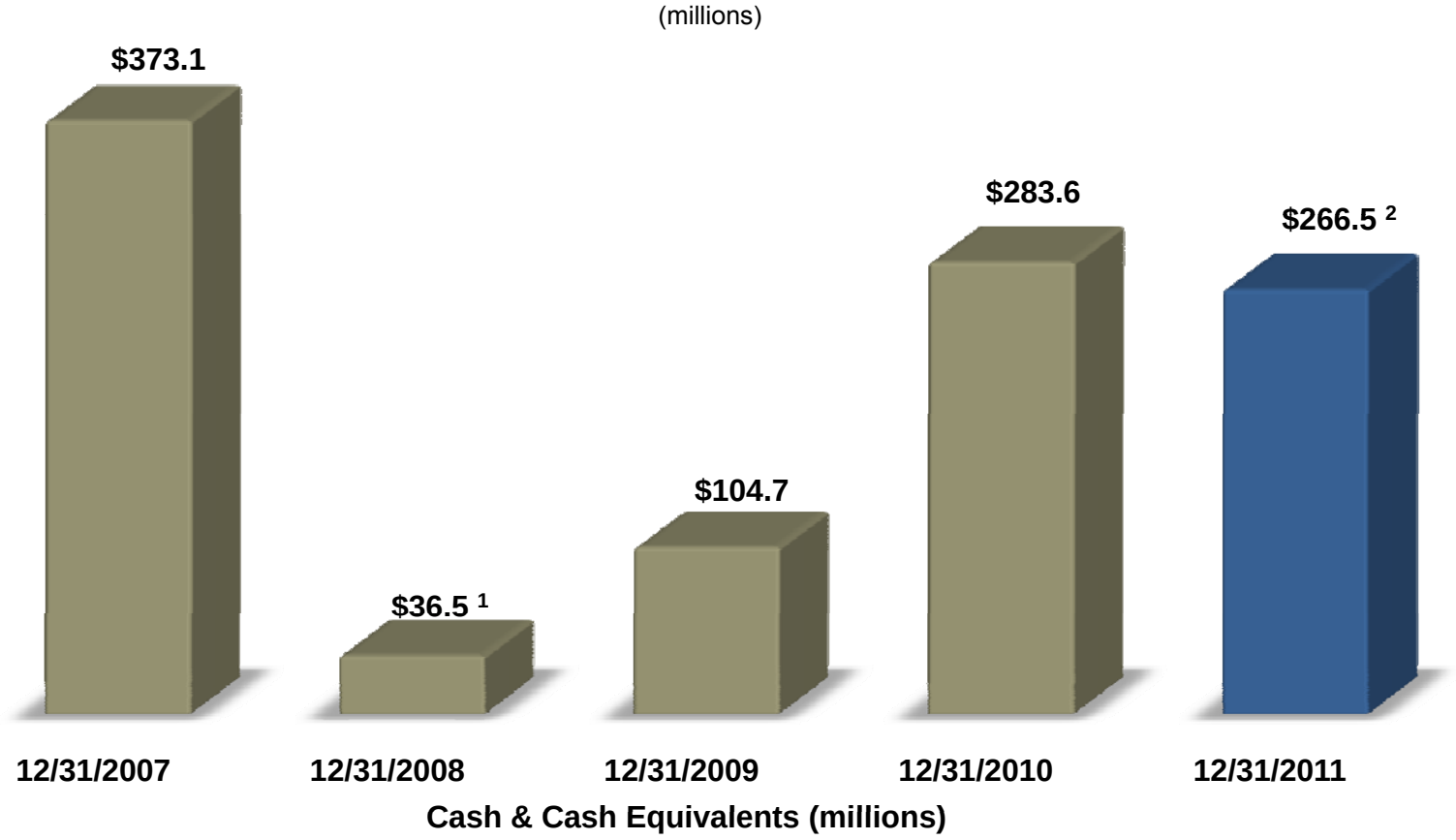
Cash Provided by Operating Activities



1. Operating cash flow for 2011 was $69.9 million after environmental settlement payment of $168 million in the fourth quarter.

Strong Balance Sheet

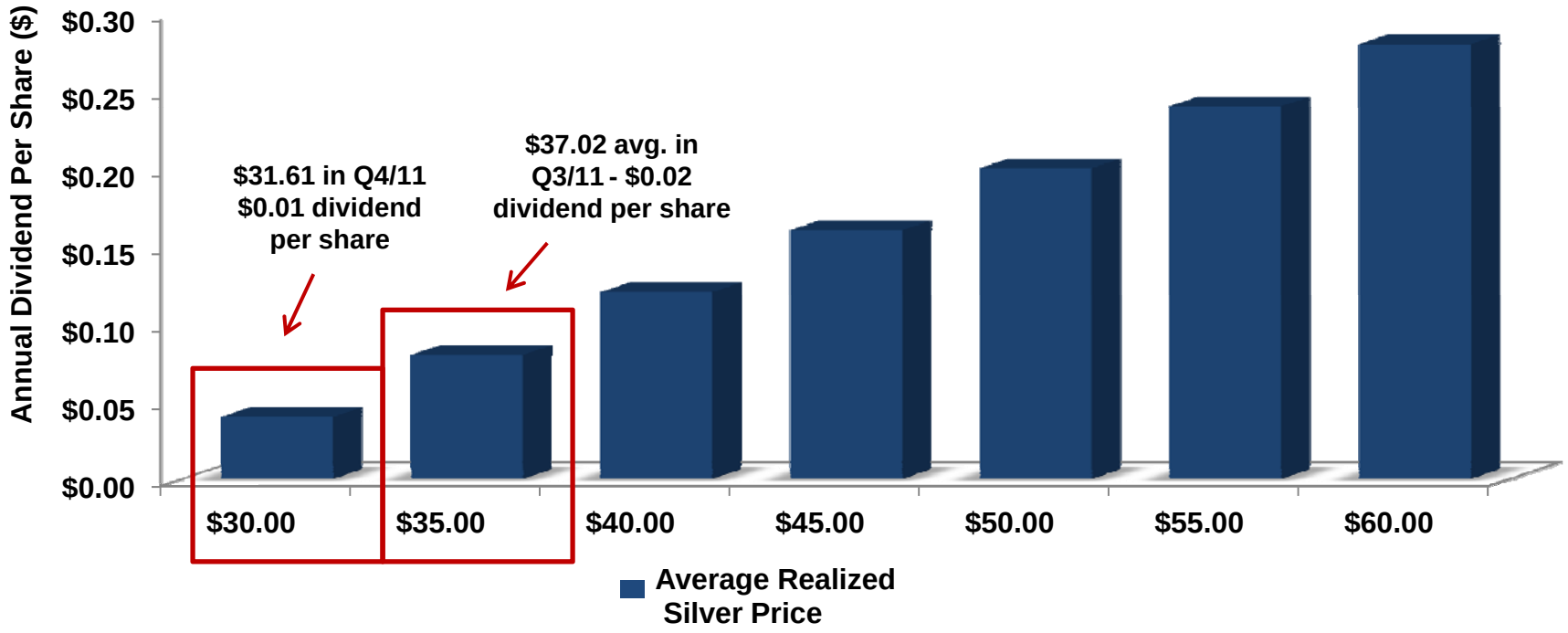
Financial Strength to Fund 2012 Capital Programs



1. Acquired Greens Creek in 2008.
2. After environmental settlement payment of $168 million in the fourth quarter 2011.

Fourth Quarter Dividend of $0.0125 per Share

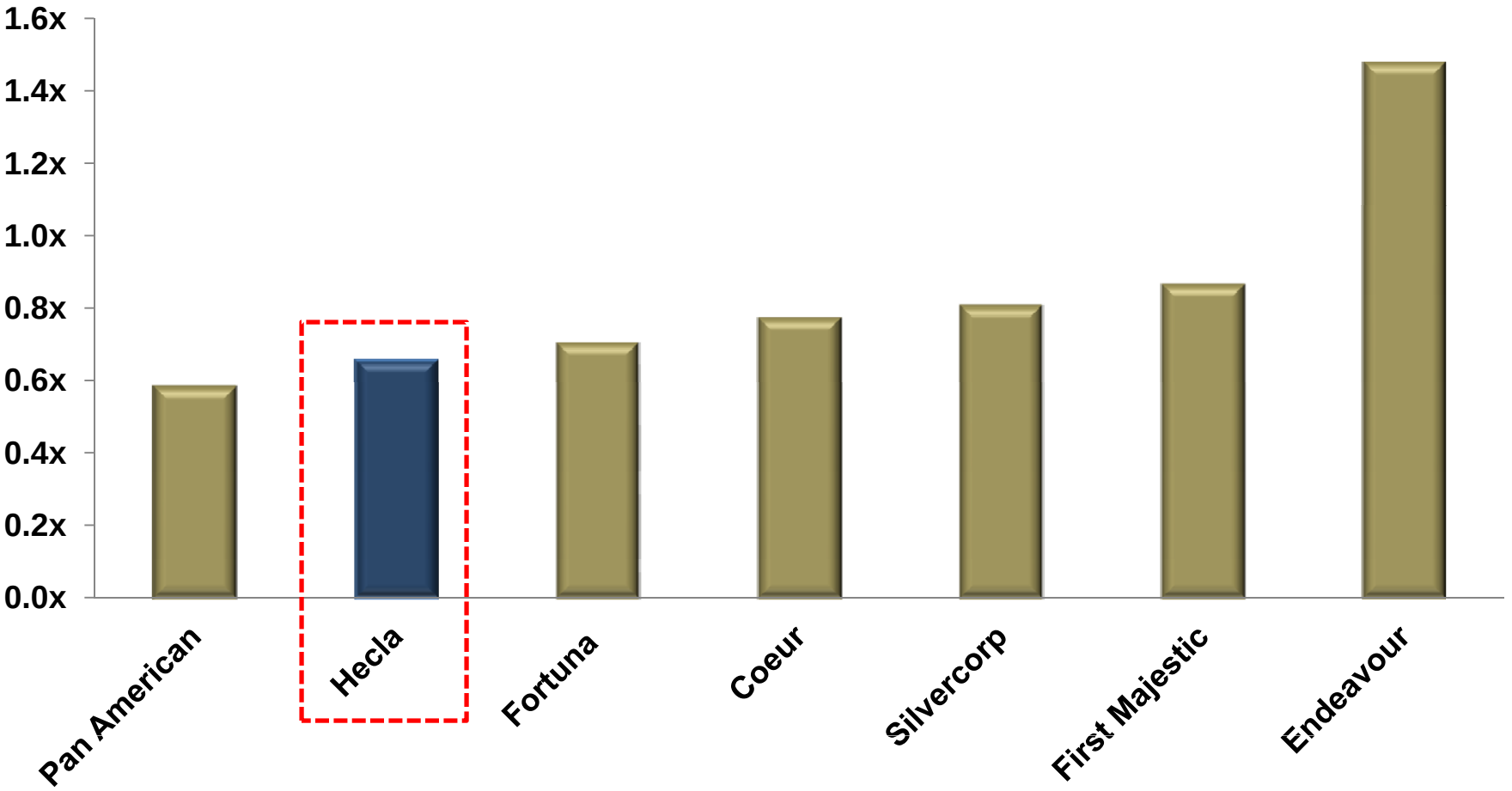
- Silver-linked dividend policy in Q3/11
- Minimum annual dividend of $0.01 per share paid quarterly



Notes:
1. Based on a quarter-penny per share minimum quarterly dividend, and a penny per share based on an average realized silver price of $31.61 per ounce.
2. The declaration and payment of dividends remains at the sole discretion of the Board of Directors and will depend on Hecla's financial results, cash requirements, future prospects and other factors deemed relevant by the Board. Investors are cautioned that this new policy is not a guarantee that a dividend will be declared or paid in any particular period in the future.
3. Realized prices are calculated by dividing gross revenues for each metal by the payable quantities of each metal included in the concentrate and doré sold during the period.

Value Proposition

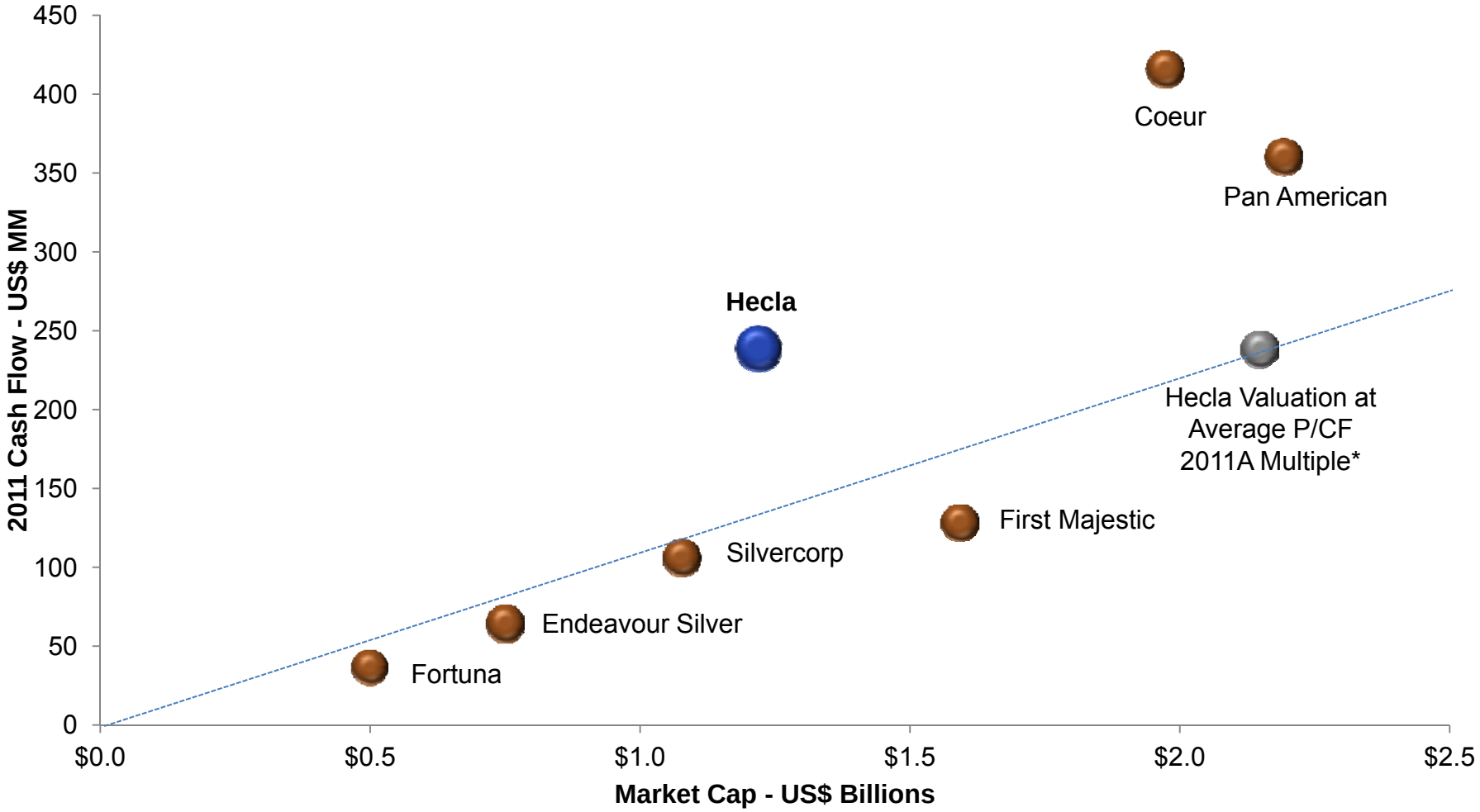
Price/Net Asset Value



Source – Average Analyst Valuations as of April 5, 2012
* Stock prices as of April 5, 2012

