



Second Quarter 2012 Earnings Conference Call

August 7, 2012

Hecla MINING COMPANY

Cautionary Statements

Cautionary Note Regarding Forward Looking Statements

Statements made which are not historical facts, such as strategies, plans, anticipated payments, litigation outcome (including settlement negotiations), production, sales of assets, exploration results and plans, 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 risks, labor issues, ability to raise financing, and exploration risks. Refer to our Form 10-K and 10-Q reports for a more detailed discussion of factors that may impact expected future results. We undertake no obligation to update forward-looking statements other than as may be required by law.

Cautionary Note Regarding Estimates of Measured, Indicated and Inferred 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 in this presentation, 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. 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 represents non-U.S. Generally Accepted Accounting Principles (GAAP) measurement. 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.

Q2 2012 - Highlights

- Lucky Friday mine advances toward Q1/2013 re-opening
  - Silver Shaft rehabilitation complete through 4900 foot level
  - Development crews rehiring with target of production restart Q1/2013
  - Planning work resumes work on #4 Shaft
- Greens Creek returns to normal production and normal mining cycle
  - Production and throughput expected to increase for the remainder of the year
  - Strong margins – cash cost of $1.03 per ounce[1] silver
- Cash and cash equivalents of $233 million
- Exploration and pre-development projects advanced

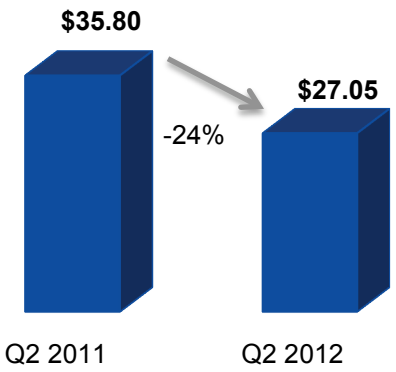
1. Total cash cost per ounce of silver represents a non-U.S. Generally Accepted Accounting Principles (GAAP) measurement. A reconciliation of total cash costs to cost of sales and other direct production costs and depreciation, depletion and amortization (GAAP) can be found in the Appendix.

Financial Review

Q2 2012 - Realized Metals Prices

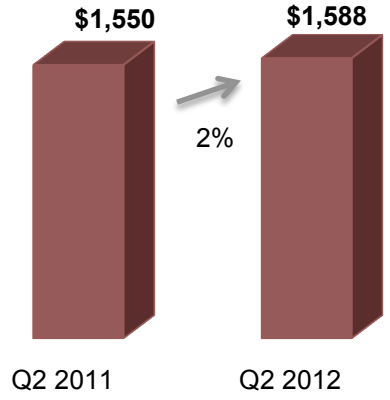
Silver

($/oz)



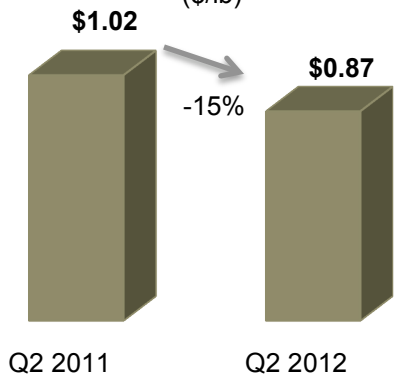
Gold

($/oz)



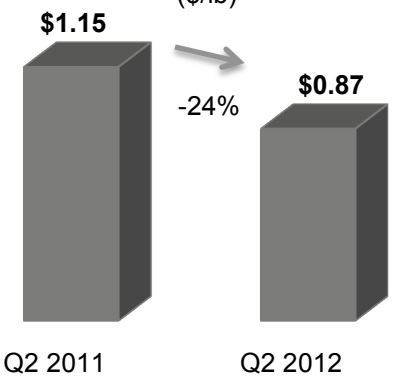
Zinc

($/lb)



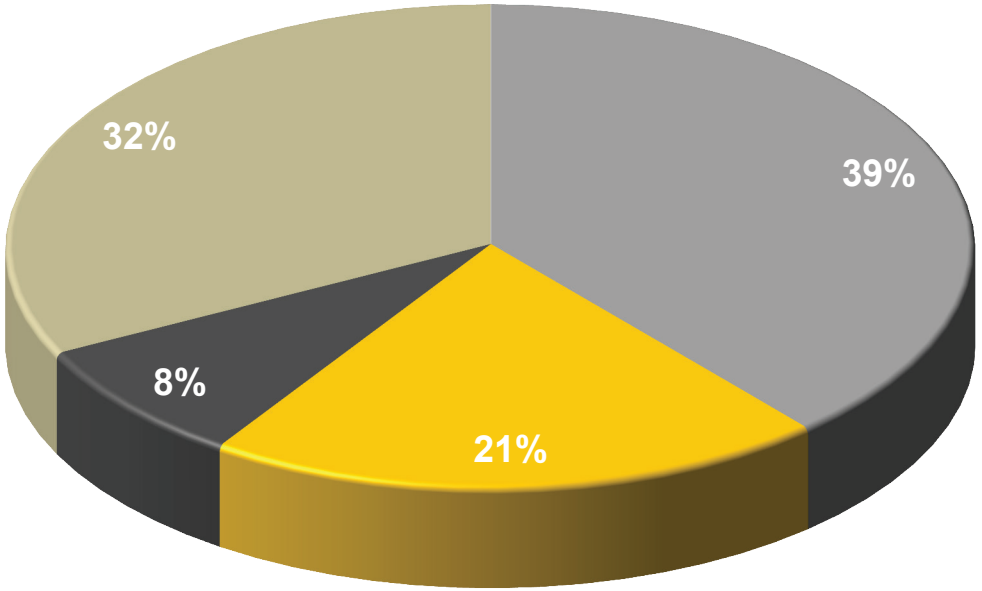
Lead

($/lb)



