



The Silver Summit

October 25, 2012 – Spokane, WA

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.

New Innovation has Changed Demand

- February 1900
- Long-running popular series of simple and inexpensive cameras
- Introduced the concept of the “snapshot”
- Transformed the demand of silver
- Today new innovation has changed demand again

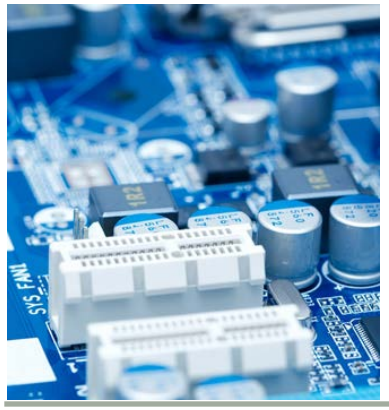






Silver - The Metal of This Age

- 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

Silver Demand

Uses of Silver



Medicine: silver is added to bandages and wound-dressings, catheters and other medical instruments and is a key part of technology behind X-rays



Electronics: almost all electronics are configured with silver; its excellent conductivity makes it a natural choice



Automobiles: every electrical action in a modern car is activated with silver coated contacts; over 36 mm ounces of silver are used annually



Solar Panels: 90% of crystalline silicon photovoltaic cells use silver paste; over 100 mm ounces of silver are estimated for use by solar energy in 2015



Batteries: silver oxide batteries are replacing lithium ion batteries due to environmental and safety concerns



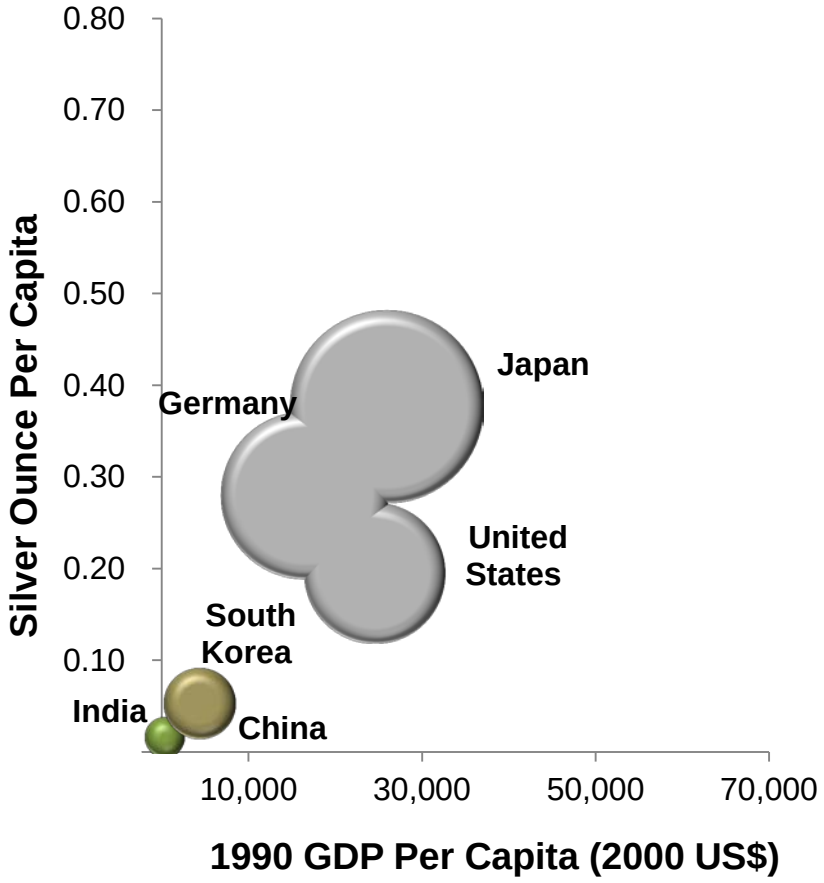
Water Filters: silver prevents bacteria and algae from building up in filters

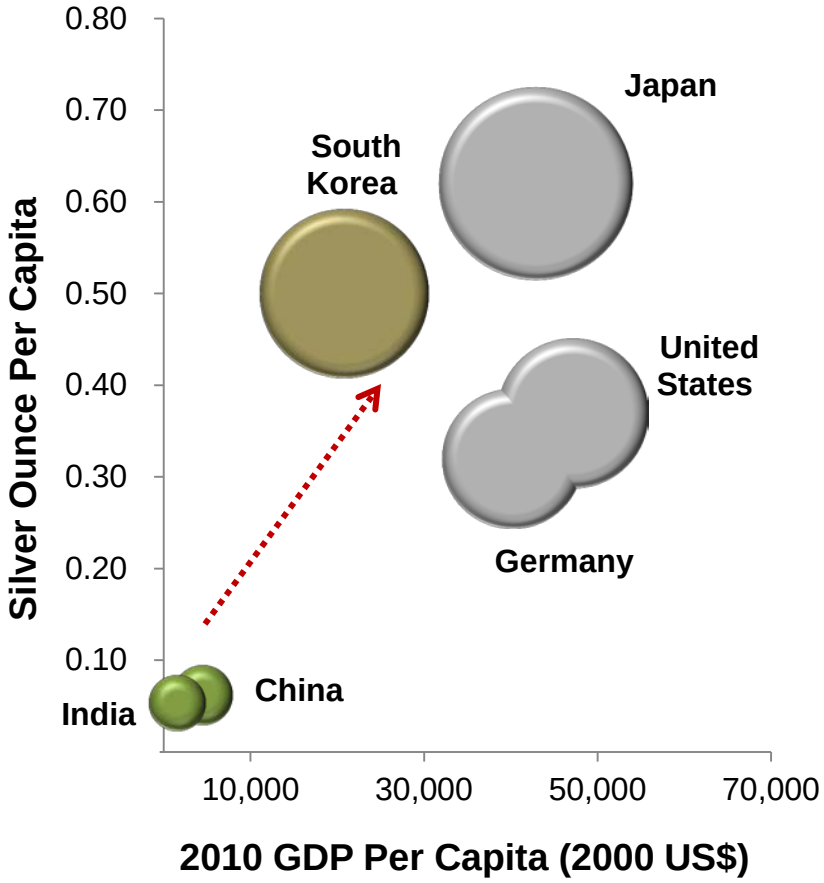
New technologies and innovations have the potential for creating new sources of silver demand such as RFID's

Source – GFMS, The Silver Institute 2012

Silver Consumption per Capita

Increasing Silver Consumption Per Person in China and India





Source – World Bank, GFMS 2011

Size of bubbles indicate relative consumption per person

Silver Price Past Decade

Silver Price 2002-2012



Source: Bloomberg

Operating Leverage to Strong Silver Market

NYSE:HL

Production and Cash Flow Growth

Record Exploration and Pre-Development



Low Political Risk

Low Cost Producer

Strong Balance Sheet

Largest U.S. Primary Silver Producer

#1	primary silver producer in the U.S., more than 6 million ounces expected in 2012.
50%	silver production growth planned in 2013 with re-opening of Lucky Friday mine.
$26.02	per ounce cash margin[1] (over 90%) allowing high operating leverage to silver prices.
$233	million in cash and cash equivalents, no significant debt.[2]
2.0%	Q2/2012 dividend yield.[3]
6	consecutive years replacing annual production and adding to reserves - record 2012 exploration and pre-development program.