Value Proposition

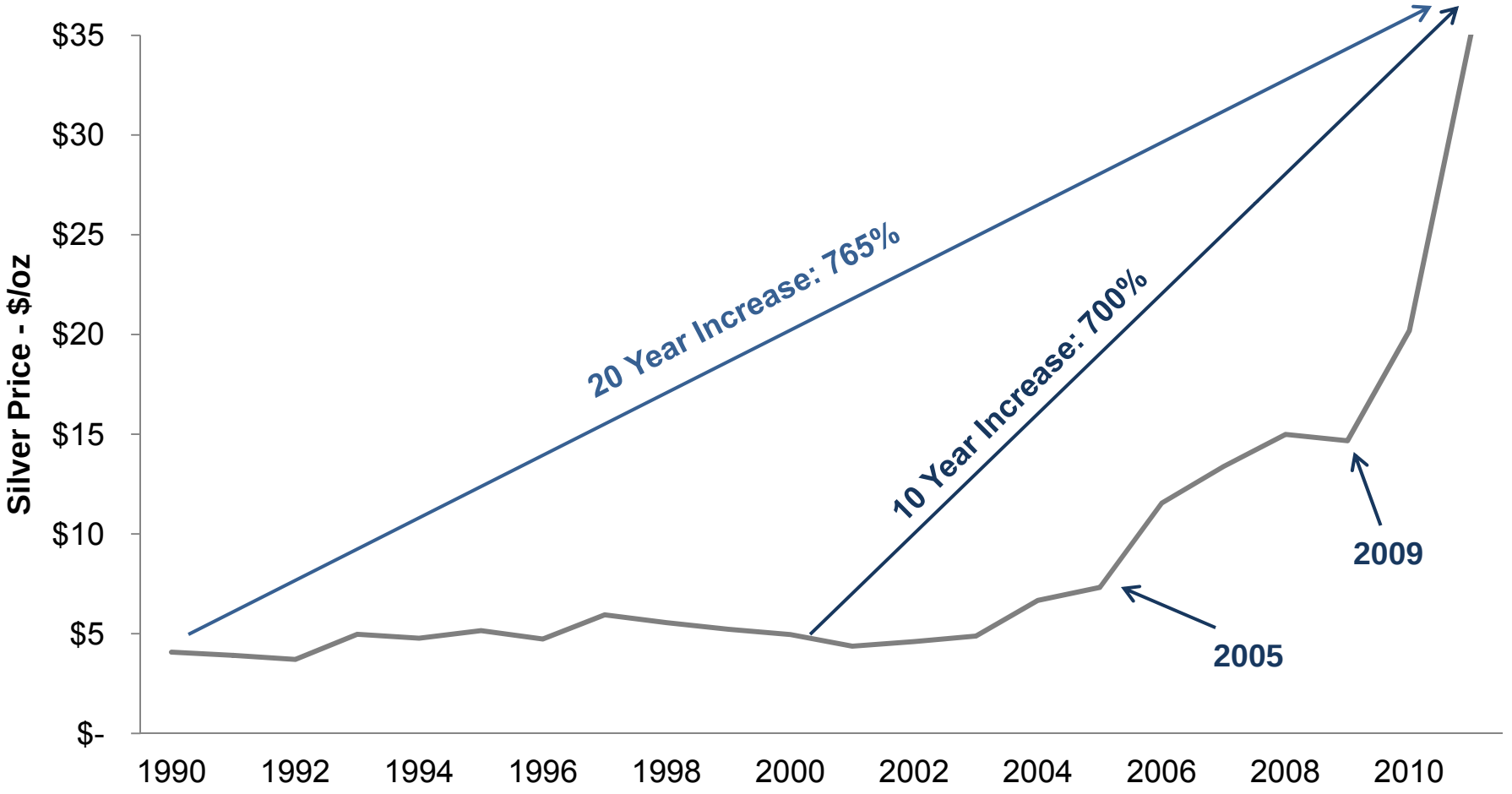
Full Year 2011 - Price / Cash Flow



* Weighted Average P/CF 2011A multiple of companies shown in chart – 7.97x, with the exception of Hecla. Stock prices as of April 5, 2012.

Silver Price Since 1990

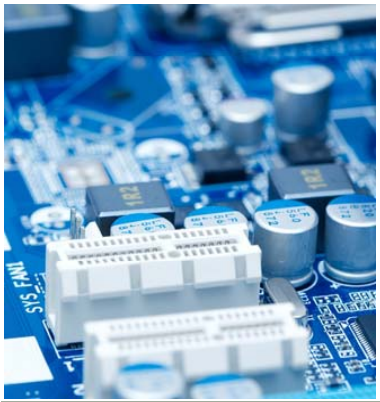
Silver Price 1990-2011



Source: Kitco

Silver - The Metal of this Age

- Has the highest electrical conductivity of all the metals
  - 80% more conductive than aluminum
  - 50% more conductive than gold, 6% more conductive than copper
  - Critically important in the miniaturization of circuits as electronic items become increasingly compact and users expect more power or utility
- Has superior thermal conductivity
  - Transfers heat efficiently; doesn't overheat
- Highest reflectivity (94%) in visible light of the metals
  - Gold 72%, Aluminum 92%

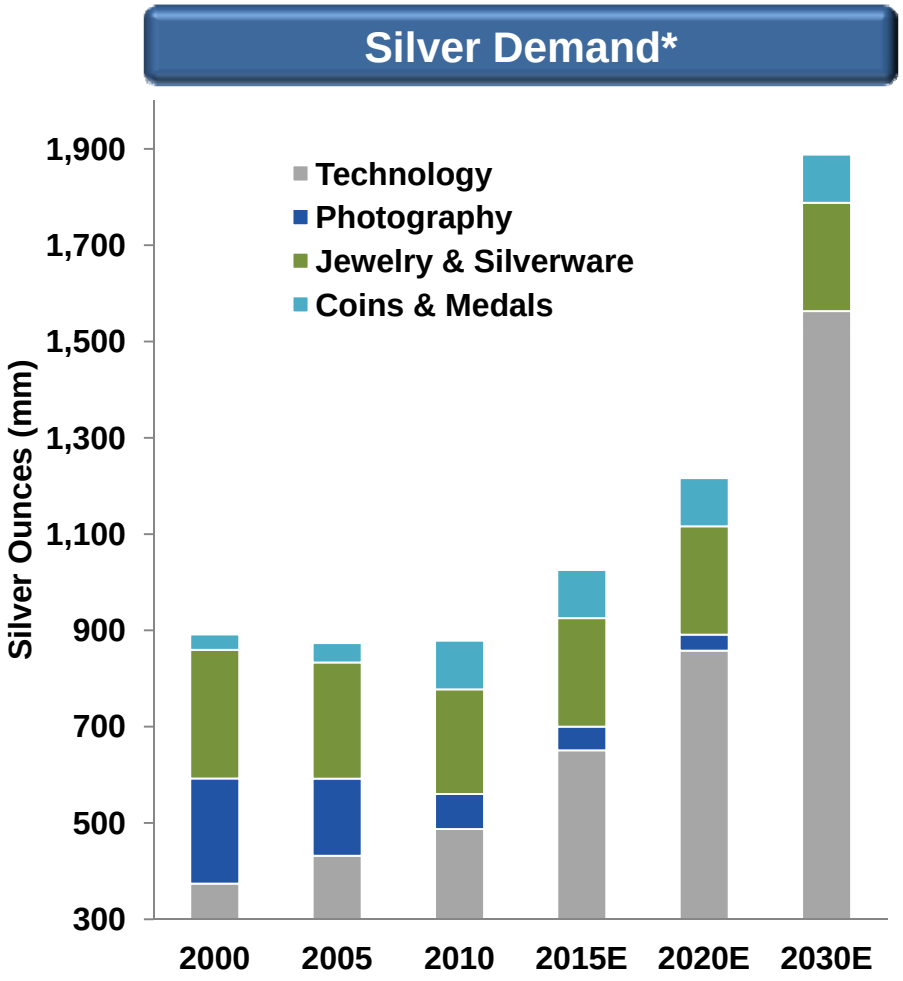





Source –The Silver Institute 2011

Strong Silver Market Fundamentals

- Mine production rise of 40% over past 20 years to 700 mm ounces
- Modern/technology-driven demand up 78% in same period to nearly 500 mm ounces – nearly half total world demand
- Strong ETF demand
- China and India will see the largest growth in modern/technology driven demand of approximately 9% annually
- The U.S. and Japan will continue to be large consumers of modern silver



*Source GFMS – Hecla, does not include investment/ETF demand

Silver Demand

Uses of Silver in 2010

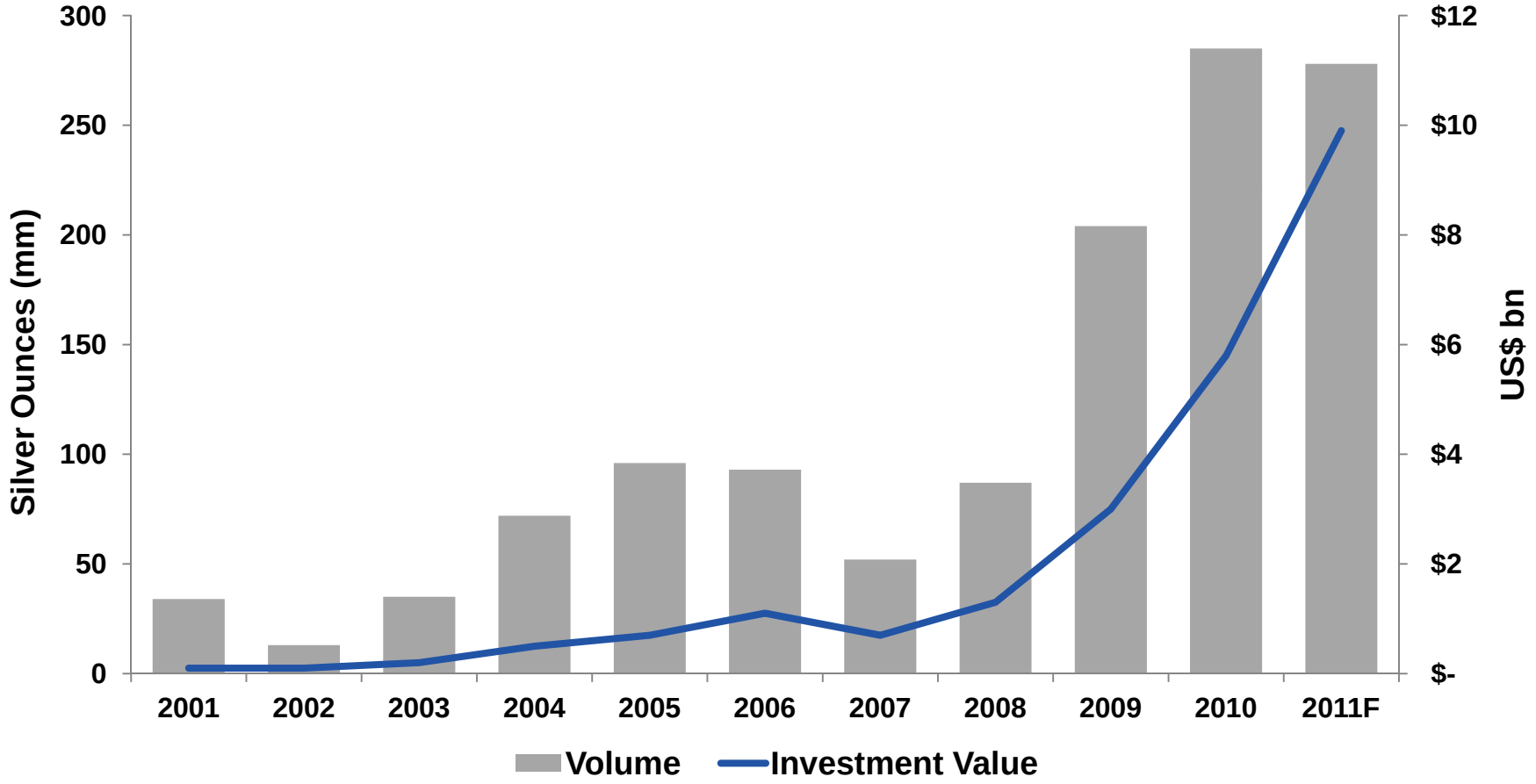
	**Cell Phones:** ~1.6 bn units (250 mg/handset) consumed 13 mm oz of silver		**Solar Panels:** ~ 40 mm oz of silver consumed in 2010; demand is expected to double by 2015
	**PC's & Laptops:** ~ 690 mm units (1g/unit) used 22 mm oz of silver		**Batteries:** consumed ~ 5 mm oz of silver (1g/unit of silver)
	**Automobiles:** ~ 72 mm vehicles (10-30g/vehicle) consumed 36 mm oz of silver		**Water Filters:** silver prevents bacteria and algae from building up in filters

New technologies and innovations have the potential for creating new sources of silver demand such as RFID's

Source – GFMS, The Silver Institute 2011

Silver is Regarded as a Store of Value

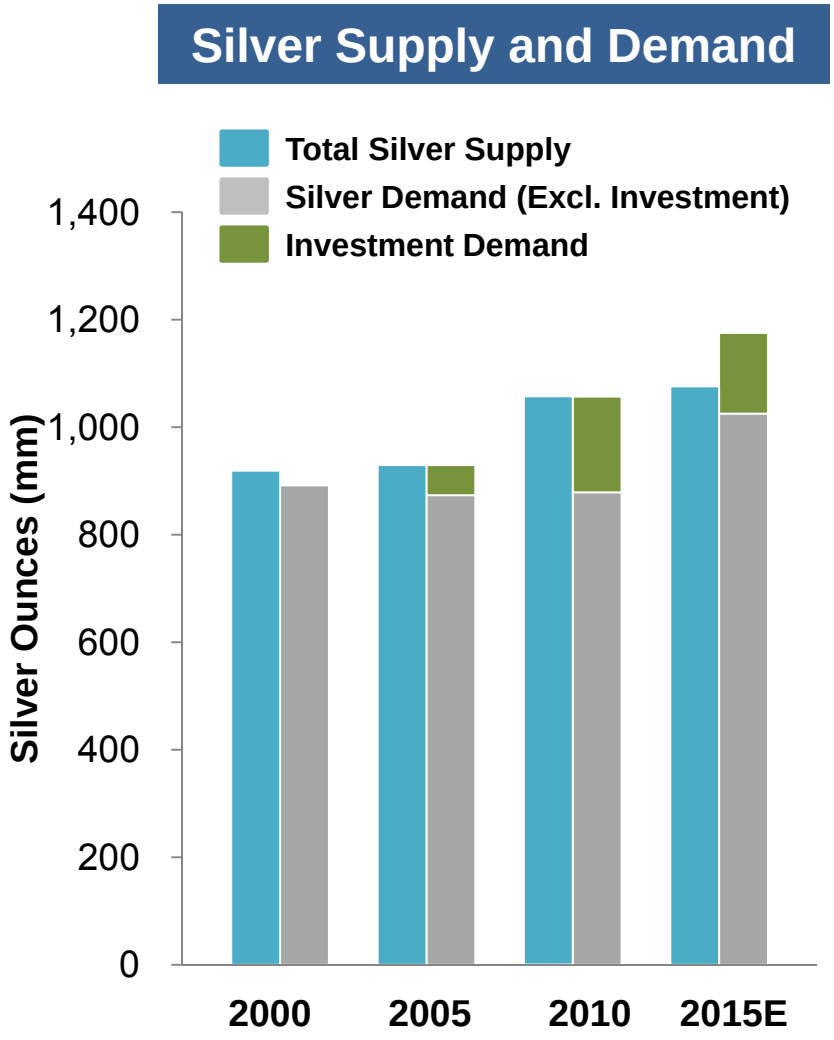
World Silver Investment* and Value



*World Investment is the sum of implied net investment and coins & medals.
Source –Thomson Reuters GFMS 2011