Q2 2012 - Total Revenue $67 million

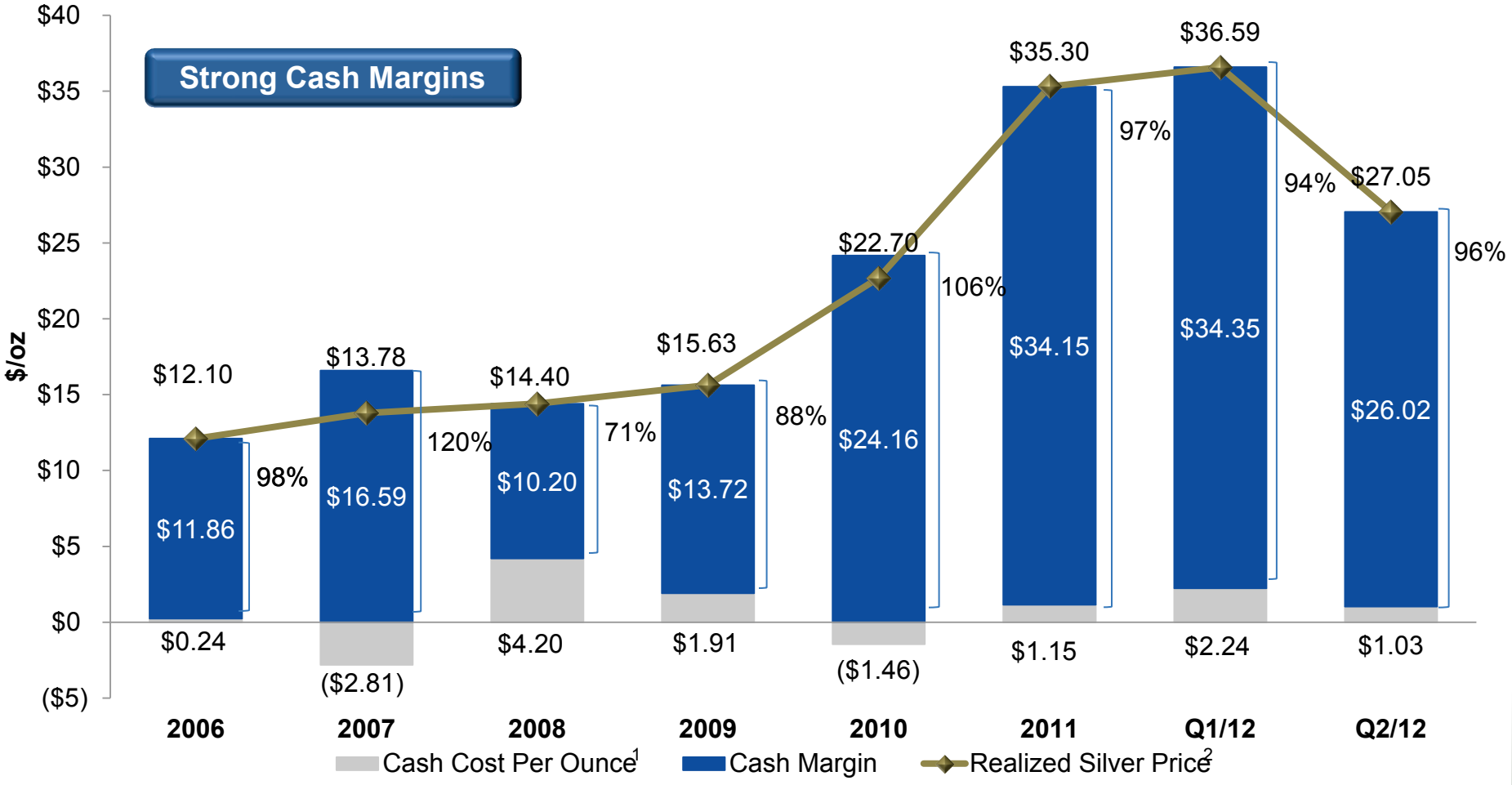
Greens Creek



Based on Realized Prices Q2/2012:

Silver	$	27.05/oz
Gold	$	1,588/oz
Zinc	$	0.87/lb
Lead	$	0.87/lb

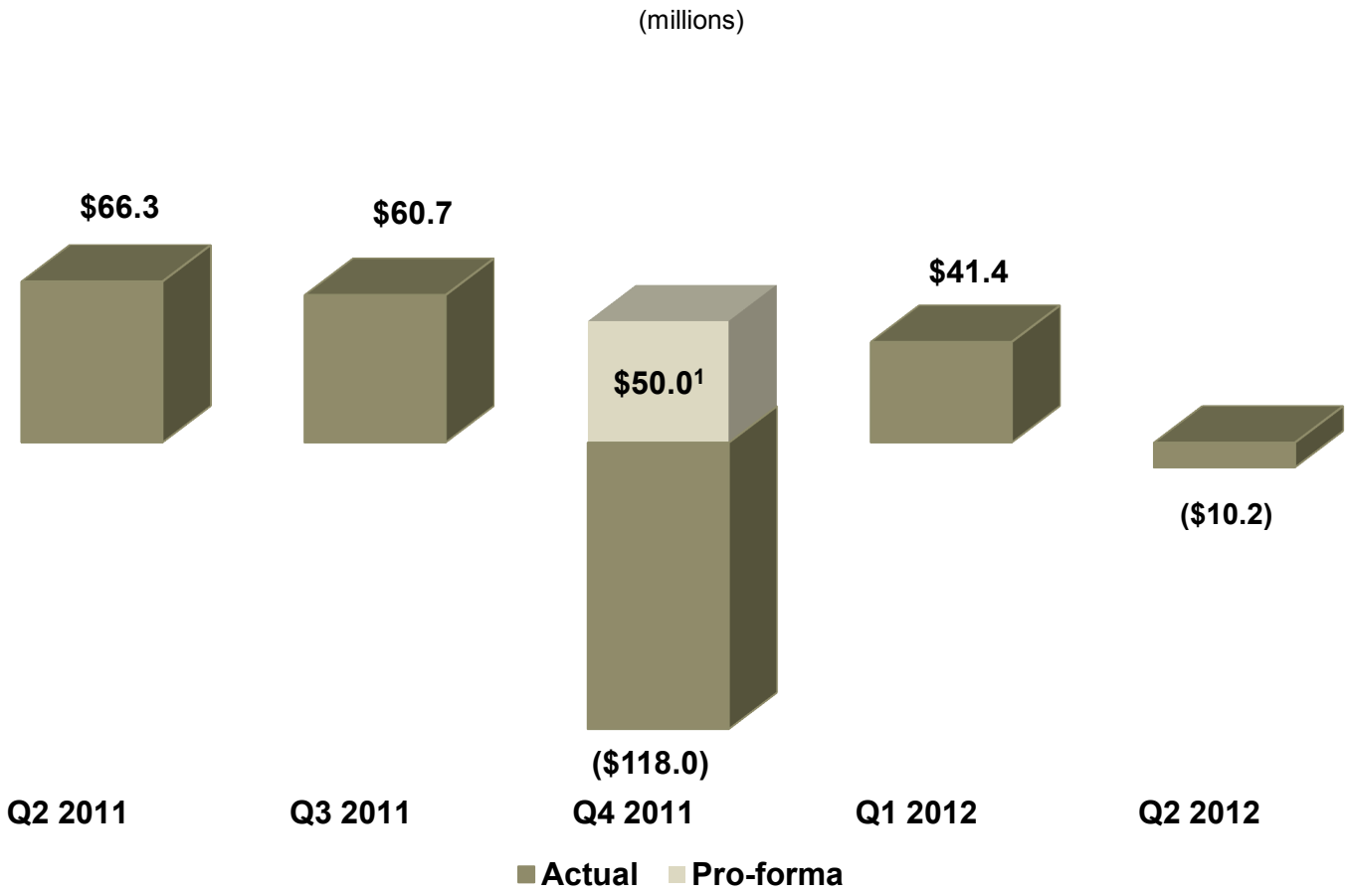
Q2 2012 - Total Cash Costs $1.03 per oz



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.
2. 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.