1. From an average realized price of $27.05 and a cash cost per ounce of $1.03, net of by products in Q2 2012. 2. As of June 30, 2012. 3. As of stock price on July 31, 2012.

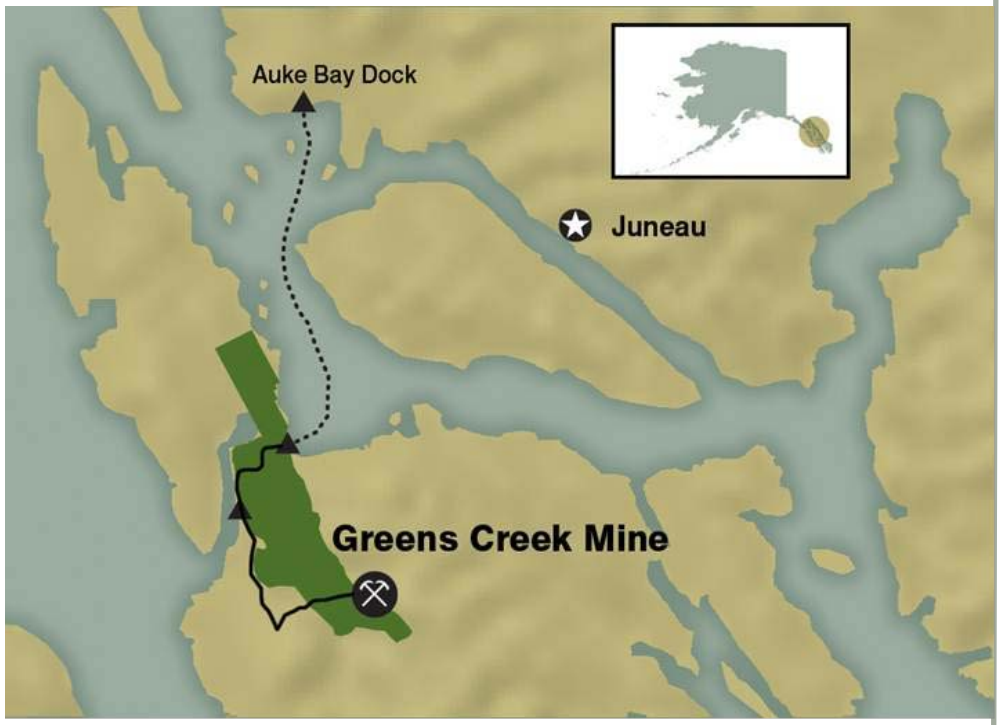
North American Focus

- Two long-lived silver mines – 148 mm ounces of high-grade silver reserves
  - **Greens Creek** mine – one of the world's lowest cost primary silver mines
    - 2012 production estimated at over 6 mm ounces
  - **Lucky Friday** mine re-opening in Q1 2013 at ≈ 3 mm oz. annual silver production, expected to increase to ≈ 5 mm ounces
  - **Organic growth at five highly-prospective properties:** planned production of over 15 mm ounces by 2017

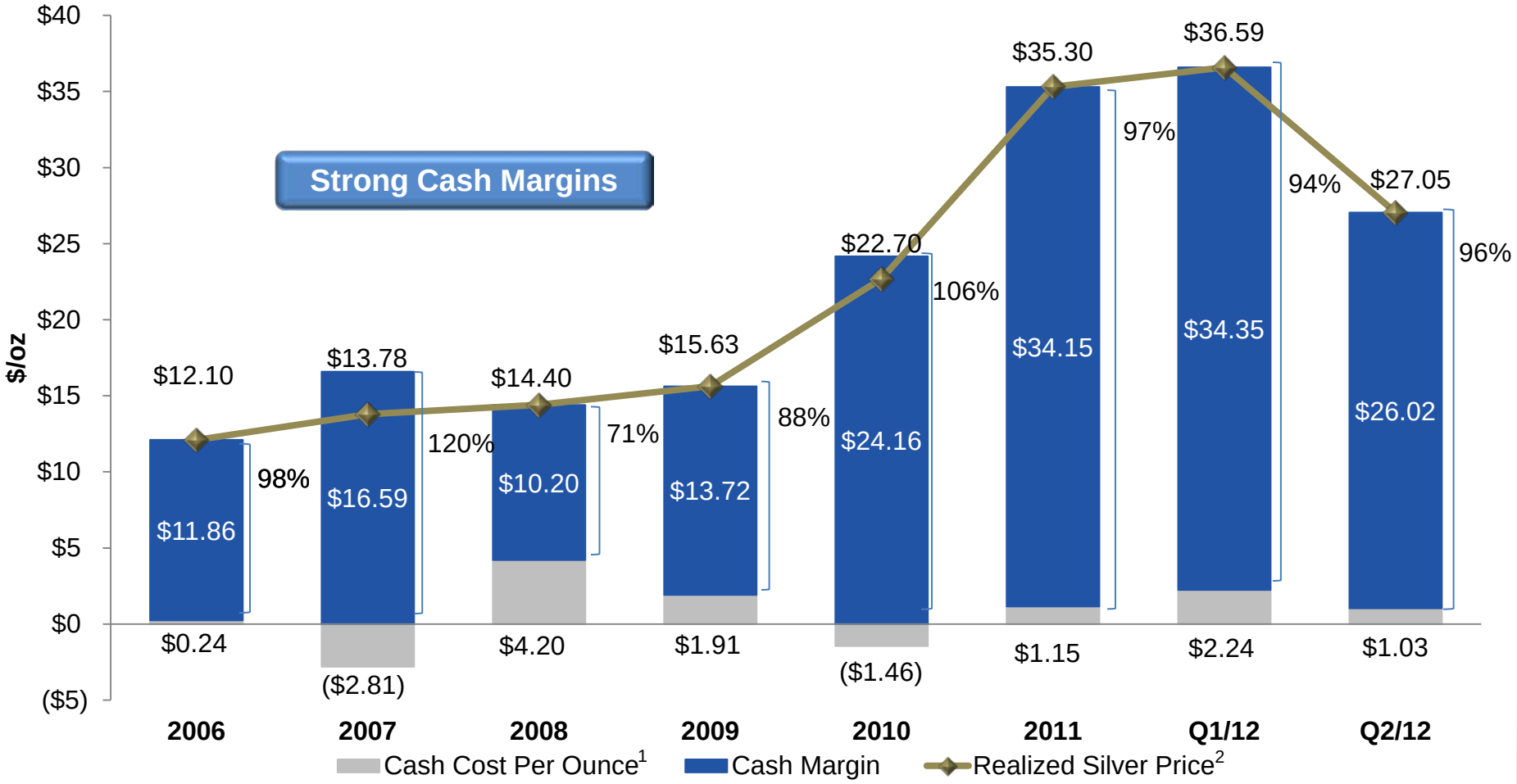


Greens Creek (Alaska) Low-Cost Production

- 100% owned – one of the world's largest and lowest cost primary silver mines
- 200 mm ounces of historical silver production
- 2012 production over 6 mm ounces
  - 1st six months cash cost $1.63/oz (non-GAAP)
- Large and under-explored 27-square-mile land position
- 98.4 mm ounces of silver reserves
- $90 mm planned CapEx in 2012



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.