Supply & Demand Conclusions

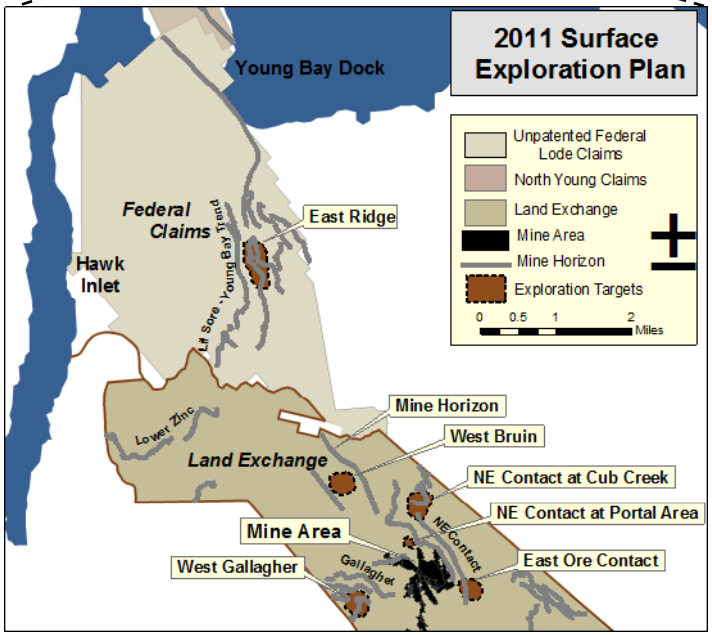
- Present silver supply is approximately 950 mm oz and should increase by 90 mm oz to 1.05 bn oz by 2015
- Silver demand of 1.06 bn oz today is expected to grow to approximately 1.18 bn oz by 2015
- Maximum mine production achieved in 2014-15; no anticipated large scale projects in pipeline
- Growing modern demand in Asia could result in a shortage of supply



Managing Our Assets - Greens Creek (Alaska)

- Mine production startup - 1989
- One of the world's largest high-grade and low-cost silver mines
- More than 200 mm ounces of silver produced to date
- Very large and under-explored 27-square-mile land position
- 30-mile strike length identified and projected mine contact on surface
- ≈ 7 mm ounces of annual production
- 98 mm ounces of silver reserves
- Expected life of mine exceeds 10 years
- $90 million investment planned in 2012

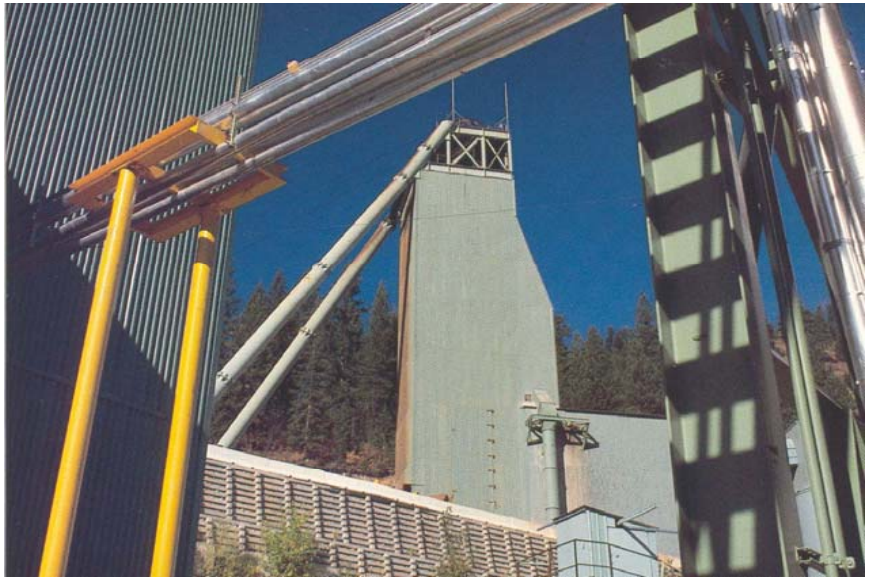




Managing our Assets - Lucky Friday (Idaho)

- Operations expected to resume early 2013
- Historical annual production of ≈ 3 mm ounces expected to grow to ≈ 5 mm ounces by 2017
- Largest reserve and resource in history of mine - exploration has doubled silver reserves since 2007 to 49.3 mm ounces
- Increased grade and thickness at depth
- 2012 work plan is progressing
- Resumption of #4 Shaft construction to access higher grades





3 Acquisitions/2 Divestitures in Last 4 Years

- **Greens Creek (100%)**
  - Remaining 70.3% operating interest acquired in 2008
- **Lucky Friday (100%)**
  - Remaining 18.5% interest acquired in 2008
- **San Juan Silver Project** (100%)
  - Acquired 70% JV interest in 2008
  - Remaining 30% interest acquired in 2011
  - Current 37 mm ounce silver resource in prolific Colorado district
- **Two Divestitures**
  - Hollister to GBG
  - Venezuelan assets to Rusoro



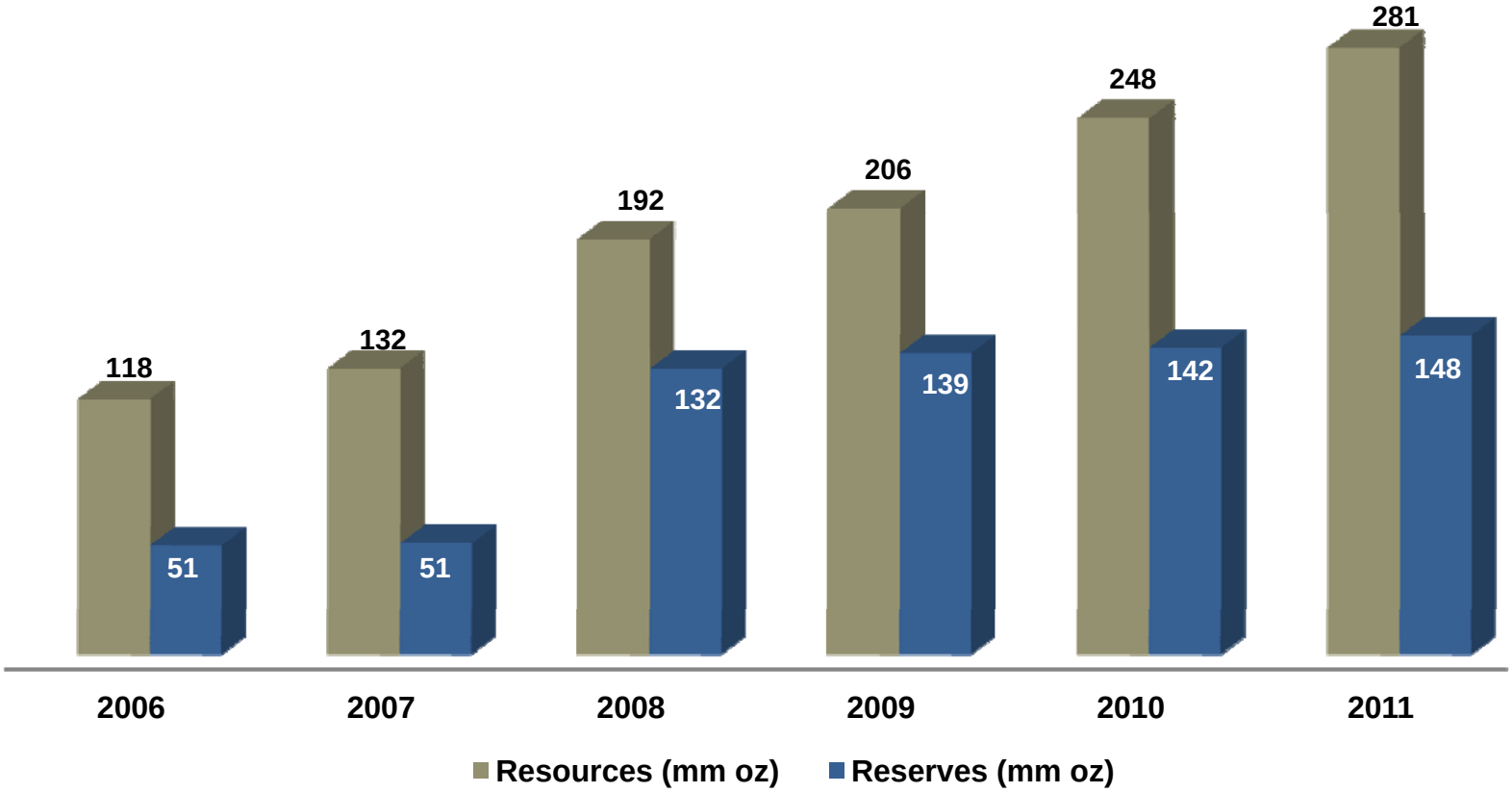
Organic Growth - Key Milestones

4 Key Growth Initiatives

Properties/Activities	2011	2012	2013	2014	2015
LUCKY FRIDAY #4 SHAFT (Silver Valley, ID)					
☑ Board Approval	Q3/11				
☑ Pre-sink & Set up	Q4/11				
☐ Shaft Sinking					Q4/15
STAR (Silver Valley, ID)					
☑ Star 2000 Rehabilitation	Q3/11				
☑ Initiate Underground Drilling	Q4/11				
☑ Additional Noonday Resource	Q4/11				
☐ Preliminary Economic Assessment		Q2/12			
☐ Dewatering Study		Q3/12			
SAN JUAN SILVER (Creede, CO)					
☑ Equity Ramp Rehabilitation	Q4/11				
☑ Initiate Equity Drilling	Q4/11				
☐ Study to evaluate re-opening the Bulldog mine		Q4/12			
SAN SEBASTIAN (Mexico)					
☑ New Andrea Vein Resource	Q4/11				
☐ Scoping Study		Q3/12			

Exploration and Acquisitions Delivering Value

189% Increase of Silver Reserves from 2006-2011[1]

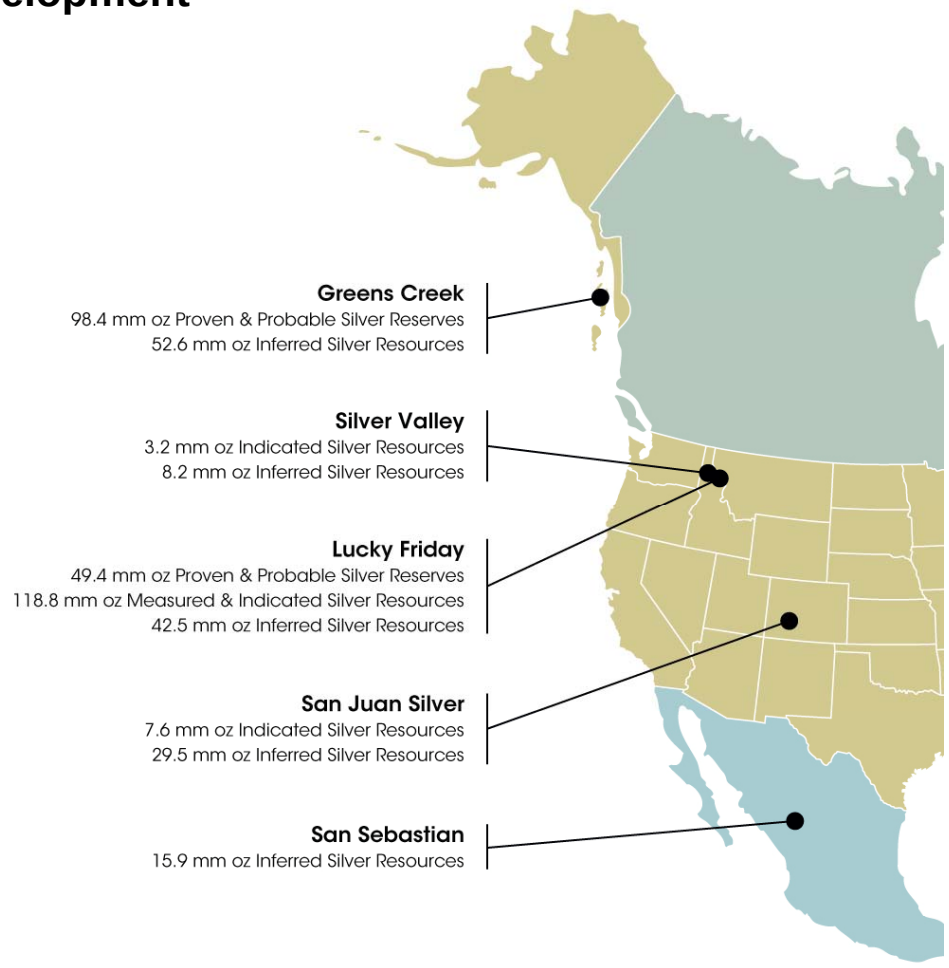


New underground drilling capacity will create more resource growth opportunities

1. Reserves & Resources as of December 31

Expected Record 2012 Exploration/Pre-Development

- **$39 million of exploration and pre-development**
  - $28 million exploration
  - $11 million pre-development
- **Greens Creek**
  - $7 million exploration
- **Silver Valley**
  - $6 million exploration
  - $3 million of pre-development at the Star
- **San Juan Silver**
  - $8.5 million exploration
  - $6 million pre-development
- **San Sebastian**
  - $3 million exploration
  - $2 million pre-development
- Additional $3.5 million in generative exploration and potential for added pre-development at San Juan as needed



Growth and Value in Silver

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- 50% silver production growth anticipated between 2013 - 2017
- Three acquisitions and two divestitures in last four years
- 6th consecutive year of reserves and resources growth
- Strong Cash Position – No debt – Revolving credit
- New silver-based common stock dividend/minimum annual dividend
- Strong Silver Market Fundamentals
- NYSE-listed since 1964 – Market Cap $1.2 billion





Appendix

Hecla MINING COMPANY

Capital Structure & Financial Position

Share Price	$4.28[1]
Market Capitalization	$1.2 B
Shares Outstanding	285 mm[1]
Analyst Coverage	9
3-month Weighted Average Daily Volume	7.0 mm[1]
Cash & Cash Equivalents	$267 mm[2]
Revolving Credit Agreement (Undrawn)	$100 mm
Debt	None
Total Liquidity	$367 mm
Dividend (declared 02/17/12)	$3.6 mm ($0.0125 per common share)
Base Metal Hedging	35-50% hedged >$1/lb over next 24 months

1. As of April 5, 2012
2. As of December 31, 2011

Rich History & Long Term Strategy

Over the past 10+ years Hecla's strategy to build a solid asset base by acquiring district-sized land packages has now set the stage for a prosperous future

- **Consolidation of large land packages via acquisitions in Alaska, Idaho, Colorado, and Mexico**
  - 1984 - Merger with Day Mines consolidating the Silver Valley
  - 2000 - San Sebastian
  - 2008 - 100% interest in Greens Creek silver mine
  - 2008 - Independence Lead Mines
  - 2008 - San Juan Silver Joint Venture
  - 2011 - Acquired 100% interest in defined mineralization of the San Juan Silver property
- **Expanding mine life at Greens Creek and Lucky Friday by significantly increasing reserves and resources**
- **Enhanced exploration efforts on large land packages in the U.S. and Mexico**
- **Increased knowledge of ore bodies with compilation of historic and current data on major ore bodies in 3D modeling in the Silver Valley, Idaho and Creede, Colorado**
- **Settlement of long-standing Coeur d'Alene Basin environmental litigation in 2011**