Q2 2012 - Cash Flow

Cash Provided by Operating Activities

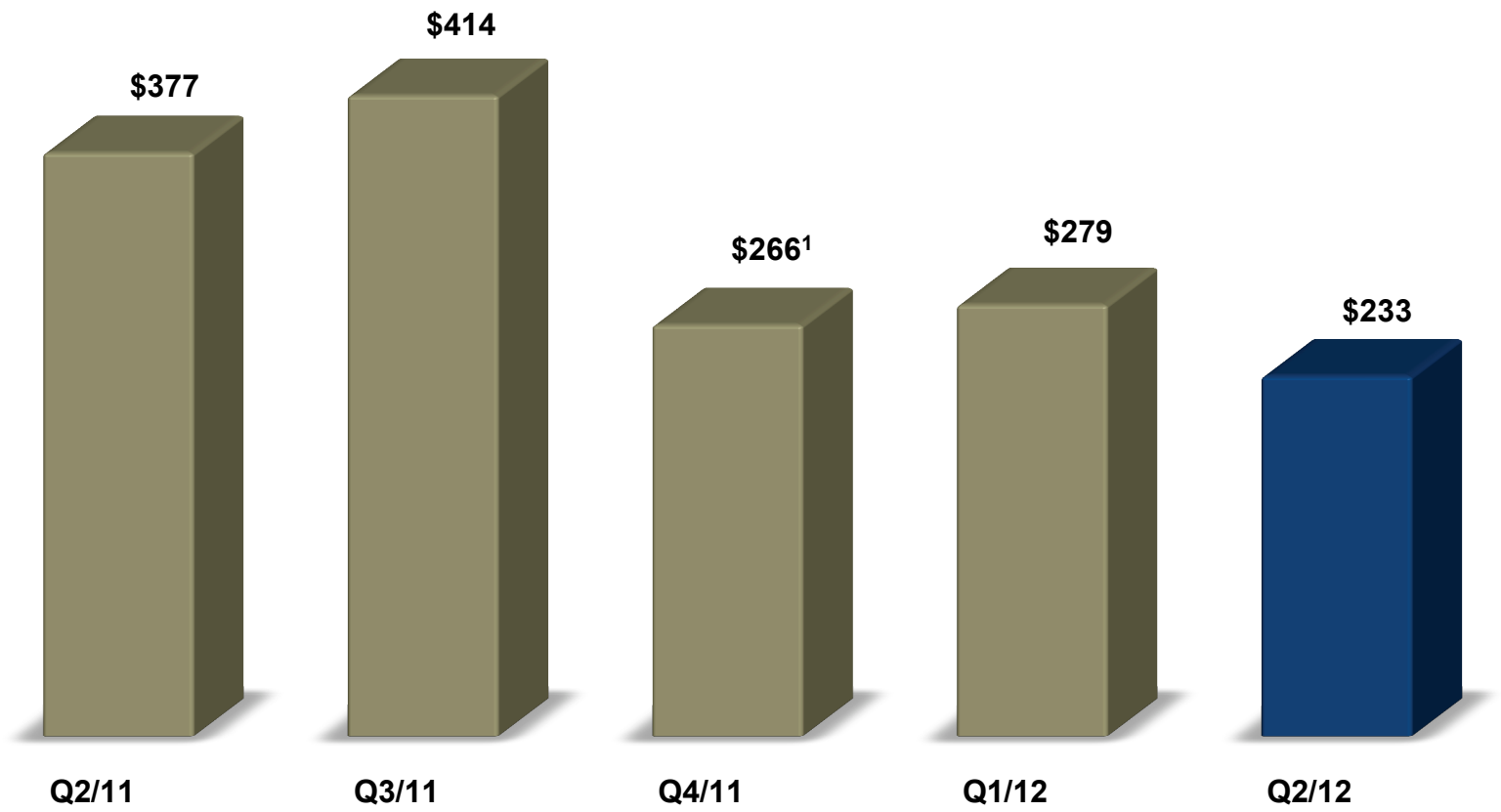


1. Operating cash flow for 2011 was $69.9 million after environmental litigation settlement payment of $168 million in the fourth quarter.

Strong Balance Sheet

Cash and Cash Equivalents

(millions)



1. After environmental litigation settlement payment of $168 million in the fourth quarter 2011.

Operations Review

Planned Re-opening of Lucky Friday (Idaho)

- Mine operations expected to resume in Q1/13
- Rehabilitation work advances to 4900 level
- Development crews activated
- Entire 6,100 foot shaft restoration expected to be complete by December 2012
- Planning work resumes on #4 Shaft; sinking will resume as the Silver Shaft is completed
- Historical average annualized production levels of 3.0 million silver ounces





Excellent Progress at Lucky Friday (Idaho)



Galloway (work decks)



Looking down shaft at Galloway and brattice

Silver Shaft Schedule

Key Activities	2011	2012	2013
☑ Project Start	Dec-11		
☑ Start Crane Work Below Silver Shaft Collar		Feb-12	
☑ Start Galloway Work		Mar-12	
☑ Start Rehabilitation at 1000 Level		Apr-12	
☑ Rehabilitation Work Complete to 4900 Level		Early Aug-12	
☐ Rehabilitation Work Complete to 6100 Level		Early Dec-12	
☐ Final Utility Installation		Early Dec-12	
☐ Silver Shaft Operational		Dec-31-12	
☐ Full Production			Early 2013

Managing Our Assets - Greens Creek (Alaska)

- Q2 production of 1.4mm oz silver
  1st Half – 2.7mm oz. silver
- Q2 cash costs $1.03 per oz silver
- Production and throughput expected to increase through the remainder of the year
- Record $90 million CapEx program in 2012 on track
  - Deep 200 South access development
  - Fleet replacement and additions
  - Tailings dam expansion
  - Definition drilling
  - Expand and upgrade camp facilities