Lucky Friday (Idaho) Resuming Production

- Silver production expected to resume in Q1 2013
- Yearly production levels of ≈ 3 mm ounces expected to increase to ≈ 5 mm ounces
- Increases company-wide production by ≈ 50%
- 49.4 mm ounces silver reserves
- 118.8 mm ounces silver resources
- Resumption of #4 Shaft construction to access higher grades



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

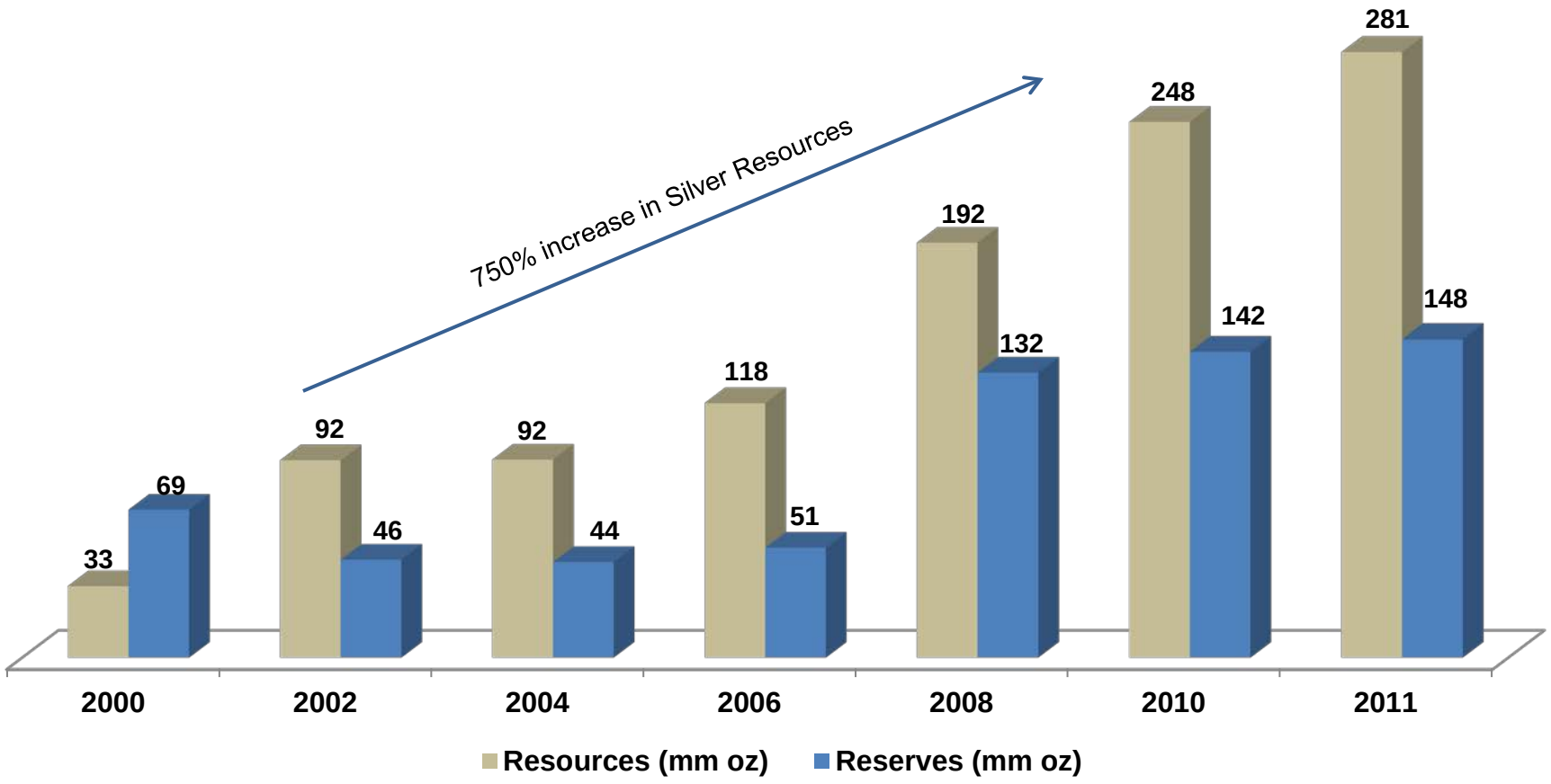
Record 2012 Exploration/Pre-Development Budget

- **Estimated $53 million of exploration and pre-development**
  - Approximately $30 million exploration
  - Approximately $23 million pre-development
- **Greens Creek**
  - ~$7 million exploration
- **Silver Valley**
  - ~$7 million exploration
  - ~$5 million of pre-development at the Star complex
- **San Juan Silver**
  - ~$12 million exploration
  - ~$16 million pre-development
- **San Sebastian**
  - ~$4 million exploration
  - ~$2 million pre-development