Greens Creek (Alaska)

Investing in our Properties to Expand Mine Life

- Expected 2012 capital expenditures ~$90 mm - the most significant projects include:
  - ~$18 mm 200 South development
  - ~$14 mm Mining fleet additions and replacement
  - ~$10 mm Stage 3 tailings facility
  - ~$6 mm East Ore access and ventilation rehabilitation
  - ~$5 mm Definition drilling
  - ~$5 mm Camp expansion

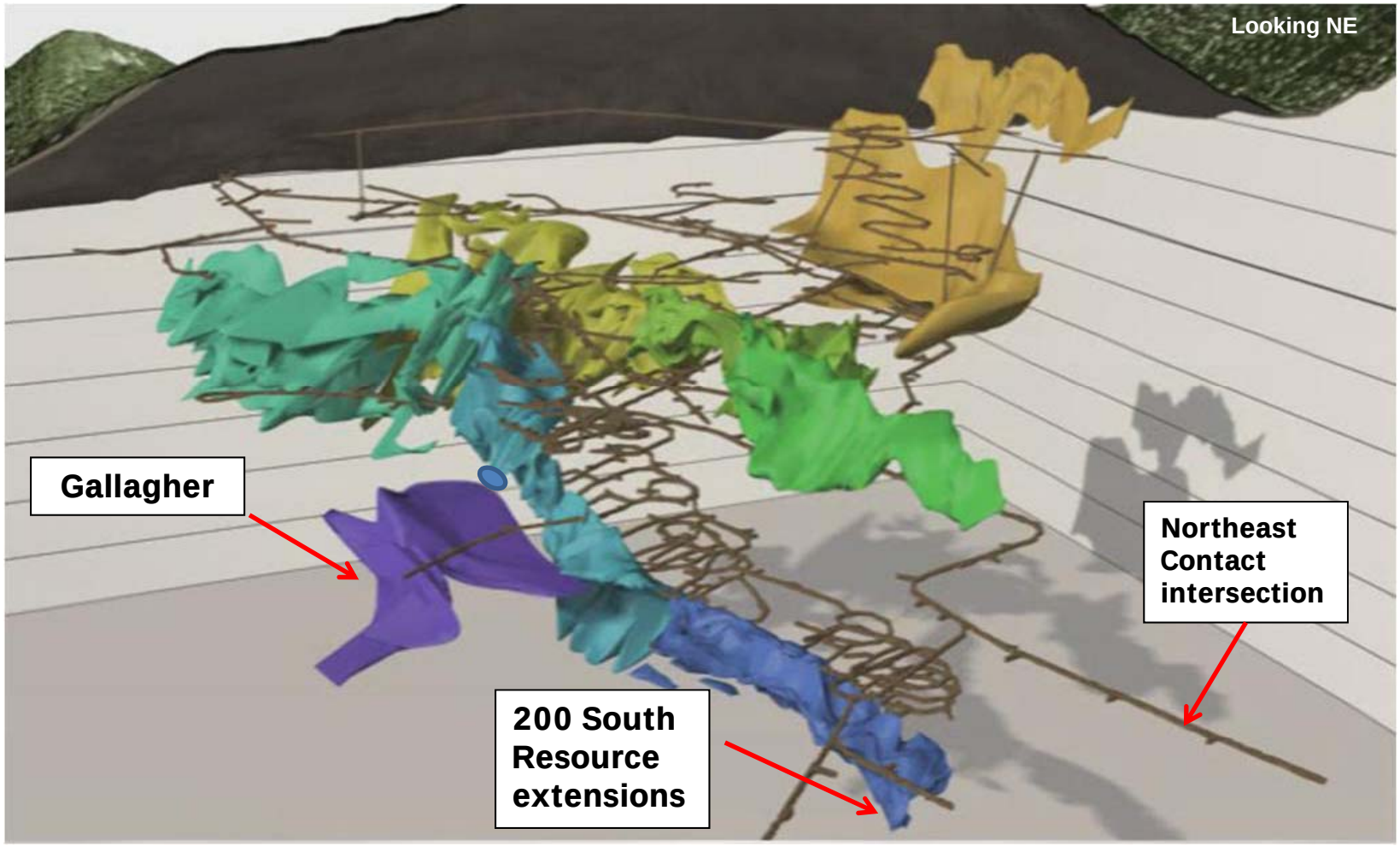






Greens Creek (Alaska)

Underground Exploration Targets



Lucky Friday & Silver Valley (Idaho)

2012 Work Plan

- Driving a new drift to maintain pumps - accessible from the #2 Shaft
- Remove loose cementitious material and unused utilities from the Silver Shaft
- Construct a water ring to prevent ice from forming in the winter
- Install a metal brattice which should improve safety & functionality of Silver Shaft
- 5900 haulage way bypass construction
- Other surface and underground capital programs
- 2012 capital program ~ $50 mm
- Production is expected to resume early 2013



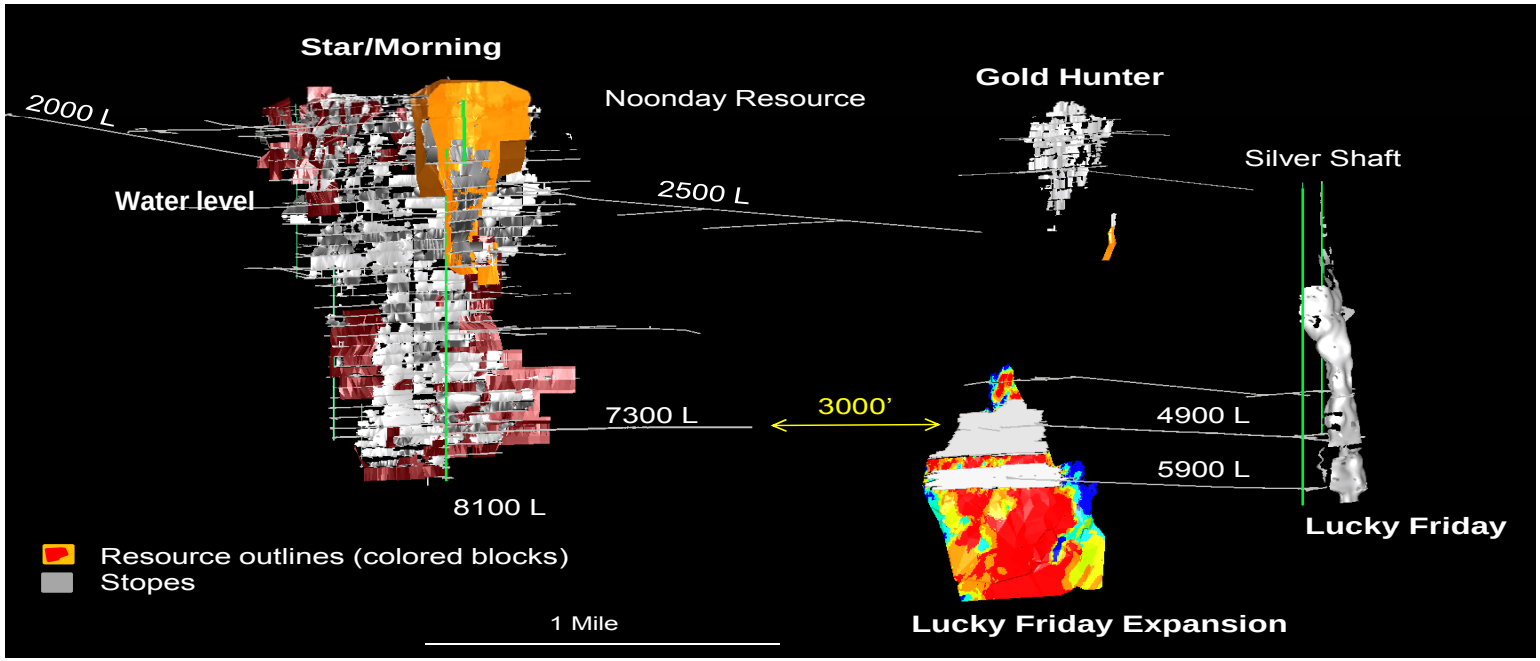




Organic Growth - Star Pre-development

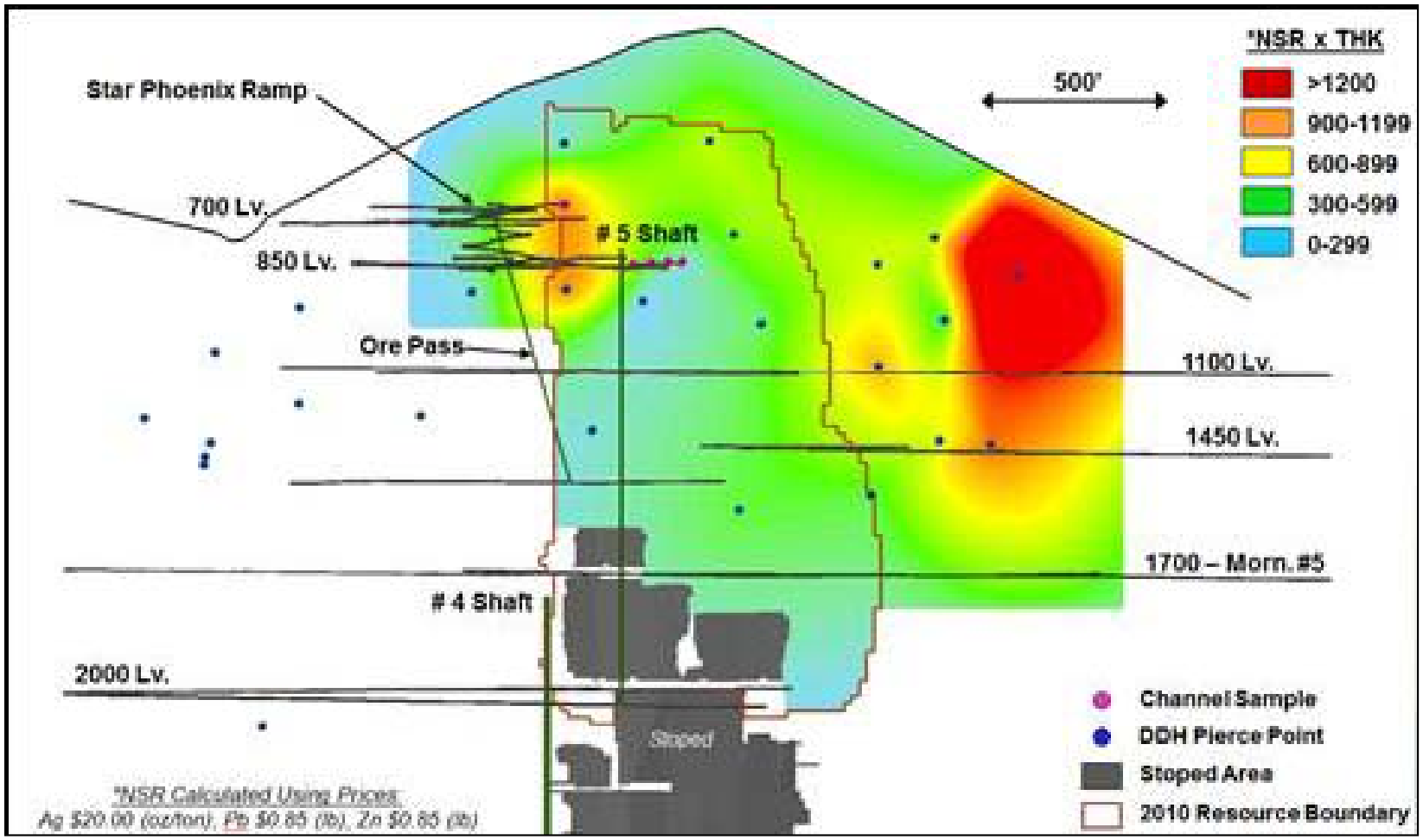
- Hecla has re-opened the Star for definition & exploration drilling
- Portal rehabilitation and ventilation adit have been successfully completed
- A Preliminary Economic Assessment (PEA) of the “Upper Country” Star mine complex is expected to be complete in Q2/12
- A mine dewatering study is also underway and is expected to be complete in Q3/12