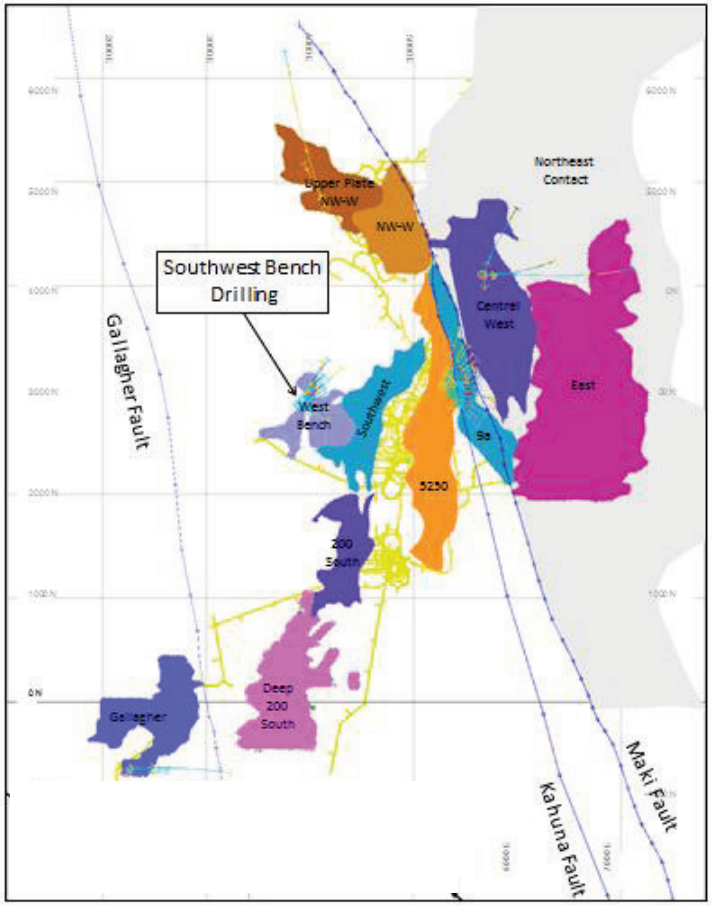


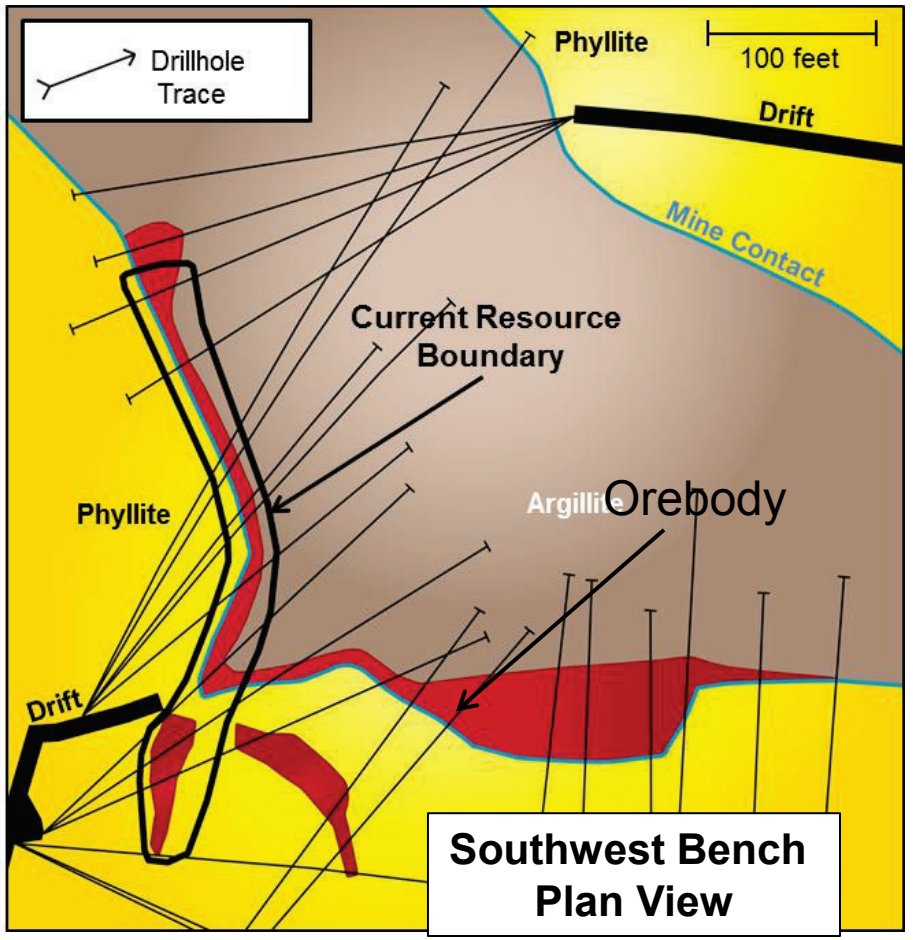


Exploration and Pre-Development Update

Organic Growth - Greens Creek (Alaska)

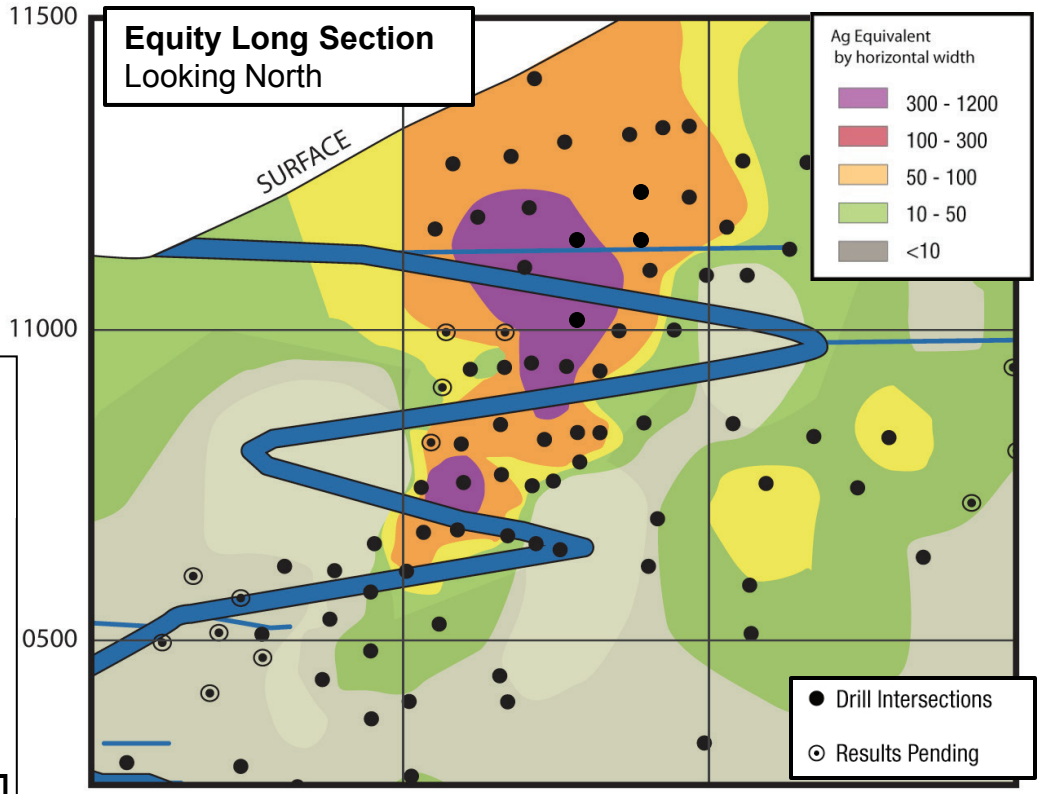
Southwest Bench – Definition and Exploration Drilling