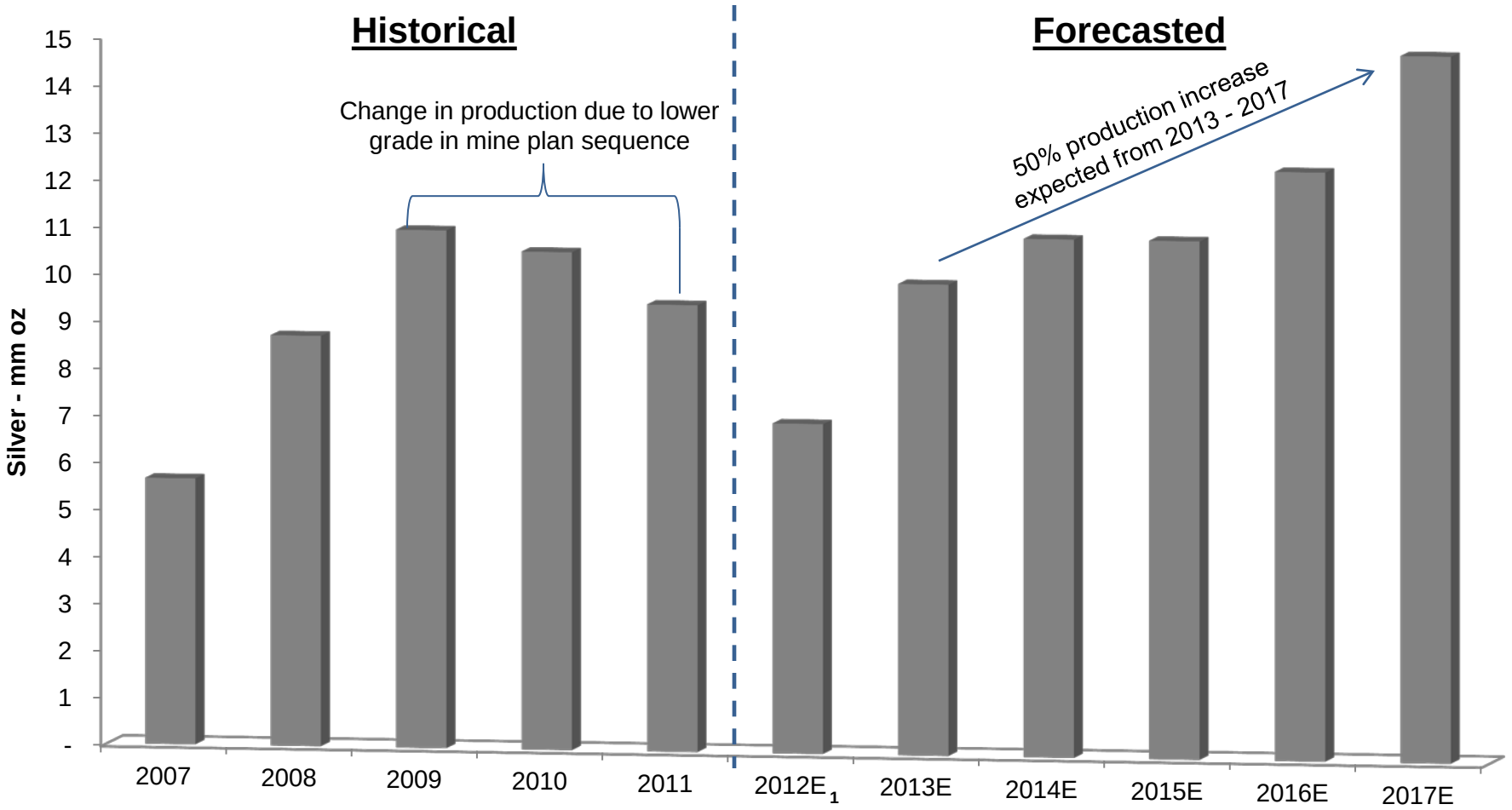
Delivering Value: Reserve and Resource Growth