Longitudinal Section Looking North

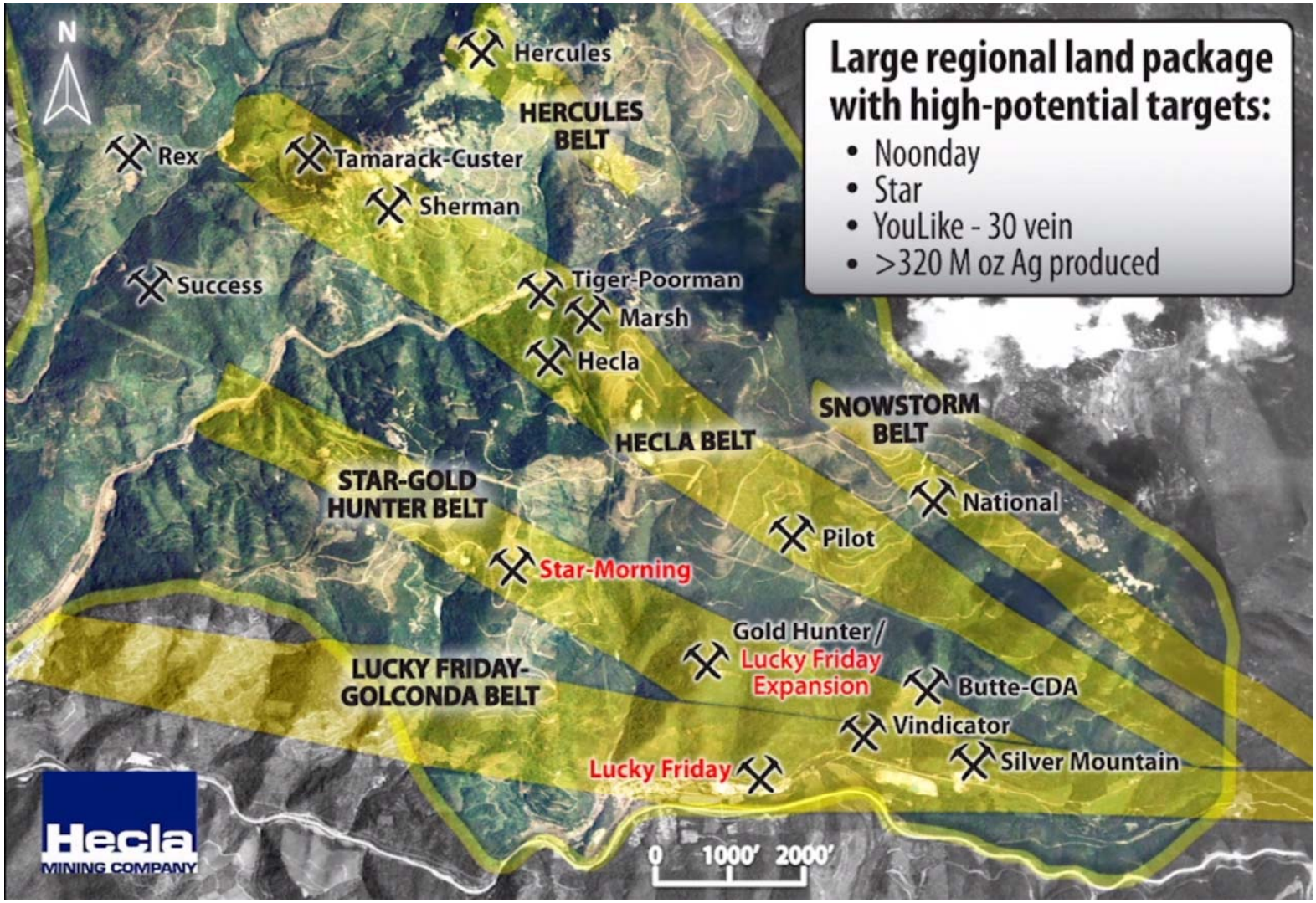


Organic Growth - Star Pre-development

Noonday - Silver and Lead-Rich Mineralization Open to the East

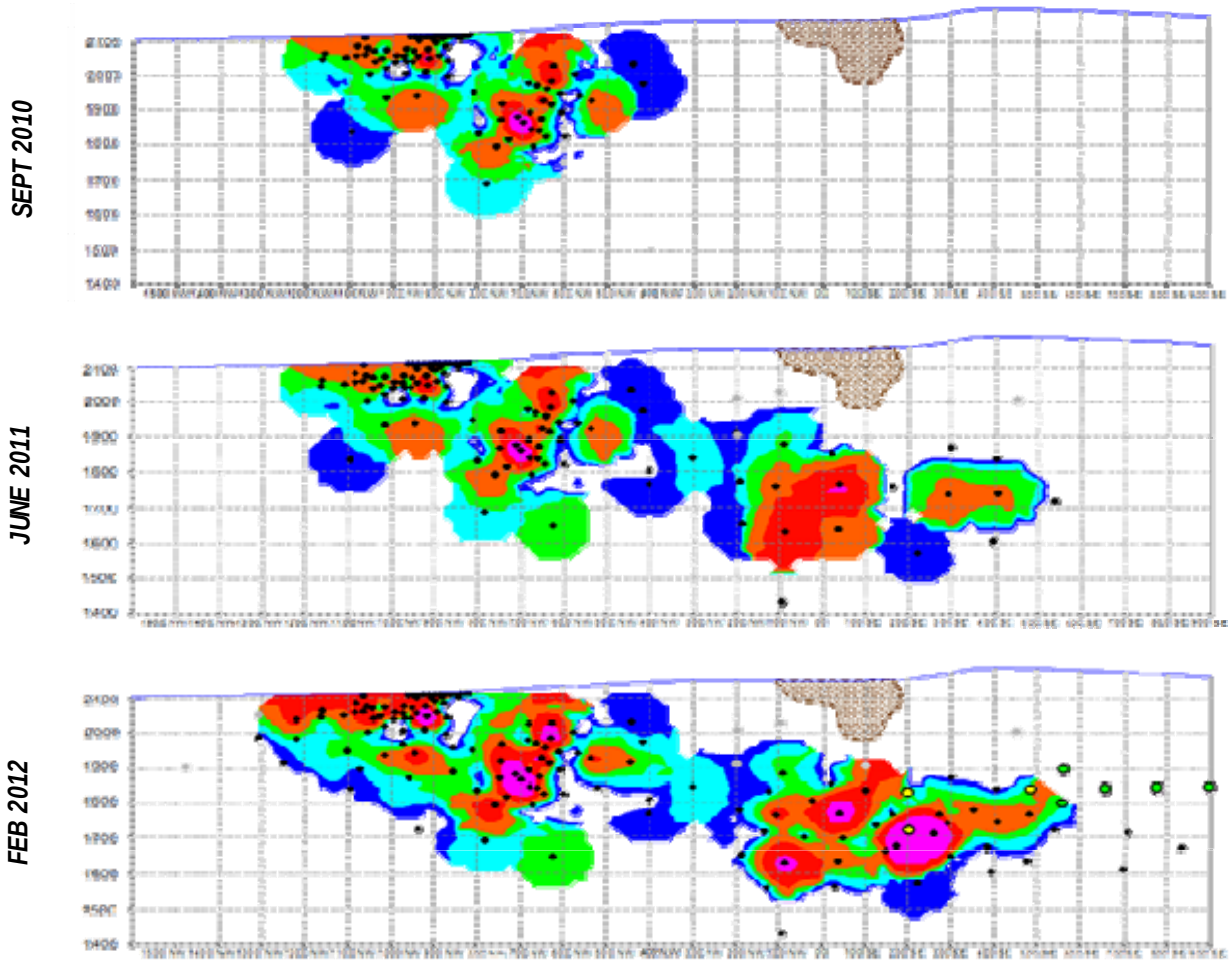


Lucky Friday & Silver Valley - Exploration

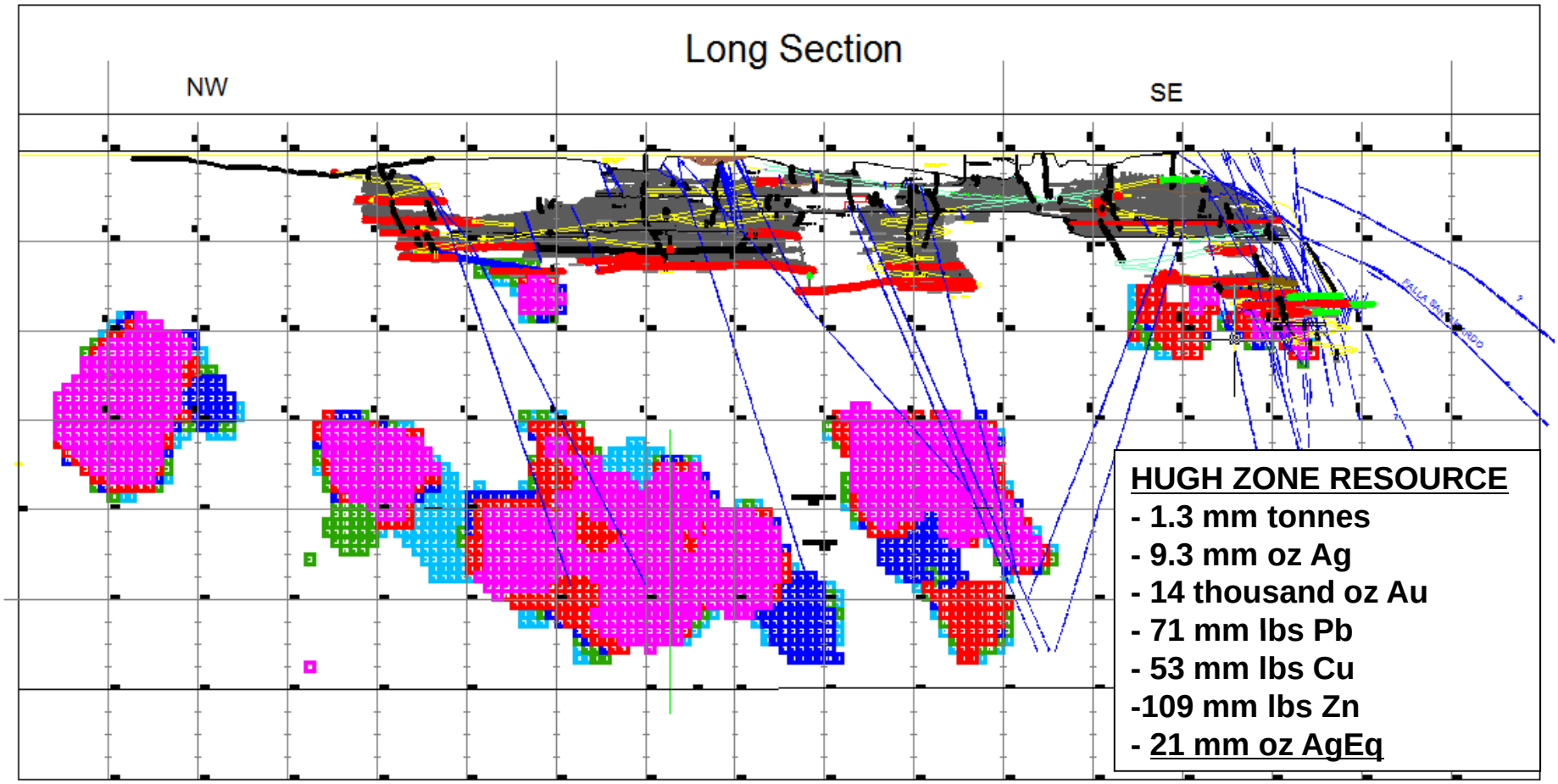


Organic Growth - San Sebastian, Mexico

Andrea Vein - Potential New Silver and Gold-Rich Resource in 2012



San Sebastian (Mexico) - Exploration

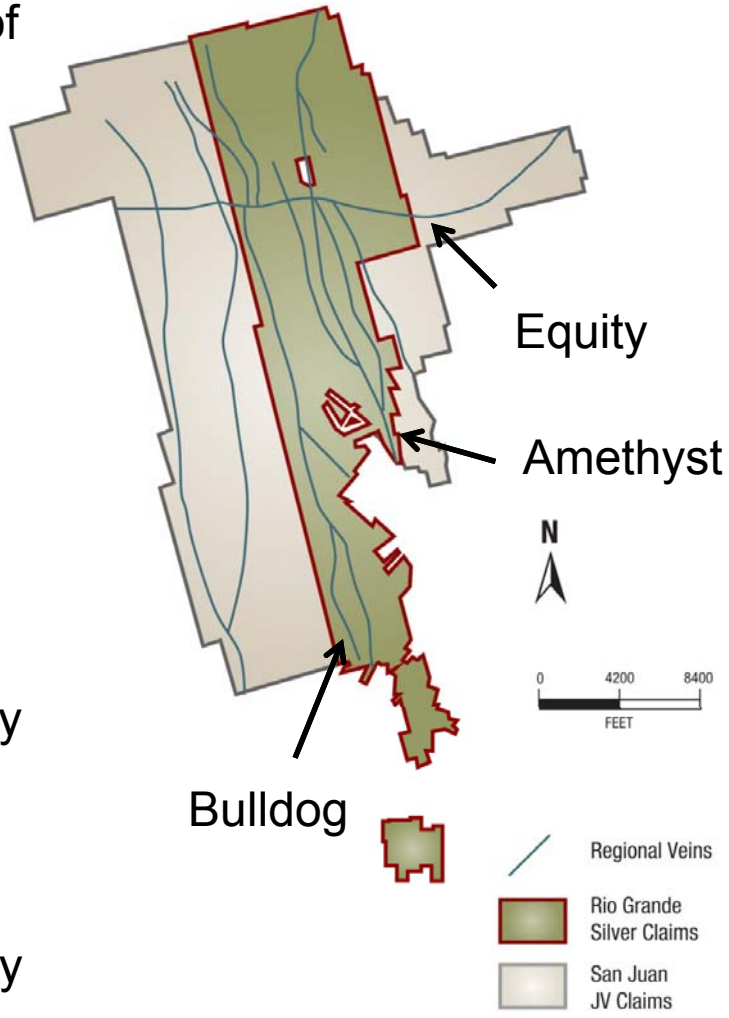


•Commodity Prices Used

•Gold - $573 per oz, Silver - $10.73 per oz, Copper - $2.13 per Lb, Lead - $0.57 per Lb, Zinc - $1.05 per Lb

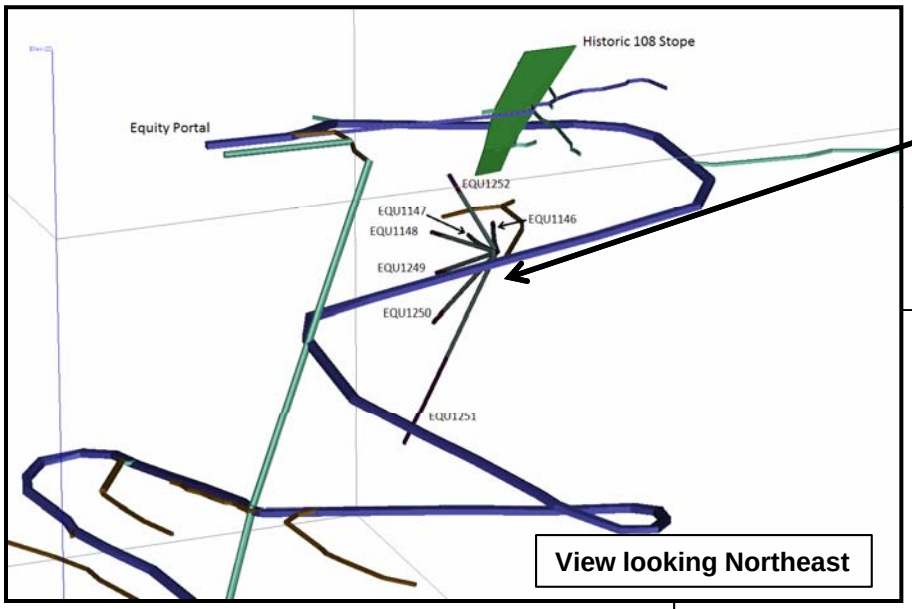
Organic Growth - San Juan Silver

- Historic Bulldog mine produced 25 mm ounces of silver before closing in 1985
- Acquired 100% interest in defined mineralization of San Juan Silver property
- Silver resources of 37.1 mm ounces
- 2011 Activities:
  - Completed conceptual study & water management ponds
  - Equity ramp rehabilitation near completion
- 2012 Activities:
  - Bulldog decline portal construction underway
  - A conceptual study to evaluate the re-opening of Bulldog mine has commenced and is expected to be complete Q4/12
  - Year-round underground drilling at the Equity



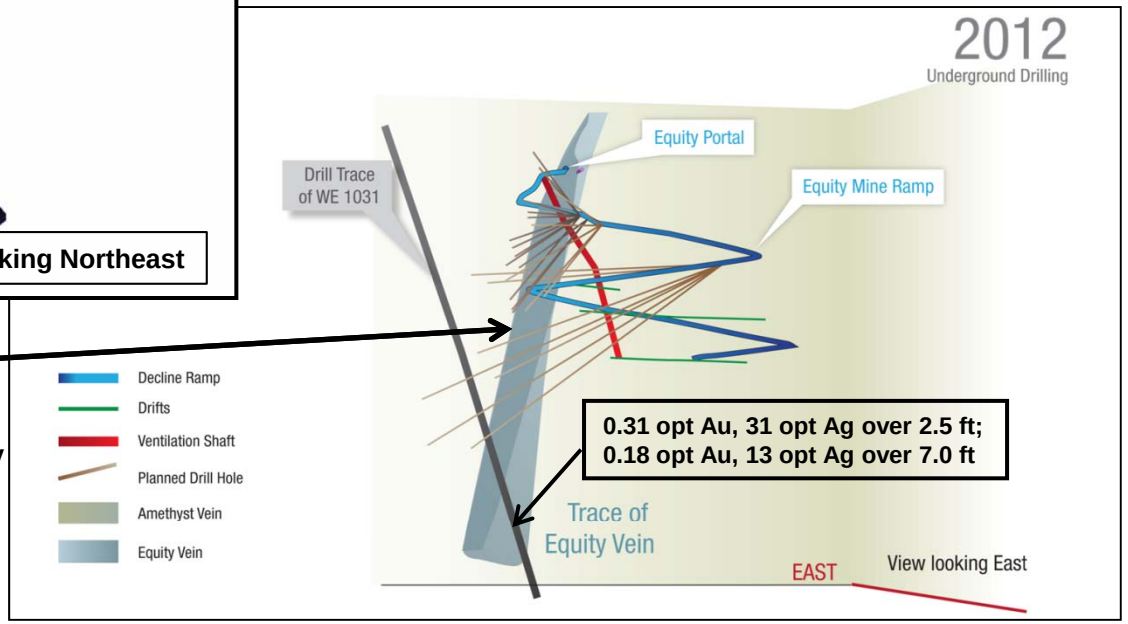
Organic Growth - San Juan Silver

Equity Development Ramp with Current and Planned Drilling



Recent drilling has defined high-grade, gold/silver-bearing veins

Equity vein may represent a mineralized structure with more than 1,400 feet of vertical continuity and considerable strike length



Organic Growth - Exploration Upside

Increasing Exploration Expenditures

	Greens Creek, AK	Lucky Friday/ Silver Valley, ID	San Juan Silver, CO	San Sebastian, MX
2012 Activities	Surface & U/G drilling, geochem, geophysics	Surface & U/G drilling, geochem	Surface & U/G drilling, geochem	Surface drilling & geochem
Targets	-200 South -5250 South -Gallagher -NWW -West Bruin -Cub #4 -NE Contact	-Noonday -North Star -Star Morning -Moffitt -Tamarack -North	-Equity -Amethyst	-Andrea Vein -Antonella -LaRoca -Cerro Santiago -Middle Vein -Espevanza Vein
Strategic Focus	-R&R definition -Identifying new ore zones/targets	-R&R definition -Identifying new targets	-Resource expansion -Resource definition -Defining new targets	-Resource expansion -Identifying new targets
Budget	$7mm	$6 mm	$8.5 mm	$3 mm

Greens Creek (Alaska) - 2011 Overview

	2011
Probable Reserves (mm oz)	98.4
Silver Resources (mm oz)	55.2
Cash Costs (net of by-products)	$ (1.29)/oz[1]
Silver Grade (oz/t)	11.5
Tons Milled	772,069
Ag Produced (oz)	6,498,337
Au Produced (oz)	56,818
Lead Produced (t)	21,055
Zinc Produced (t)	66,050
Mining & Milling Cost per Ton	$80.00

1. Total cash cost per ounce of silver represents a non-U.S. Generally Accepted Accounting Principles (GAAP) measurement. A reconciliation of total cash costs to cost of sales and other direct production costs and depreciation, depletion and amortization (GAAP) can be found in the Appendix.