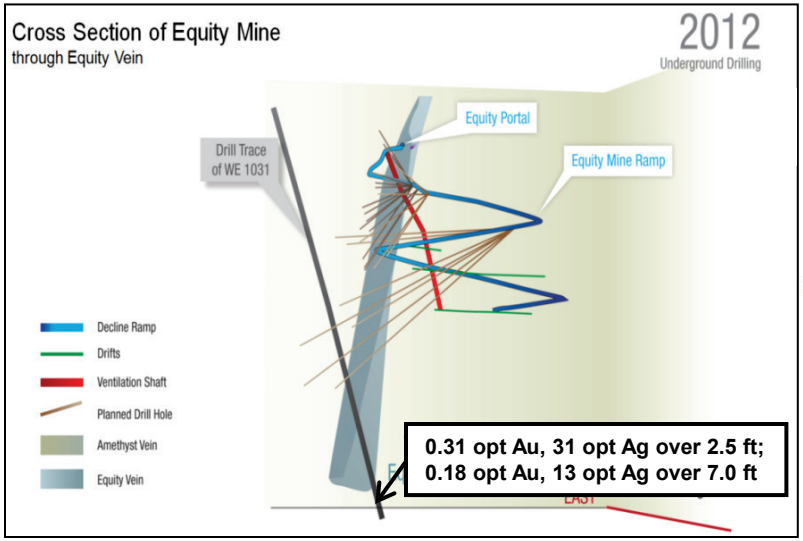




Organic Growth - San Juan Silver (Colorado)

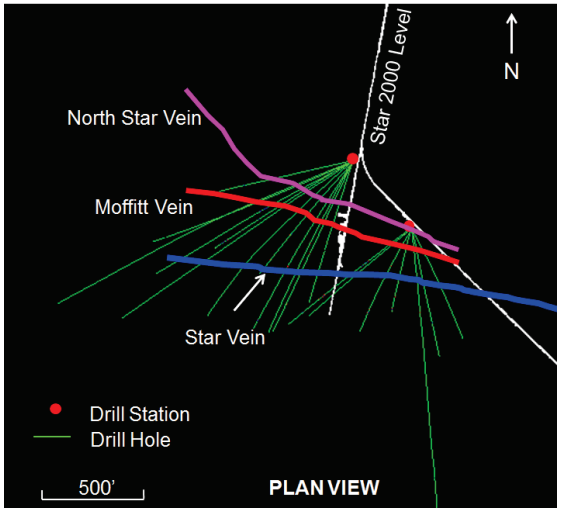
Equity Longitudinal with Development Ramp and Drilling