115% Increase of Silver Reserves from 2000-2011



Development Driving Production Growth

Silver Production

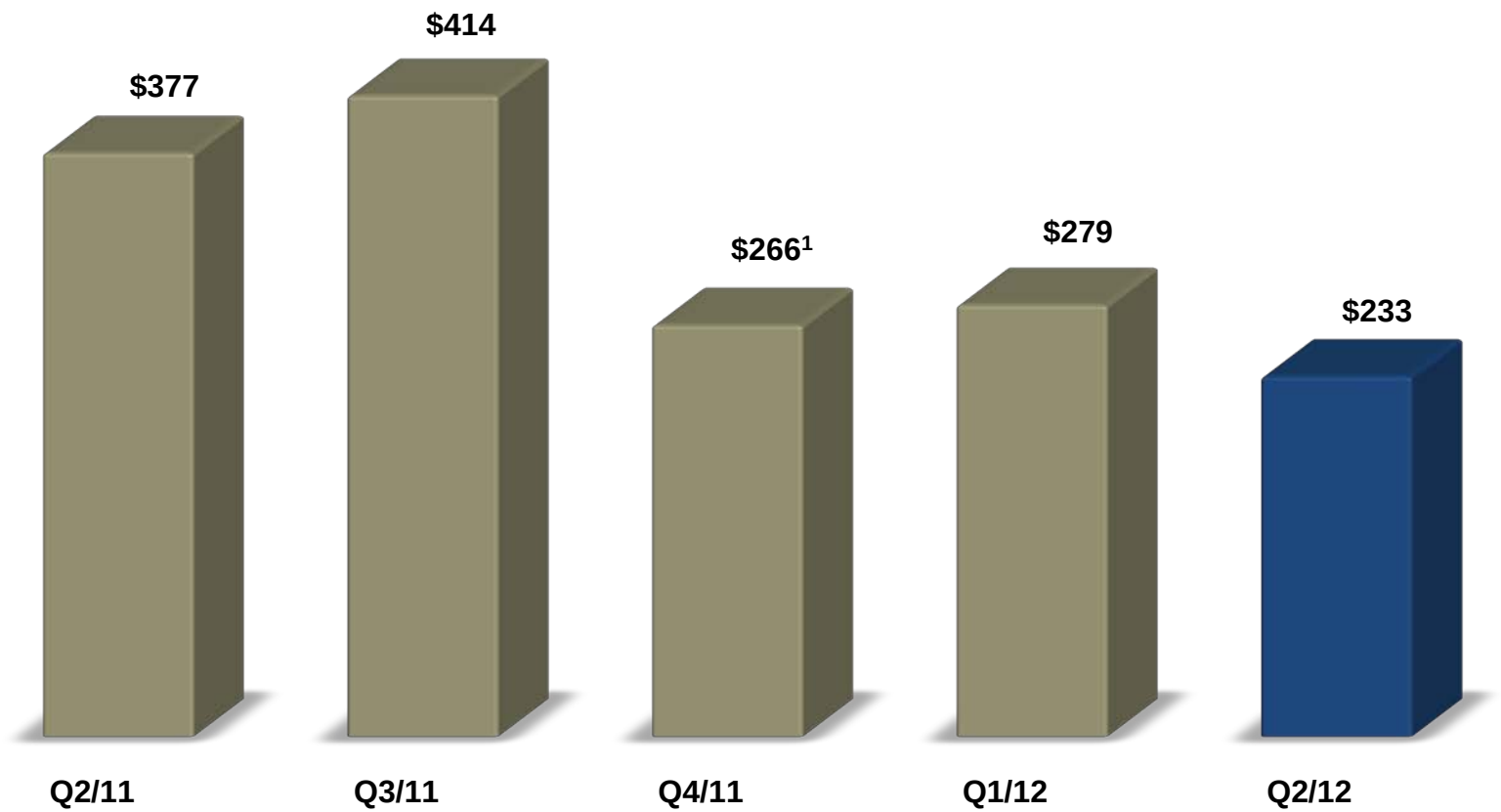


1. No production at Lucky Friday in 2012 – Silver Shaft clean-up and mine upgrades (see slide in Appendix).

Strong Balance Sheet

Cash and Cash Equivalents

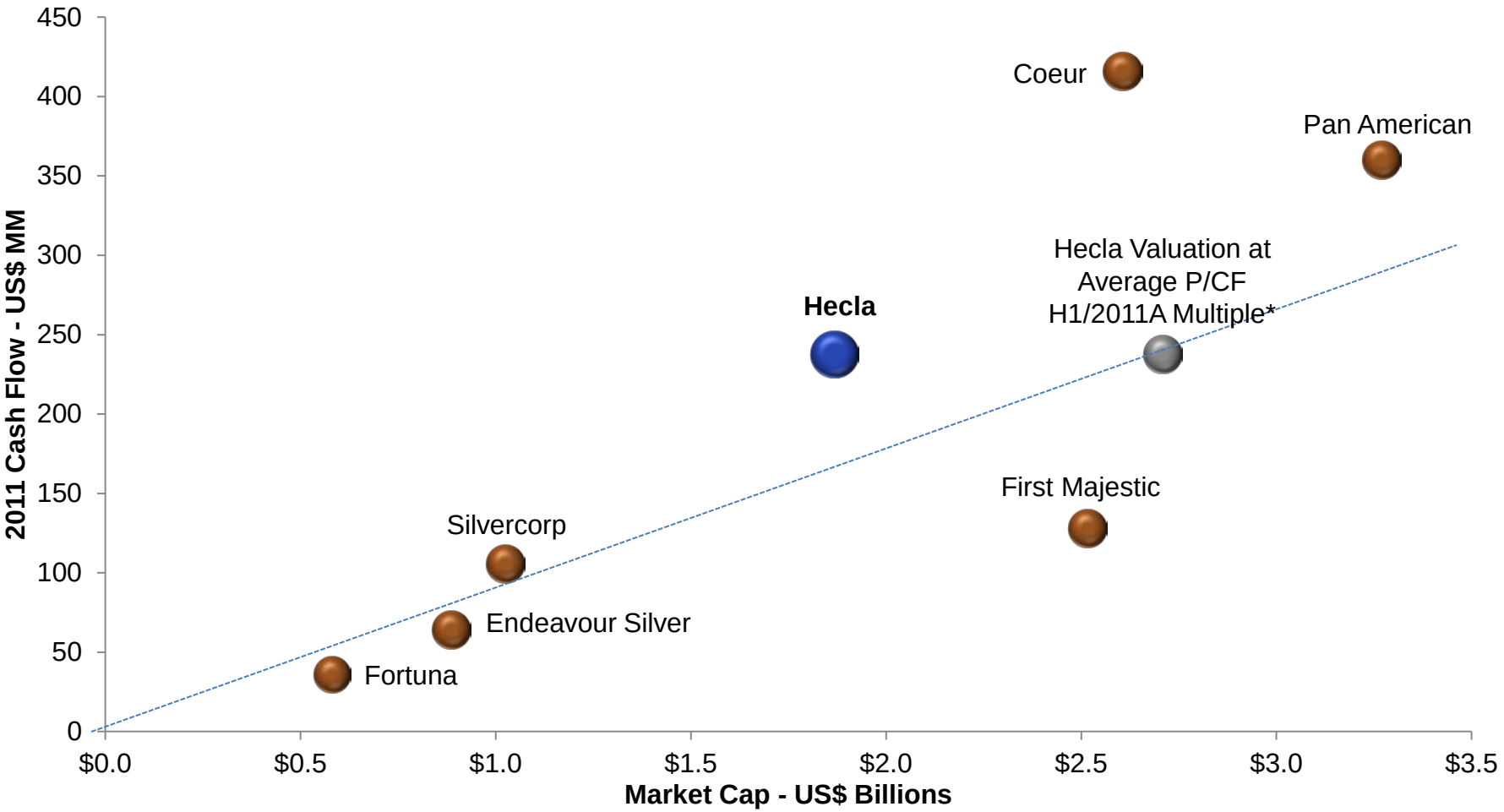
(millions)



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

Value Proposition

2011 Cash Flow - Price / Cash Flow



* Weighted Average P/CF 2011A multiple of companies shown in chart – 10.58x, with the exception of Hecla. Stock prices as of October 10, 2012.

Growth and Value in Silver

- Expected 2012 production of more than 6 million ounces
- Lowest operating costs of major primary silver producers
- Planned restart of Lucky Friday - expected 50% production growth in 2013
- Diversified organic growth program - reduced risk North American focus
- Accelerated reserve and resource development programs
- Strong cash position – No significant debt – Stock repurchase program





Appendix

Hecla MINING COMPANY

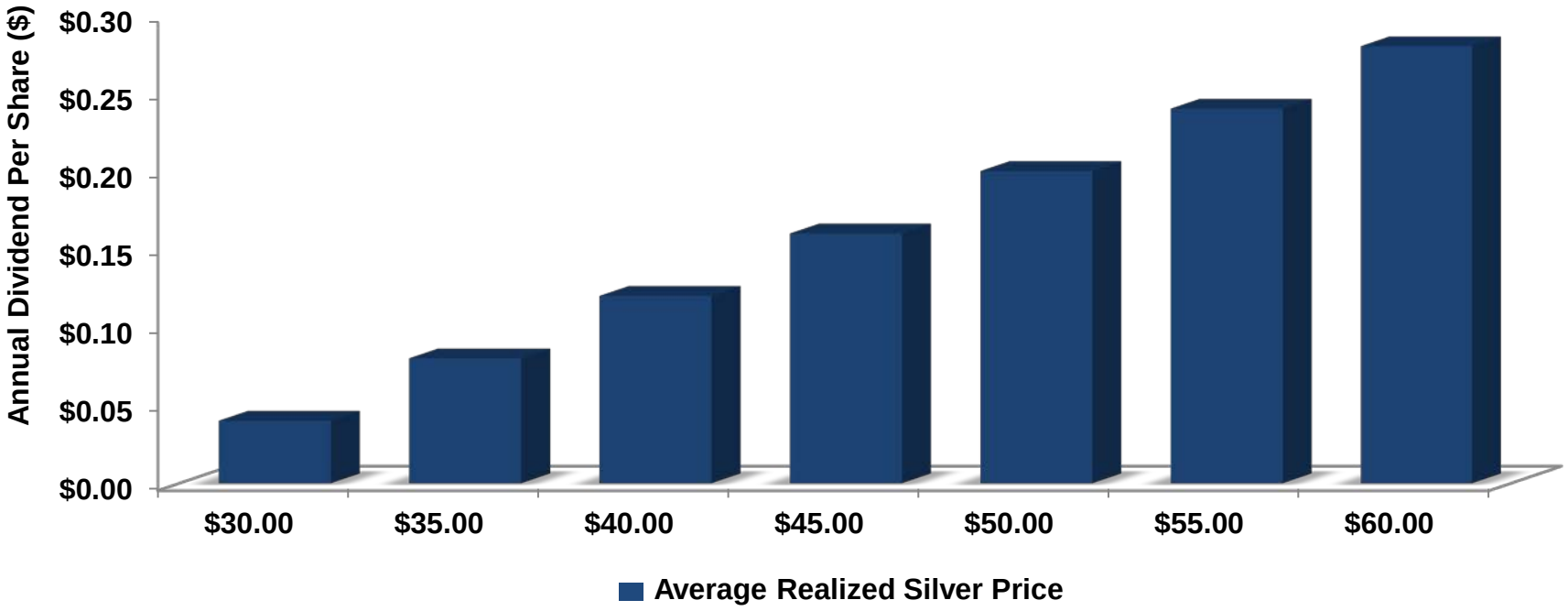
Capital Structure & Financial Position

Share Price	$6.54[1]
Market Capitalization	$1.8 B
Shares Outstanding	285 mm[1]
Analyst Coverage	10
3-month Weighted Average Daily Volume	5.03 mm[1]
Cash & Cash Equivalents	$233 mm[2]
Revolving Credit Agreement (Undrawn)	$150 mm
Debt	None
Total Liquidity	$383 mm
Dividend	$0.0025 per common share
Base Metal Hedging	35-50% hedged >$1/lb over next 24 months

1. As of October 10, 2012
2. As of June 30, 2012

Dividend Policy

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



Notes:

1. 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.
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.