Lucky Friday (Idaho) - 2011 Overview

	2011
Proven Reserves (mm oz)	29.6
Probable Reserves (mm oz)	19.7
Silver Resources (mm oz)	161.3
Cash Costs (net of by-products)	$ 6.47/oz[1]
Silver Grade (oz/t)	10.7
Tons Milled	298,672
Ag Produced (oz)	2,985,339
Lead Produced (t)	18,095
Zinc Produced (t)	7,305
Mining & Milling Cost per Ton	$77.72

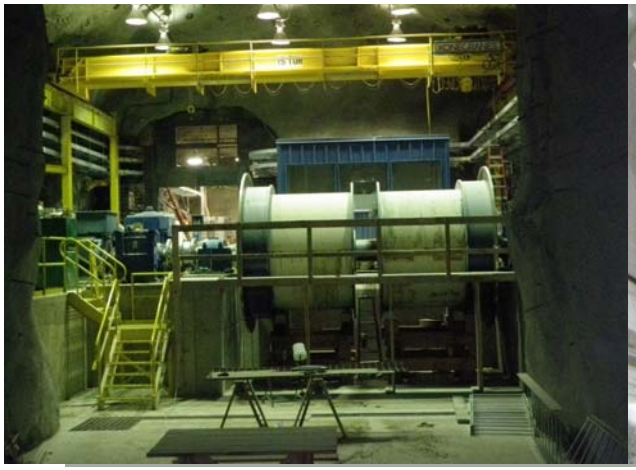
1. Total cash cost per ounce of silver represents a non-U.S. Generally Accepted Accounting Principles (GAAP) measurement. A reconciliation of total cash costs to cost of sales and other direct production costs and depreciation, depletion and amortization (GAAP) can be found in the Appendix.

Lucky Friday - #4 Shaft

#4 Shaft Project

- Upon restart of #4 Shaft construction, work is expected to focus on shaft sinking & station development activities
- Total project is 45% complete and 80% of major procurements have been ordered or installed
- Capital expenditures for 2011 were $42 mm for a total of approximately $90 mm invested to date
- Total project capital is expected to be approximately $200 mm

Hoist Room	Shaft	Sheave Deck

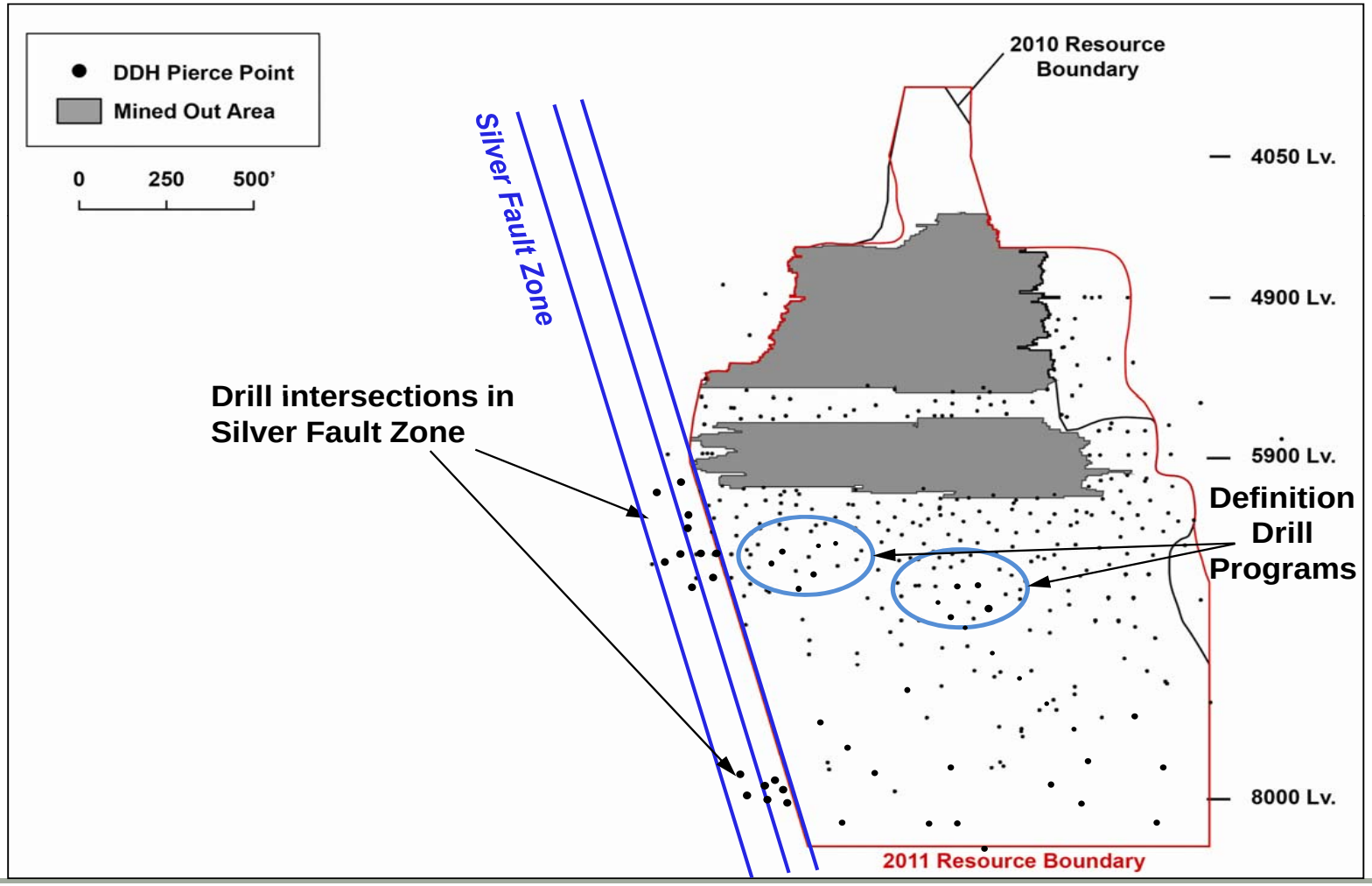






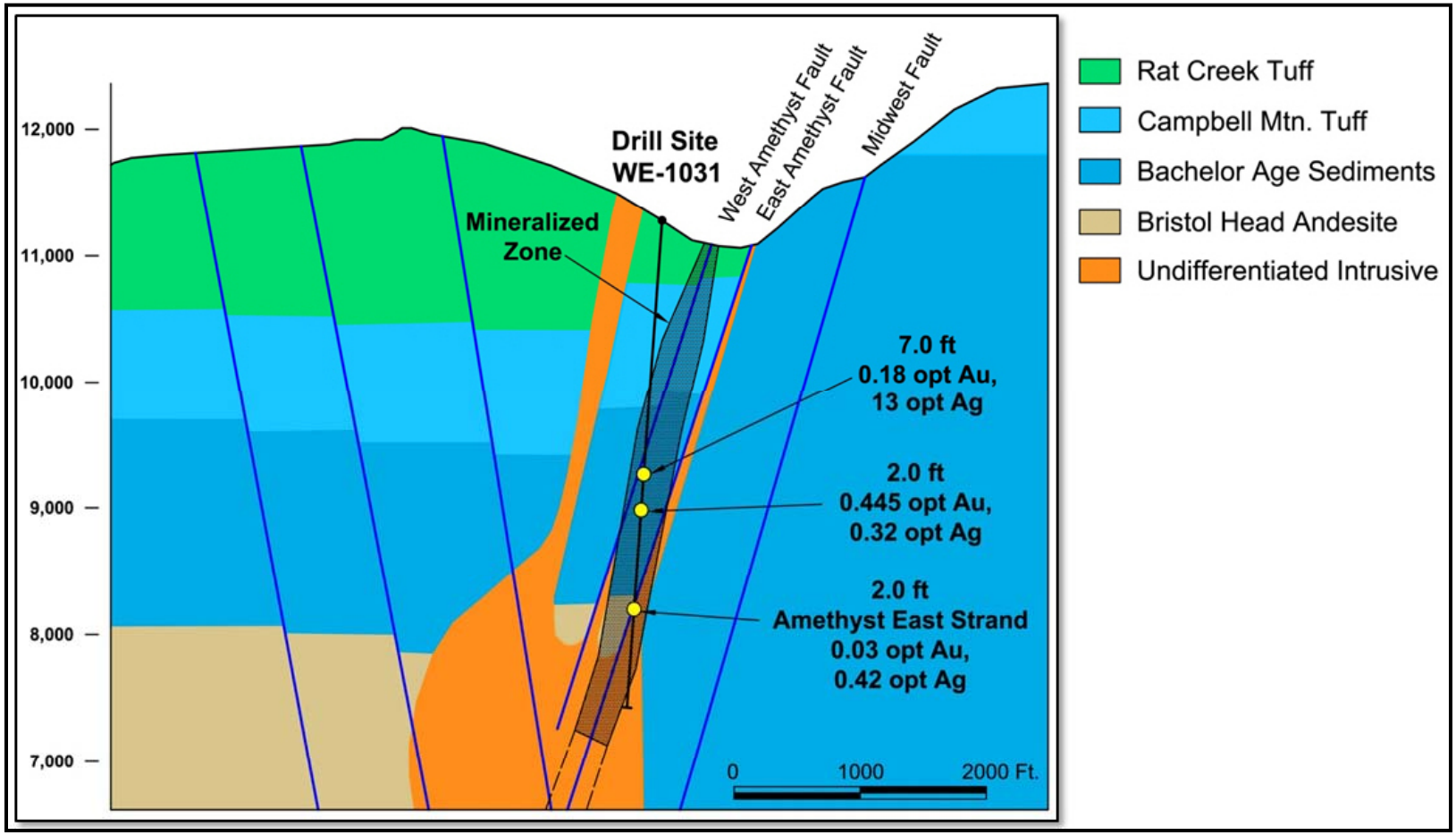
Lucky Friday & Silver Valley - Exploration

Intersected 30 Vein and Intermediate Veins in a Block of the Silver Fault

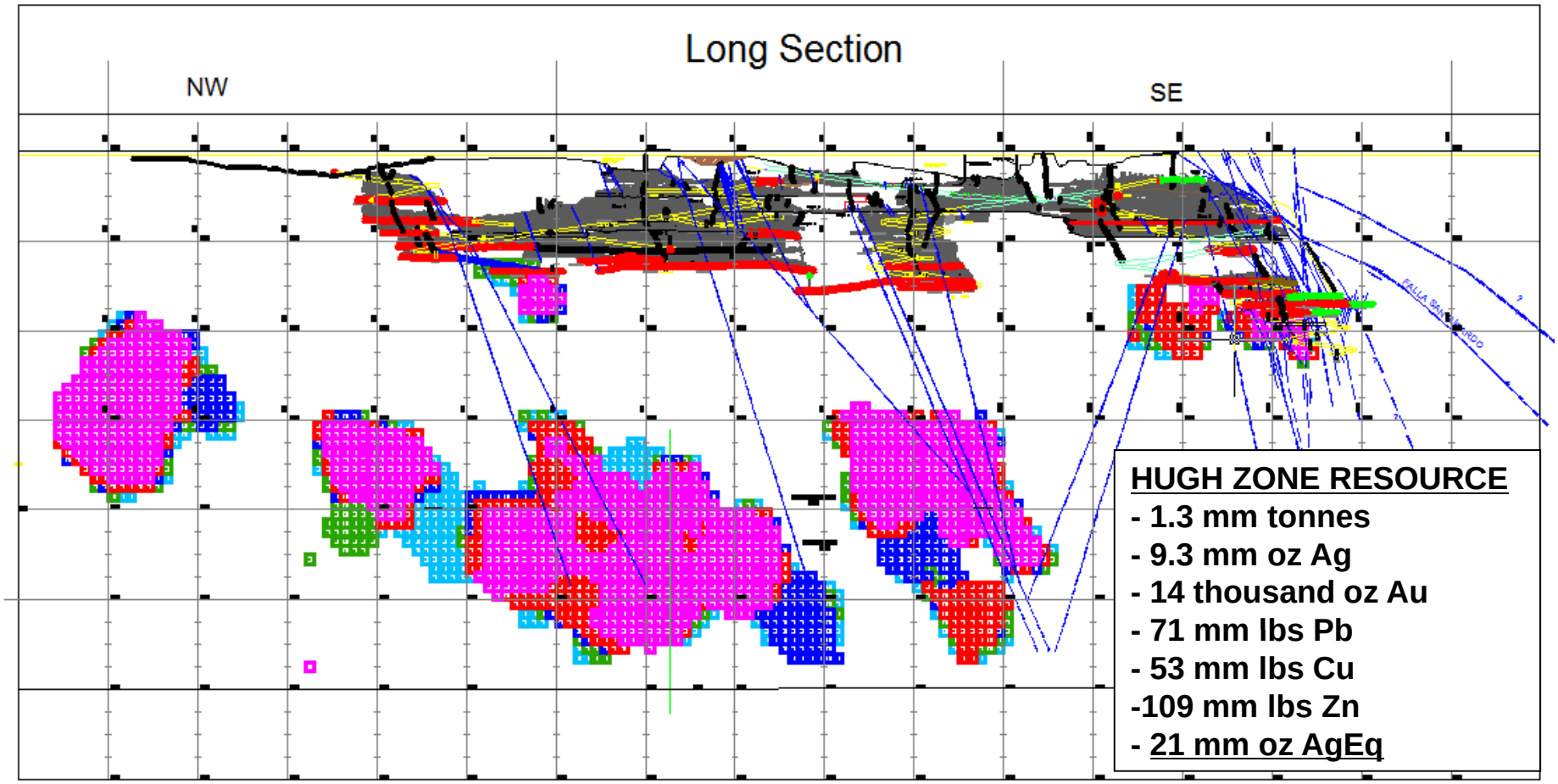


San Juan Silver (Colorado) - Exploration

Amethyst Vein in Plane of Equity Structure



San Sebastian (Mexico) - Exploration



•Commodity Prices Used

•Gold - $573 per oz, Silver - $10.73 per oz, Copper - $2.13 per Lb, Lead - $0.57 per Lb, Zinc - $1.05 per Lb

Coeur d'Alene Basin Litigation

- Court approved consent decree for the Coeur d'Alene River Basin environmental litigation on September 8, 2011
- Settled Hecla Limited's historic environmental liability in the Basin and the remaining obligations in the Box
- Hecla expects to pay $159 mm, net of expected related income tax benefits of $105 million, over a three-year period

Basin Settlement Payment Schedule				
	Payments	**Tax Benefit**	**Existing Warrants**	**Net**
2011	$168[1] mm	$(67) mm		$101 mm
2012	$25 mm	$(10) mm		$15 mm
2013	$15 mm	$(6) mm		$9 mm
2014	$56 mm[2]	$(22) mm	$56 mm	$(22) mm
Total	**$264 mm**	**$(105) mm**	**$56 mm**	**$103 mm**

1. Payment made on October 11, 2011
2. Proceeds from the exercise of any outstanding Series 1 and Series 3 warrants (which have an exercise price between $2.43 and $2.54 per share) will be payable as quarterly payments, with the remaining balance, if any, due in August 2014. Approximate total value of $56 mm.