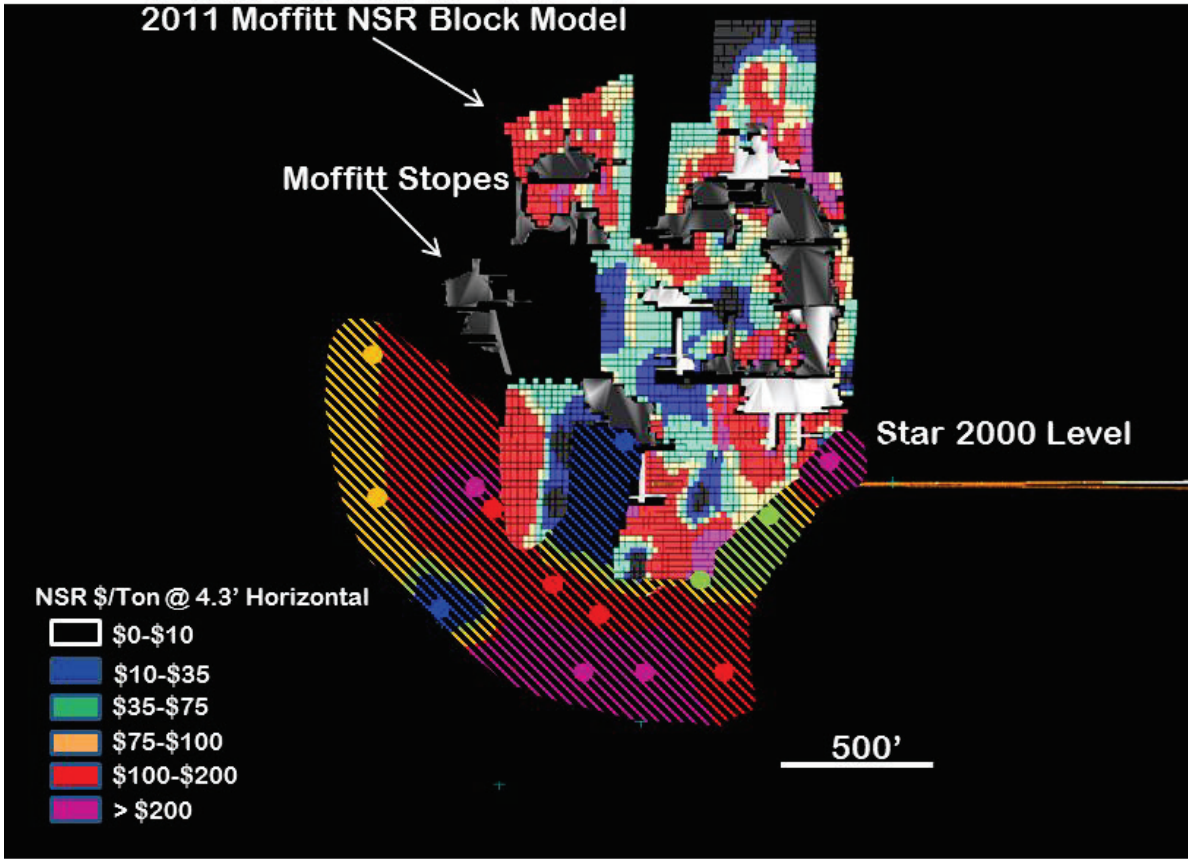




Organic Growth - Star project (Idaho)

Star Mine – Moffitt Vein Resource

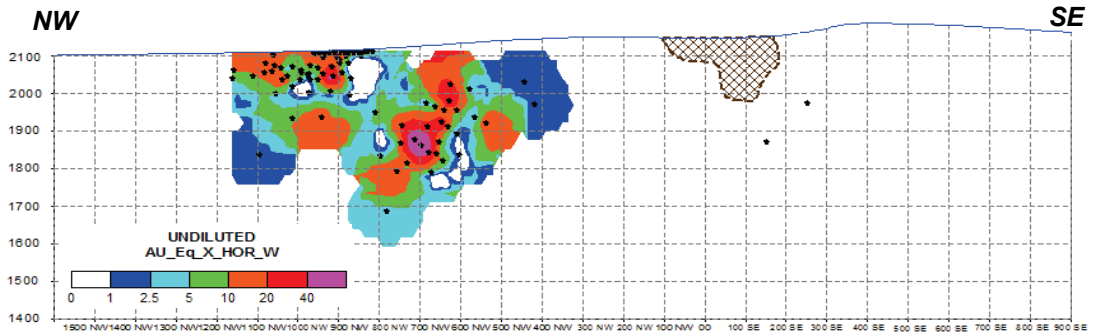




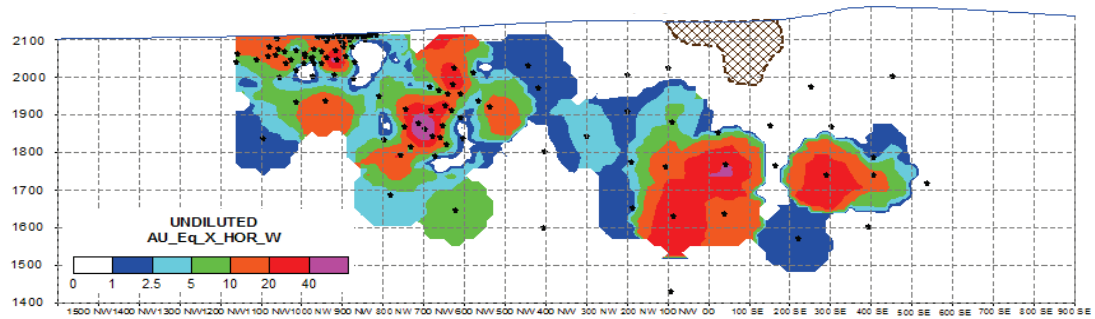
Organic Growth - San Sebastian, Mexico

Andrea Vein Drilling

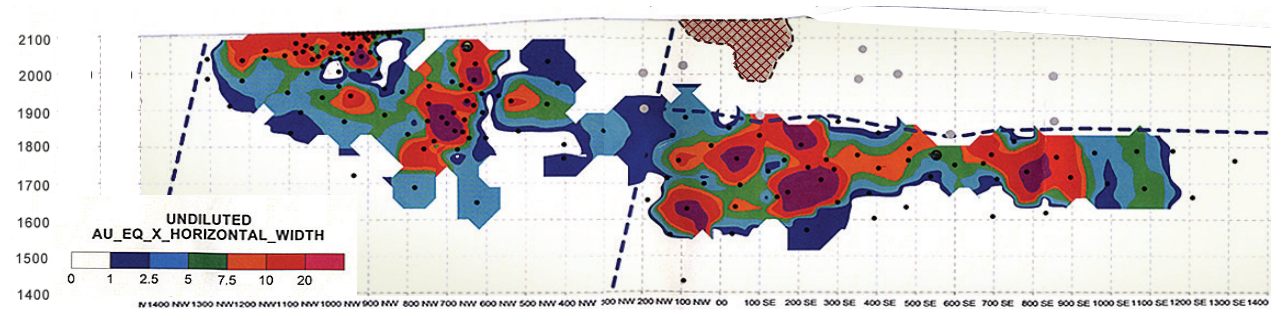
2010



JUNE 2011



JULY 2012



NW 35° SE
Looking NE

Don Sergio Mine Workings
(Projected to Section)

DRILL PIERCE POINTS

- Completed Drill Hole
- No Vein

SCALE
0 100 200 300 400 500
meters

2nd Half 2012 Forecast

Momentum into 2013

- Complete work at Lucky Friday with production expected to resume in Q1/13
- Projected full year 2012 production of more than 6 million ounces
- Continued advancement of exploration and pre-development projects
- Strong cash position – no significant debt; revolving credit facility
- Dividend policy
- Stock Repurchase Program
- Sustained strong silver market fundamentals