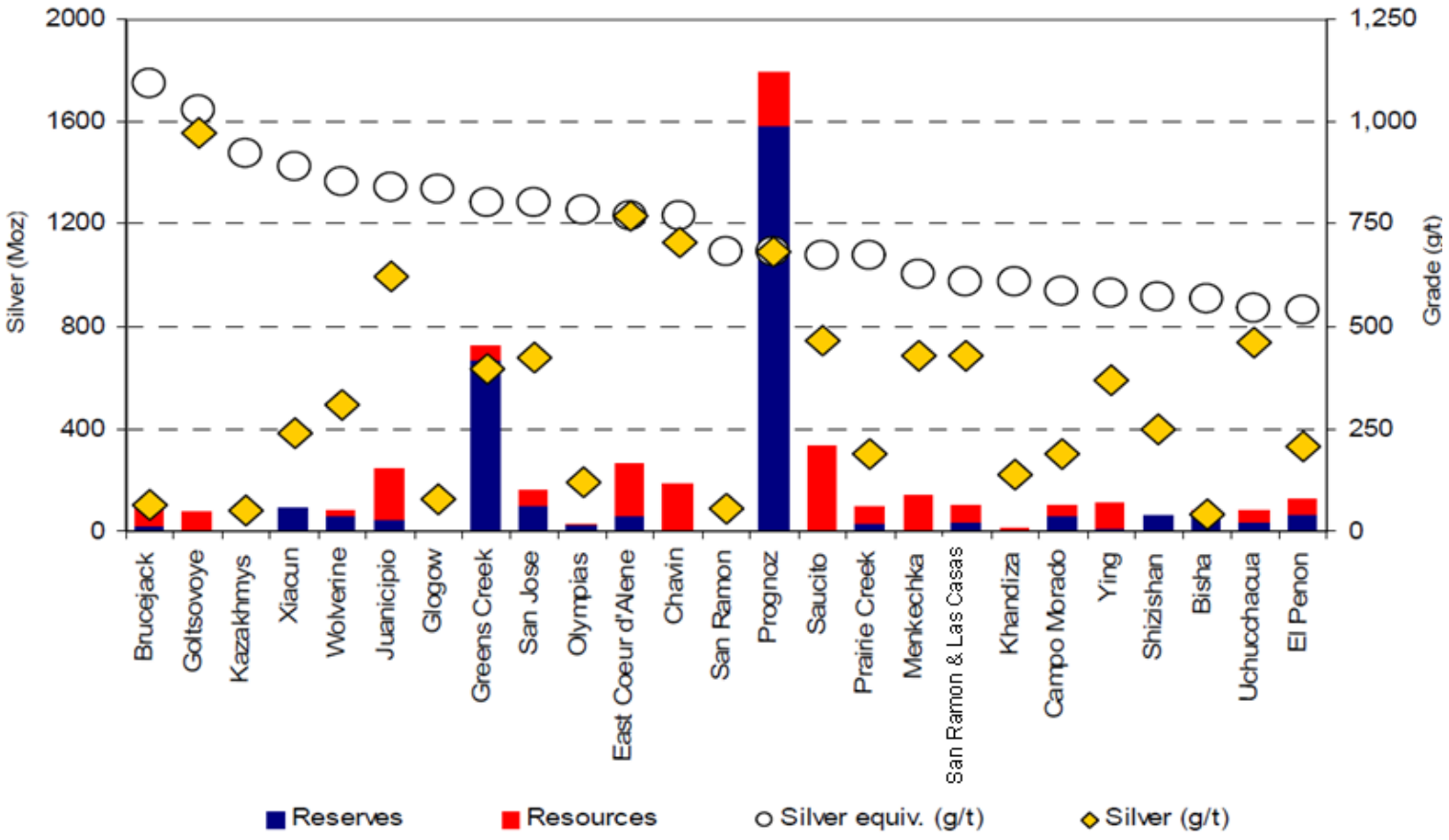
Organic Growth - Key Milestones

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		Q3/12			
☐ 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			