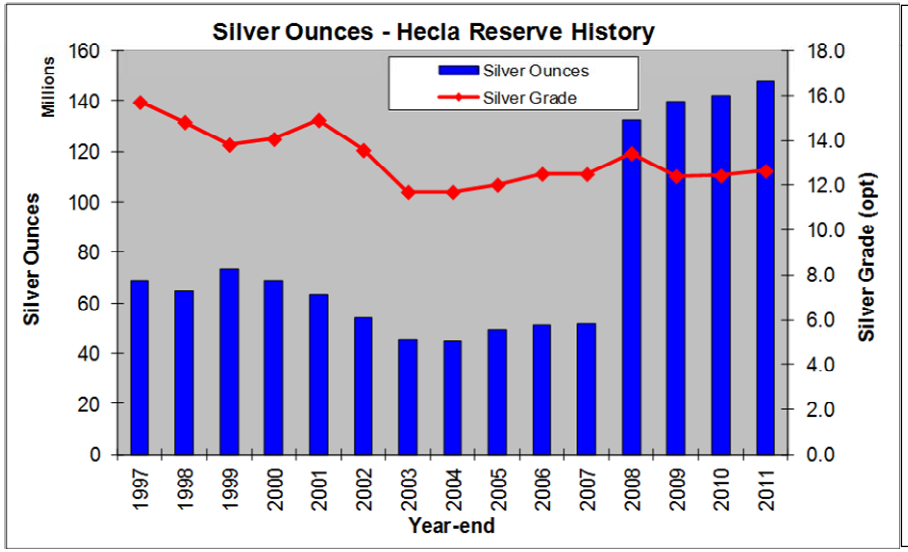
Historical Milestones

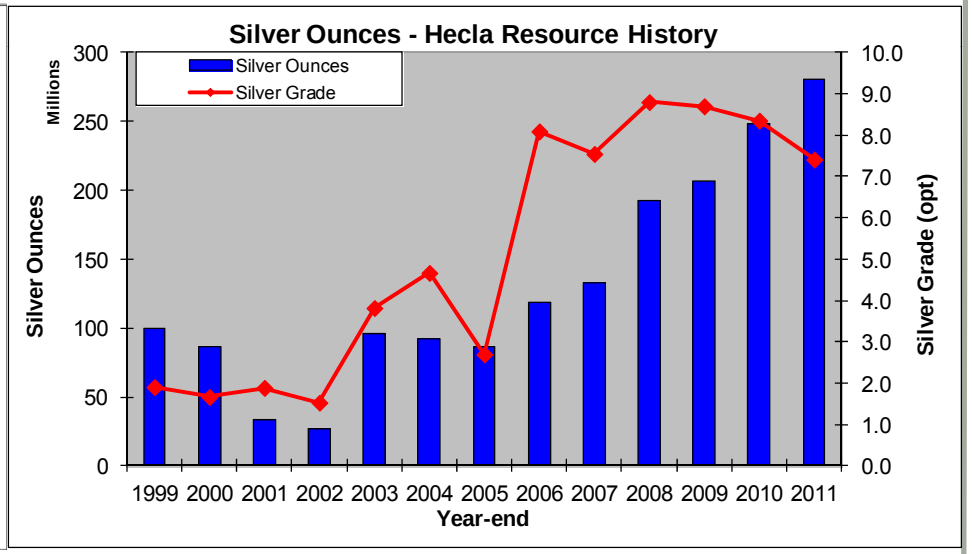
Over a Century of Silver Mining Experience

1891	▪ Hecla Mining Company is incorporated & mining commences at the Star
1958	▪ Becomes the largest shareholder in the Lucky Friday Silver-Lead Mines Company
1964	▪ Merger between Hecla and Lucky Friday Silver-Lead Mines is completed ▪ Hecla is listed on the New York Stock Exchange
1979	▪ Best performer on the New York Stock Exchange
1981	▪ Merger with Day Mines consolidating the Silver Valley
1987	▪ Acquisition of 30% of Greens Creek silver-gold-zinc-lead mine on Admiralty Island
2000	▪ San Sebastian acquisition
2006	▪ Increases silver reserves & resources by 25%
2008	▪ Completes transaction to acquire remaining interest in Greens Creek silver mine ▪ Acquisition of Independence Lead Mines & San Juan Silver Joint Venture
2009	▪ Initiated construction of the #4 Shaft at Lucky Friday ▪ Greens Creek produced to date 200 mm ounces of silver and 1 mm ounces of gold
2010	▪ Reports highest annual revenue ($418.8 mm) and operating cash flow ($197.8 mm)
2011	▪ Highest level of silver reserves & resources with 147 mm ounces and 280 mm ounces, respectively ▪ New silver-linked dividend policy ▪ Settled historic Coeur d'Alene Basin environmental liability

Reserve and Resource Growth

High conversion rate from resources to reserves at operations [1]

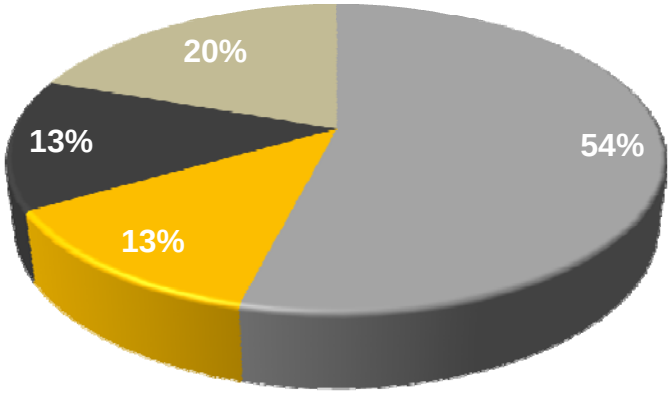




1. Hecla has increased its reserves and resources for six consecutive years, setting a new record for both categories in 2011.

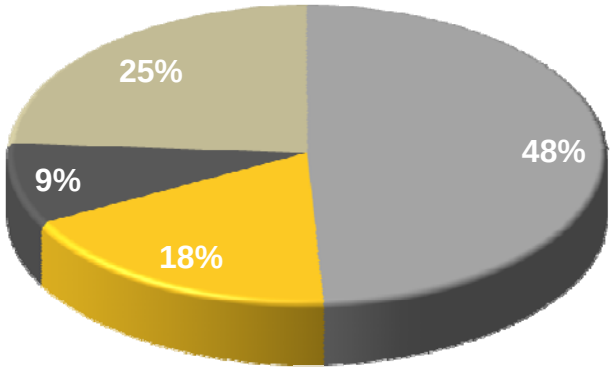
2011 - Revenue by Metal

Consolidated



Silver Gold Lead Zinc

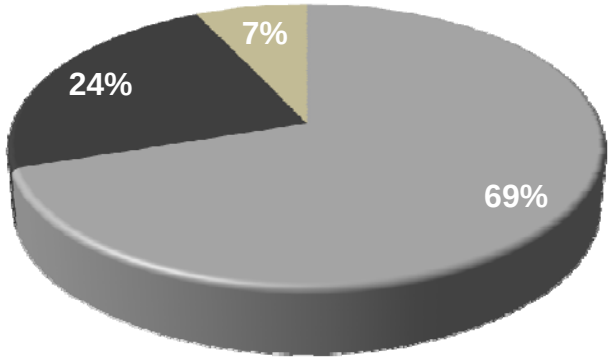
Greens Creek



Based on Realized Prices
Full Year 2011:

Silver	$	35.30/oz
Gold	$	1,592/oz
Zinc	$	1.05/lb
Lead	$	1.00/lb

Lucky Friday



Reserves & Resources Update (on Dec. 31, 2011)

Mine	Tons	Silver (Oz/ton)	Gold (Oz/ton)	Lead (%)	Zinc (%)	Silver (Ounces)	Gold (Ounces)	Lead (Tons)	Zinc (Tons)
Proven and Probable Reserves									
Proven Ore Reserves									
Lucky Friday Unit, USA	2,345,500	12.6	-	7.8	3.0	29,573,900	-	183,100	70,160
Subtotal Proven Reserves	**2,345,500**	**12.6**		**7.8**	**3.0**	**29,573,900**	**-**	**183,100**	**70,160**
Probable Reserves									
Lucky Friday Unit, USA	1,345,300	14.7	-	9.3	3.2	19,746,200	-	124,720	42,890
Greens Creek, USA	7,991,000	12.3	0.093	3.5	9.2	98,383,300	742,400	281,620	733,140
Subtotal Probable	**9,336,300**	**12.7**	**0.080**	**4.4**	**8.3**	**118,129,500**	**742,400**	**406,340**	**776,030**
Mineralized Material									
Lucky Friday Unit, USA (1)	18,857,800	6.3	-	4.2	2.0	118,773,700	-	783,650	369,960
Greens Creek, USA (2)	445,900	5.8	0.109	3.0	7.0	2,582,400	48,500	13,430	31,170
San JuanSilver - Creede (3)	515,500	14.8	-	2.1	1.1	7,619,600	-	10,760	5,820
Star Complex (4)	986,200	3.2	-	6.8	7.7	3,146,400	-	66,730	75,620
Total Mineralized Material						**132,122,100**	**48,500**	**874,570**	**482,570**
Other Resources									
Lucky Friday Unit, USA (5)	4,396,900	9.7	-	6.4	2.0	42,531,600	-	279,770	87,300
Greens Creek, USA (6)	4,416,700	11.9	0.093	2.3	5.7	52,581,500	412,700	101,570	253,380
San Sebastian Hugh (7)	1,142,500	8.0	0.010	2.9	4.4	9,186,200	14,300	33,020	49,930
San Sebastian Andrea (8)	2,151,300	3.1	0.057	-	-	6,654,000	122,200	-	-
San Juan Silver - Creede (9)	2,577,300	11.4	-	1.6	1.4	29,446,100	-	40,990	34,980
Star Complex (10)	2,379,100	3.5	-	5.9	6.0	8,213,800	-	139,590	142,650
Total Other Resources						**148,613,200**	**549,100**	**594,940**	**568,240**

Totals may not match due to rounding for significant figures

(1) Measured and Indicated resources from Gold Hunter and Lucky Friday vein systems, diluted and factored for expected mining recovery.

(2) Indicated resources, Gallagher ore body, factored for dilution and mining recovery.

(3) Indicated resources diluted and factored to minimum mining width mechanized 6.0 feet -A vein only -100% Hecla

(4) Indicated resources diluted and factored to minimum mining width for conventional mining.

(5) Inferred resources from Gold Hunter and Lucky Friday vein systems, diluted and factored for expected mining recovery.

(6) Inferred resources, East, West, SW, Gallagher, NWW, '9A', and 200S ore bodies, factored for dilution and mining recovery.

(7) Inferred resources, Hugh zone (Deep Francine) - diluted and factored to minimum mining width (also contains 23,540 tons copper).

(8) Inferred resources diluted and factored to minimum mining width - 2 meter.

(9) Inferred resources, diluted and factored to minimum mining width. San Juan JV (Creede, CO) - 100% Hecla in 2011.

(10) Inferred resources diluted and factored to minimum mining width for conventional mining.

Total Cash Cost GAAP Reconciliation

Reconciliation of Cash Costs per Ounce to Generally Accepted Accounting Principles (GAAP)

(dollars and ounces in thousands, except per ounce - unaudited)

	Q4/11	2011	2010	2009	2008	2007
Total cash costs[1]	$ 5,677	$ 10,934	$ (15,435)	$ 20,958	$ 36,621	$ (15,873)
Divided by silver ounces produced	2,490	9,483	10,566	10,989	8,709	5,643
Total cash cost per ounce produced	$ 2.28	$ 1.15	$ (1.46)	$ 1.91	$ 4.20	$ (2.81)
Reconciliation to GAAP:						
Total cash costs	$ 5,677	$ 10,934	$ (15,435)	$ 20,958	$ 36,621	$ (15,873)
Depreciation, depletion and amortization	$ 12,501	$ 47,066	$ 60,011	$ 62,837	$ 35,207	$ 12,323
Treatment costs	$ (22,758)	$ (99,019)	$ (92,144)	$ (80,830)	$ (70,776)	$ (27,617)
By- products credits	$ 53,530	$ 254,372	$ 267,272	$ 206,608	$ 164,963	$ 112,079
Change in product inventory	$ 836	$ (4,805)	$ 3,660	$ 310	$ 20,254	$ (1,261)
Suspension-related costs[2]	$ 2,495	$ 4,135	$ -	$ -	$ -	$ -
Reclamation, severance and other costs	$ 760	$ (44)	$ 630	$ 1,596	$ 537	$ 203
Costs of sales and other direct production costs and depreciation, depletion and amortization (GAAP)	**$ 53,041**	**$ 212,639**	**$ 223,994**	**$ 211,479**	**$ 186,806**	**$ 79,854**

1. Cash cost per ounce of silver represents non-U.S. Generally Accepted Accounting Principles (GAAP) measurements that the Company believes provide management and investors an indication of net cash flow. Management also uses this measurement for the comparative monitoring of performance of mining operations period-to-period from a cash flow perspective. “Total cash cost per ounce” is a measure developed by gold companies in an effort to provide a comparable standard; however, there can be no assurance that our reporting of this non-GAAP measure is similar to that reported by other mining companies. Cost of sales and other direct production costs and depreciation, depletion and amortization, was the most comparable financial measures calculated in accordance with GAAP to total cash costs.
2. Various accidents and other events resulted in temporary suspensions of production at the Lucky Friday unit during 2011. See the Lucky Friday Segment section for more further discussion of these events. Care-and-maintenance, mine rehabilitation, investigation, and other costs incurred during the suspension periods not related to production have been excluded from total cash costs and the calculation of total cash cost per ounce produced.