Appendix

Hecla MINING COMPANY

Q2 2012 - Exploration Program

The second quarter 2012 exploration program continued to focus on:

- Definition and exploration drilling of Southwest Bench, 200 South, Gallagher, 5250 and 9a Zones at Greens Creek
- Expansion of resource at the Star Complex – two underground drilling extensions of the Moffitt and North Star veins. Two surface drills extending the Noonday and Noonday Split veins
- Drilling at the Equity Vein on the San Juan Silver property continues to identify strong breccia and vein mineralization over 600 feet down plunge
- Drilling at the Andrea vein defines strong vein and breccia with bands of precious metal bearing sulfides. Mineralization is now defined for over two kilometers

Q2 2012 - Pre-Development Programs

The second quarter 2012 pre-development programs were focused on:

- Rehabilitating the Star #5 shaft to access Upper Country levels above the Star 2000 Level
- Rehabilitating the Star 700 Level Ramp to the 850 Level and excavating an exploration drift to access drill stations to test eastern Noonday extensions
- Rehabilitating underground workings, installing utilities down the decline and developing additional drill stations at the Equity to evaluate the Amethyst vein
- Contractor chosen to drive Bulldog decline and completing plan to permit the next phase of exploration drilling at the Bulldog
- The completion of a new mine plan at the San Sebastian project and a work plan and drill program to define the hydrology of the Andrea area

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)

	Q2/12	Q1/12	2011	2010	2009	2008	2007	2006
Total cash costs[1]	$ 1,410	$ 2,976	$ 10,934	$ (15,435)	$ 20,958	$ 36,621	$ (15,873)	$ 1,329
Divided by silver ounces produced	1,365	1,329	9,483	10,566	10,989	8,709	5,643	5,510
Total cash cost per ounce produced	$ 1.03	$ 2.24	$ 1.15	$ (1.46)	$ 1.91	$ 4.20	$ (2.81)	$ 0.24
Reconciliation to GAAP:								
Total cash costs	$ 1,410	$ 2,976	$ 10,934	$ (15,435)	$ 20,958	$ 36,621	$ (15,873)	$ 1,329
Depreciation, depletion and amortization	$ 9,879	$ 9,661	$ 47,066	$ 60,011	$ 62,837	$ 35,207	$ 12,323	$ 11,757
Treatment costs	$ (16,164)	$ (17,695)	$ (99,019)	$ (92,144)	$ (80,830)	$ (70,776)	$ (27,617)	$ (33,523)
By- products credits	$ 45,352	$ 46,353	$ 254,372	$ 267,272	$ 206,608	$ 164,963	$ 112,079	$ 86,216
Change in product inventory	$ 2,101	$ 1,805	$ (4,805)	$ 3,660	$ 310	$ 20,254	$ (1,261)	$ 1,278
Suspension-related costs[2]	$ -	$ -	$ 4,135	$ -	$ -	$ -	$ -	$ -
Reclamation, severance and other costs	$ 473	$ (149)	$ (44)	$ 630	$ 1,596	$ 537	$ 203	$ 190
Costs of sales and other direct production costs and depreciation, depletion and amortization (GAAP)	**$ 43,051**	**$ 42,951**	**$ 212,639**	**$ 223,994**	**$ 211,479**	**$ 186,806**	**$ 79,854**	**$ 67,247**

1. Cash cost per ounce of silver represents a non-U.S. Generally Accepted Accounting Principles (GAAP) measurement 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)

	Q2/12	Q2/11	YTD June 30, 2012
Total cash costs[1]	$ 1,410	$ 1,169	$ 4,386
Divided by silver ounces produced	1,365	2,250	2,694
Total cash cost per ounce produced	**$ 1.03**	**$ 0.52**	**$ 1.63**
Reconciliation to GAAP			
Total cash costs	$ 1,410	$ 1,169	$ 4,386
Depreciation, depletion and amortization	9,879	11,204	19,540
Treatment and freight costs	(16,164)	(25,948)	(33,859)
By-product credits	45,352	66,931	91,705
Change in product inventory	2,101	(4,164)	3,906
Reclamation and other costs	473	877	324
Cost of sales and other direct production costs and depreciation, depletion and amortization	**$ 43,051**	**$ 50,069**	**$ 86,002**

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.

Adjusted Earnings Reconciliation

Reconciliation of Net Income Applicable to Common Shareholders (GAAP) to Earnings Before Adjustments
(dollars and ounces in thousands, except per ounce - unaudited)

	Three Months Ended June 30, 2012	
	2012	**2011**
Net income applicable to common shareholders (GAAP)	**$ 2,386**	$ 33,179
Adjusting items:		
(Gains)/losses on derivatives contracts	**(6,171)**	(559)
Environmental accruals	**527**	-
Provisional price (gains)/losses	**2,378**	7,541
Lucky Friday suspension-related costs	**6,465**	-
Income tax effect of above adjustments	**(1,152)**	(2,514)
Adjusted income applicable to common shareholders	**$ 4,433**	$ 37,647
Weighted average shares - basic	**285,312**	279,347
Weighted average shares - diluted	**295,160**	295,756
Basic adjusted income per common share	**$ 0.02**	$ 0.13
Diluted adjusted income per common share	**$ 0.02**	$ 0.13

1. Earnings After Adjustments and Earnings After Adjustments per share are non-GAAP measures which are indicators of our performance. They exclude certain impacts which are of a nature which we believe are not reflective of our underlying performance. Management believes that earnings after adjustments per common share provides investors with the ability to better evaluate our underlying operating performance.