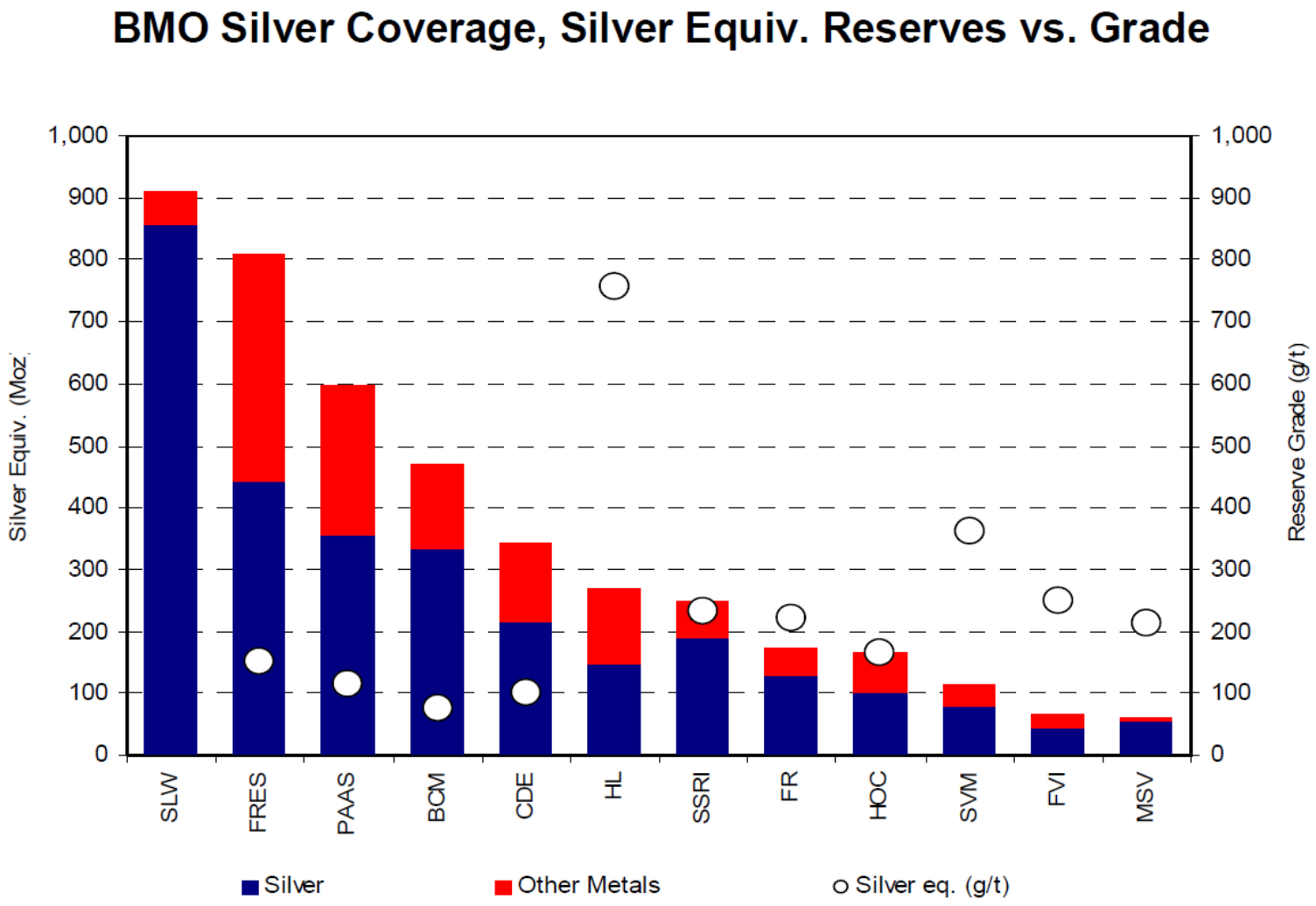
Silver Space

25 Highest Grade Silver Deposits Over 50Moz



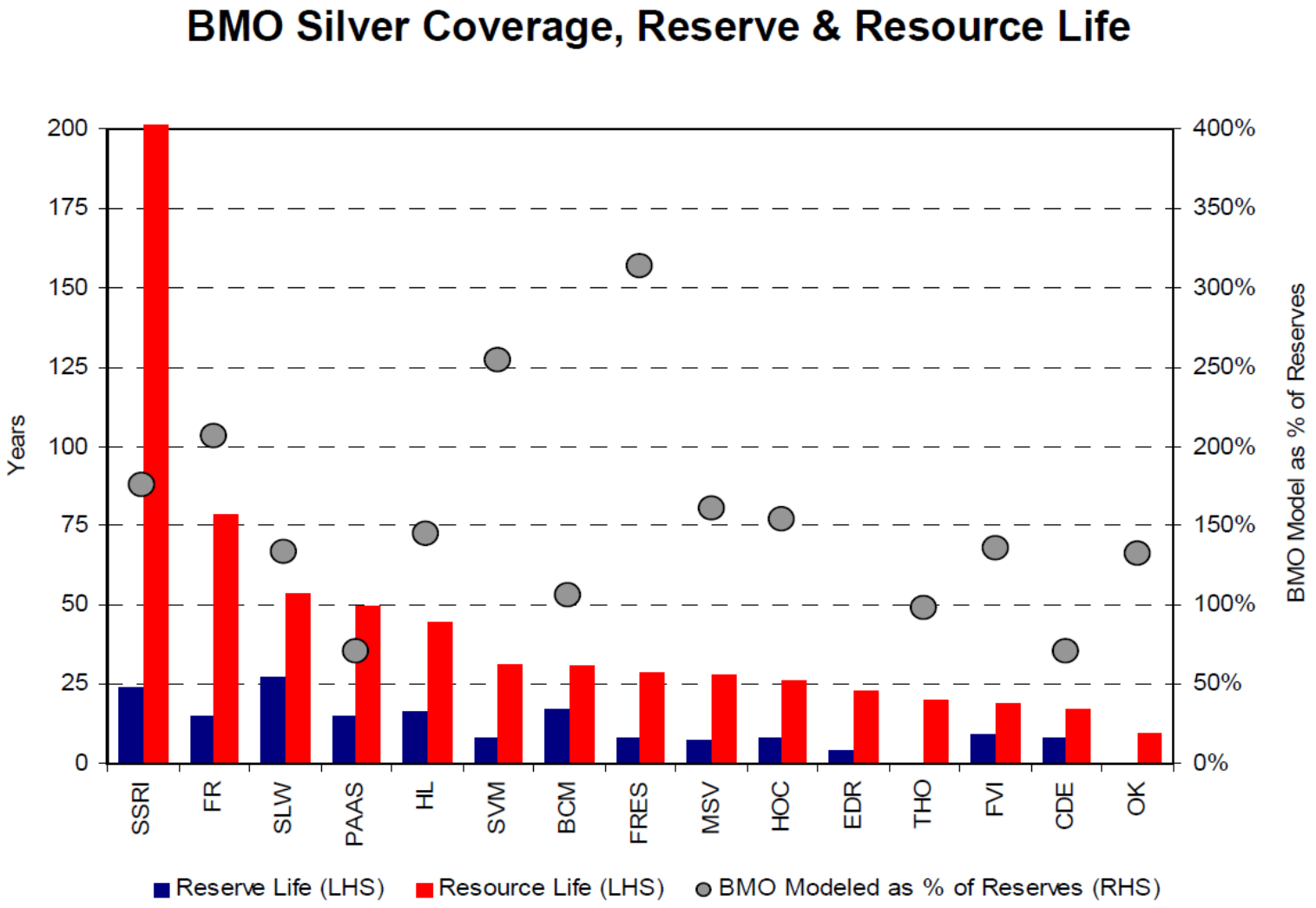
Source: MEG, BMO Capital Markets

Silver Space



Source: Company Filings, BMO Capital Markets

Silver Space



Source: Company Filings, BMO Capital Markets

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 Q1/13







Excellent Progress at Lucky Friday (Idaho)



Galloway (work decks)

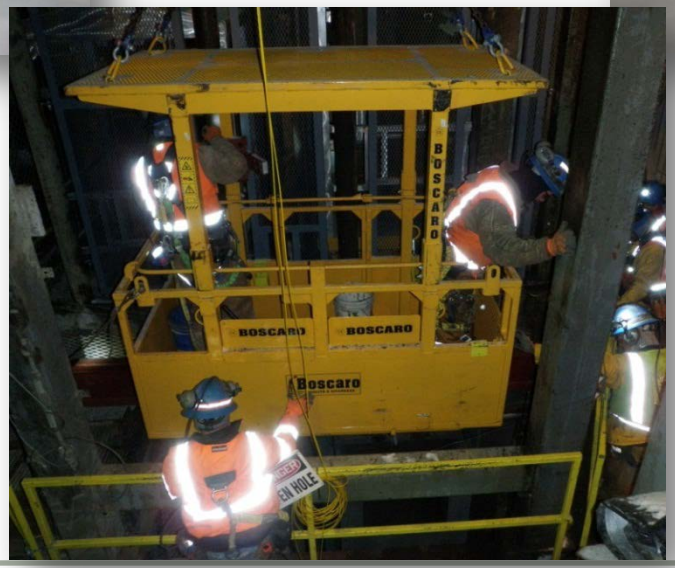


Looking down shaft at Galloway and brattice

Excellent Progress at Lucky Friday (Idaho)