Total Cash Cost GAAP Reconciliation

Reconciliation of Cash Costs per Ounce to Generally Accepted Accounting Principles (GAAP)
(dollars and ounces in thousands, except per ounce - unaudited)

	Q4/11	Q4/10	Full Year 2011
Total cash costs[1]	$ 5,677	$ (377)	$ 10,934
Divided by silver ounces produced	2,490	2,741	9,483
Total cash cost per ounce produced	**$ 2.28**	**$ (0.14)**	**$ 1.15**
Reconciliation to GAAP			
Total cash costs	$ 5,677	$ (377)	$ 10,934
Depreciation, depletion and amortization	12,501	13,956	47,066
Treatment and freight costs	(22,758)	(23,733)	(99,019)
By-product credits	53,530	67,375	254,372
Change in product inventory	836	2,303	(4,805)
Suspension-related costs[(2)]	2,495	-	4,135
Reclamation and other costs	760	243	(44)
Cost of sales and other direct production costs and depreciation, depletion and amortization	**$ 53,041**	**$ 59,767**	**$ 212,639**

1. Cash cost per ounce of silver represents a non-U.S. Generally Accepted Accounting Principles (GAAP) measurement that the Company believes provides management and investors an indication of net cash flow. Management also uses this measurement for the comparative monitoring of performance of mining operations period-to-period from a cash flow perspective. “Total cash cost per ounce” is a measure developed by silver companies in an effort to provide a comparable standard; however, there can be no assurance that our reporting of this non-GAAP measure is similar to that reported by other mining companies. Cost of sales and other direct production costs and depreciation, depletion and amortization, was the most comparable financial measures calculated in accordance with GAAP to total cash costs.
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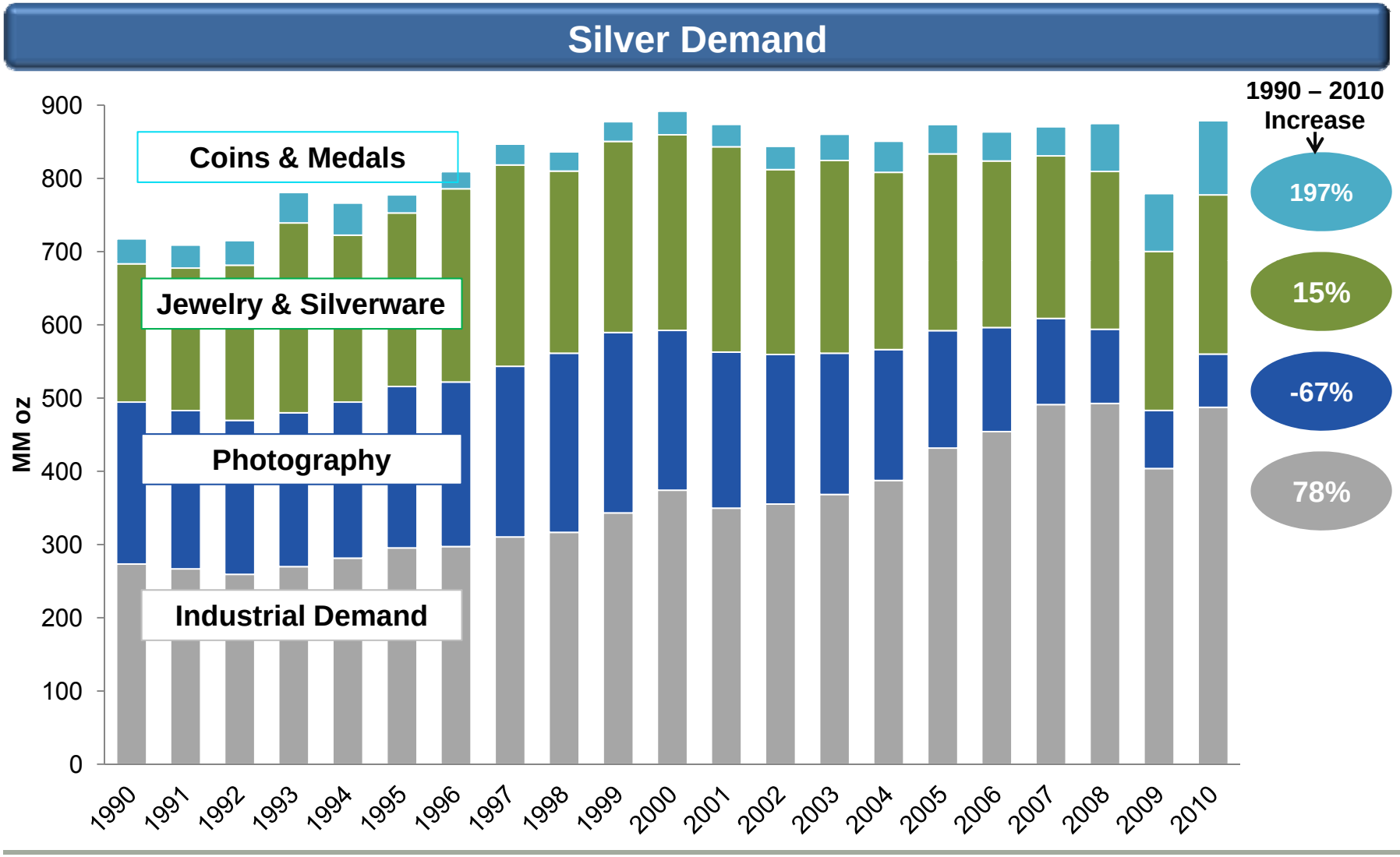
Total Cash Cost GAAP Reconciliation

Reconciliation of Cash Costs per Ounce to Generally Accepted Accounting Principles (GAAP)
(dollars and ounces in thousands, except per ounce - unaudited)

	Greens Creek	Lucky Friday
	Year ended December 31	
	2011	2011
Total cash costs[1]	$ (8,387)	$ 19,321
Divided by silver ounces produced	$ 6,498	$ 2,985
Total cash cost per ounce produced	$ (1.29)	$ 6.47
Reconciliation to GAAP:		
Total cash costs	$ (8,387)	$ 19,321
Depreciation, depletion and amortization	$ 41,013	$ 6,053
Treatment costs	$ (79,134)	$ (19,885)
By- products credits	$ 205,961	$ 48,411
Change in product inventory	$ (4,966)	$ 161
Suspension-related costs[2]	$ -	$ 4,135
Reclamation, severance and other costs	$ (81)	$ 37
Costs of sales and other direct production costs and depreciation, depletion and amortization (GAAP)	**$ 154,406**	**$ 58,233**

1. Cash cost per ounce of silver represents a non-U.S. Generally Accepted Accounting Principles (GAAP) measurement that the Company believes provides management and investors an indication of net cash flow. Management also uses this measurement for the comparative monitoring of performance of mining operations period-to-period from a cash flow perspective. “Total cash cost per ounce” is a measure developed by silver companies in an effort to provide a comparable standard; however, there can be no assurance that our reporting of this non-GAAP measure is similar to that reported by other mining companies. Cost of sales and other direct production costs and depreciation, depletion and amortization, was the most comparable financial measures calculated in accordance with GAAP to total cash costs.
2. Various accidents and other events resulted in temporary suspensions of production at the Lucky Friday unit during 2011. Care-and-maintenance, mine rehabilitation, investigation, and other costs incurred during the suspension periods not related to production have been excluded from total cash costs and the calculation of total cash cost per ounce produced.

Silver Demand

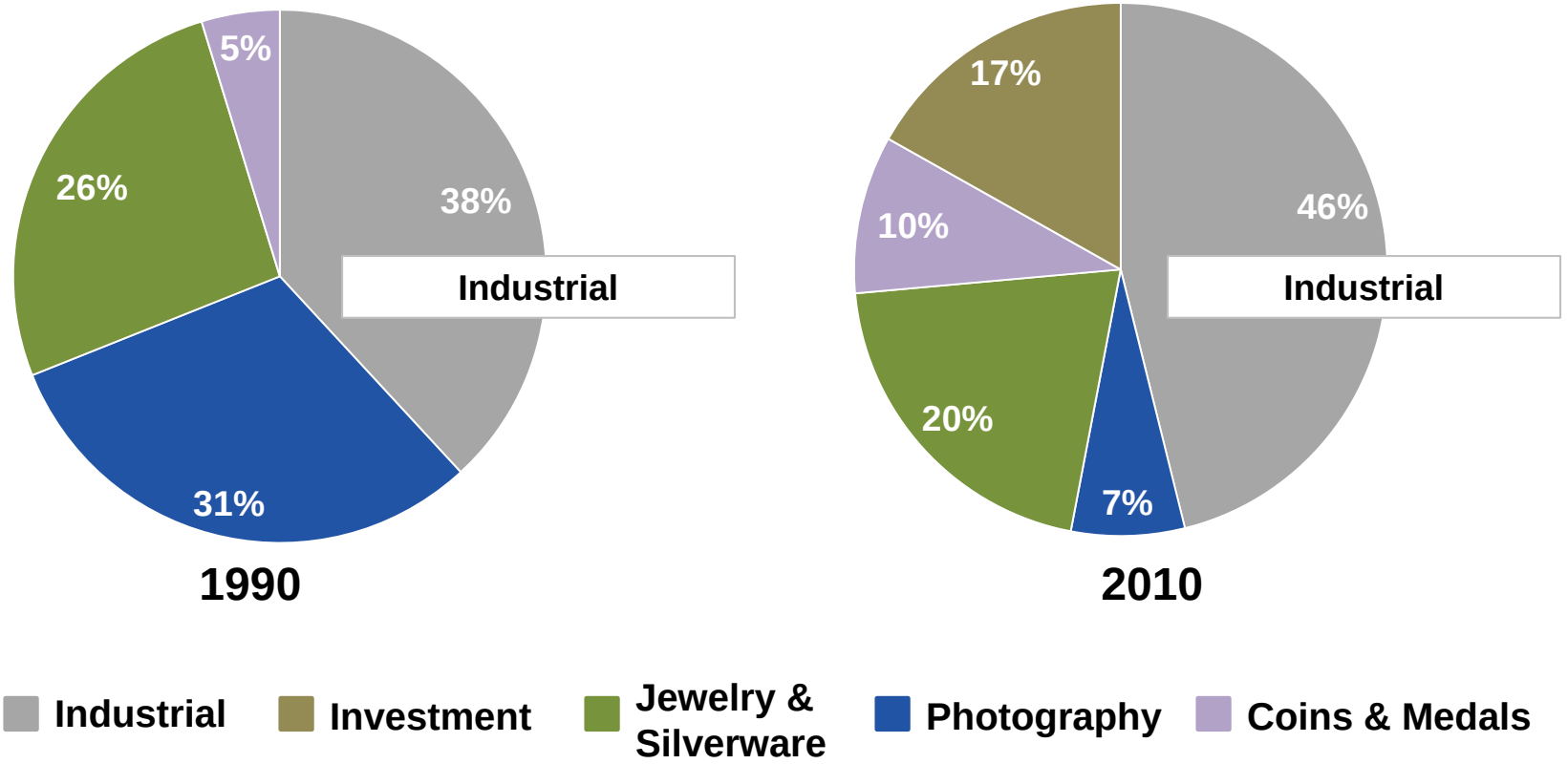


Source - GFMS

Silver Demand

Increasing Share of Industrial Demand

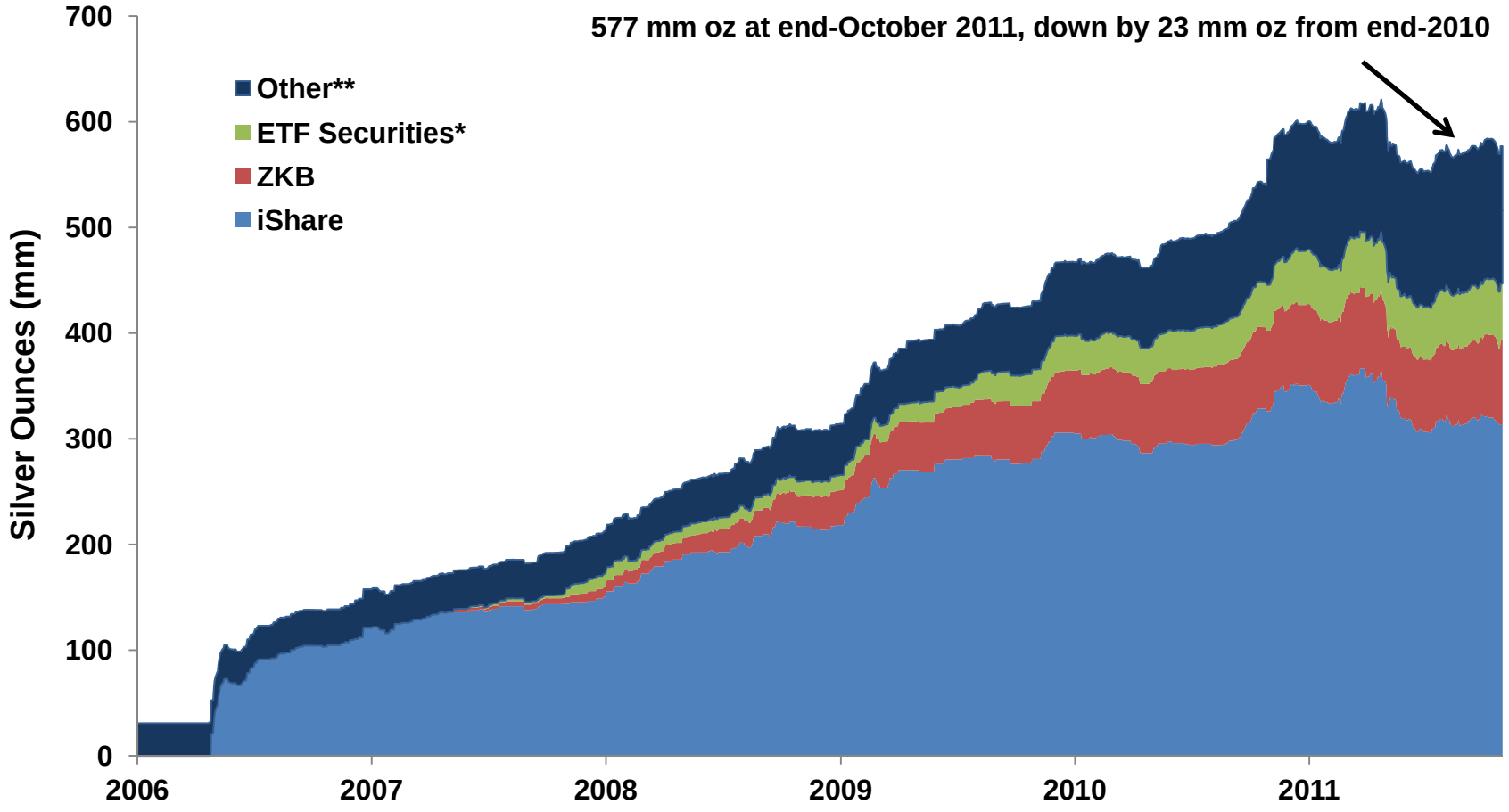
- Industrial demand increased from 274 mm oz in 1990 to 487 mm oz in 2010, an increase of 78%, and an annualized increase of 3.5%



Source - GFMS

ETFs Demonstrate Strong Investment Demand

Silver ETF Holdings



*Includes ETFs London, Australia, NYSE, Glitter and WITE ** Includes Julius Baer, Mitsubishi, Sprott, Claymore, Central Fund of Canada, Silver Bullion Trust, DB Physical Silver, iShare ETC, Source: Thomson Reuters GFMS

Silver Price Conclusions

- Investment demand has driven silver prices higher since 2007; this demand has absorbed surplus supply
- Investment demand is expected to remain strong and will be the key price driver in the near-term
- We believe modern demand will play a pivotal role in driving silver prices in the long-term
- We forecast silver prices to re-test interim highs of $50/oz (April 2011)

Silver Price:
January 1, 2011 – April 5, 2012