Lucky Friday - #4 Shaft

- 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

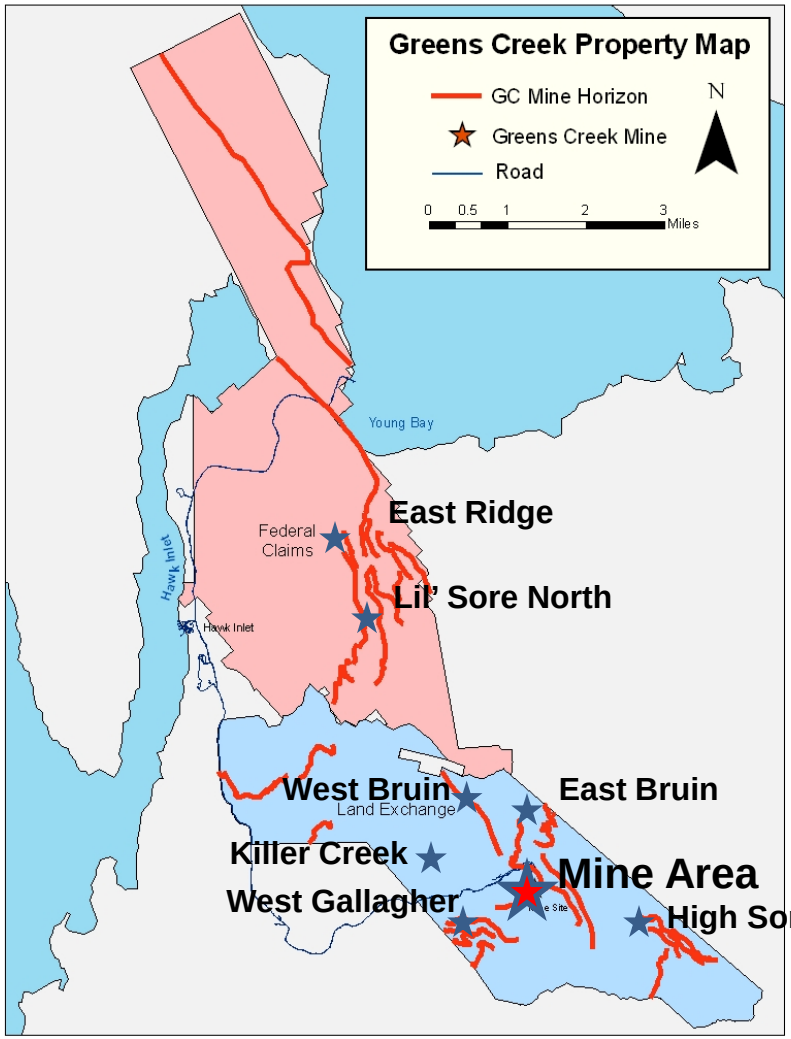






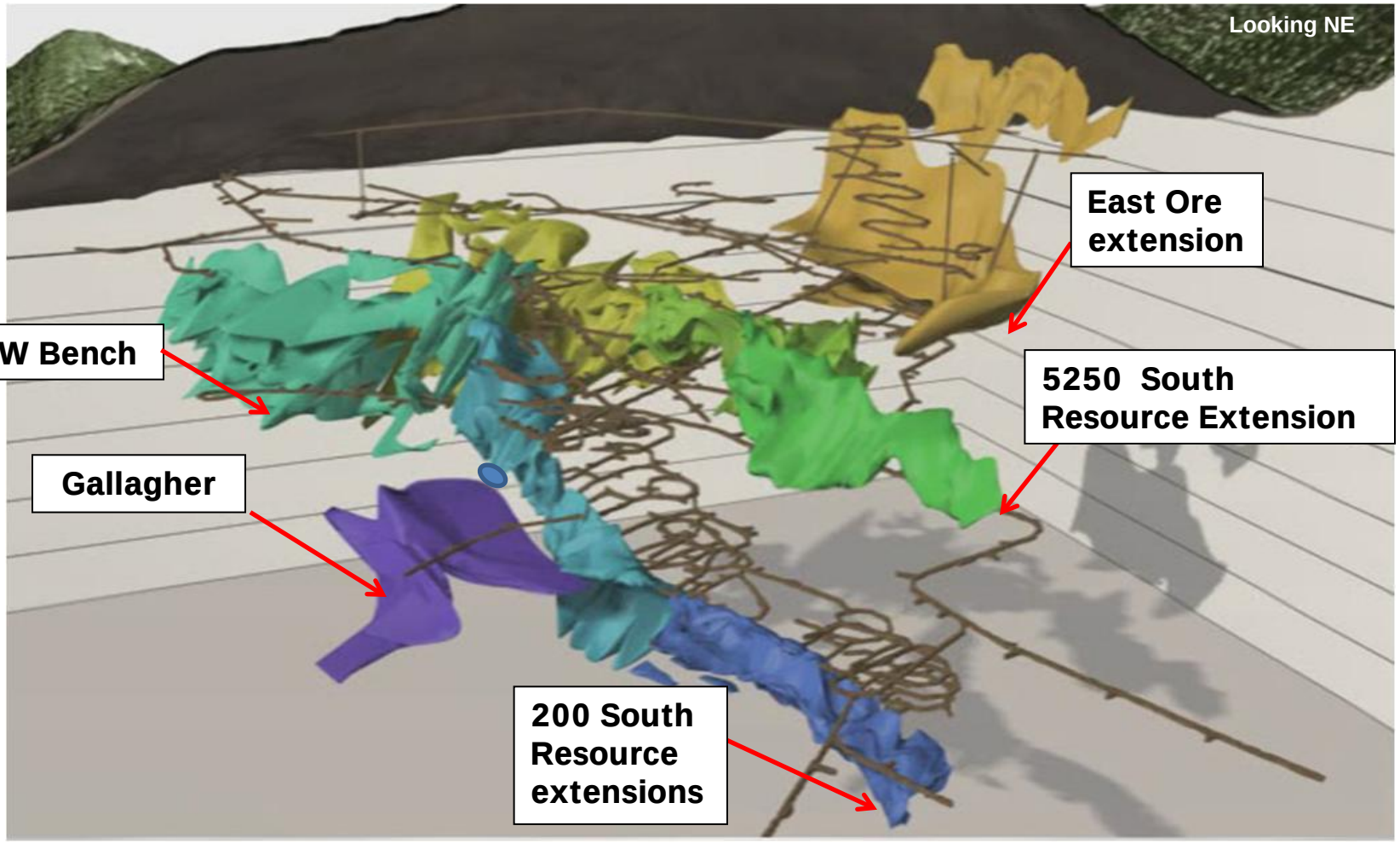
Greens Creek - Exploration

- Very large and under-explored 27-square-mile land position
- Over 30 miles of unexplored mine contact (red-trace) with multiple targets
- Surface exploration only resumed in 1999 due to establishment of Land Exchange
- 2012 Program - $7 mm
  - 3 underground drills
  - 3 surface drills (June to Sept)



Greens Creek - Exploration

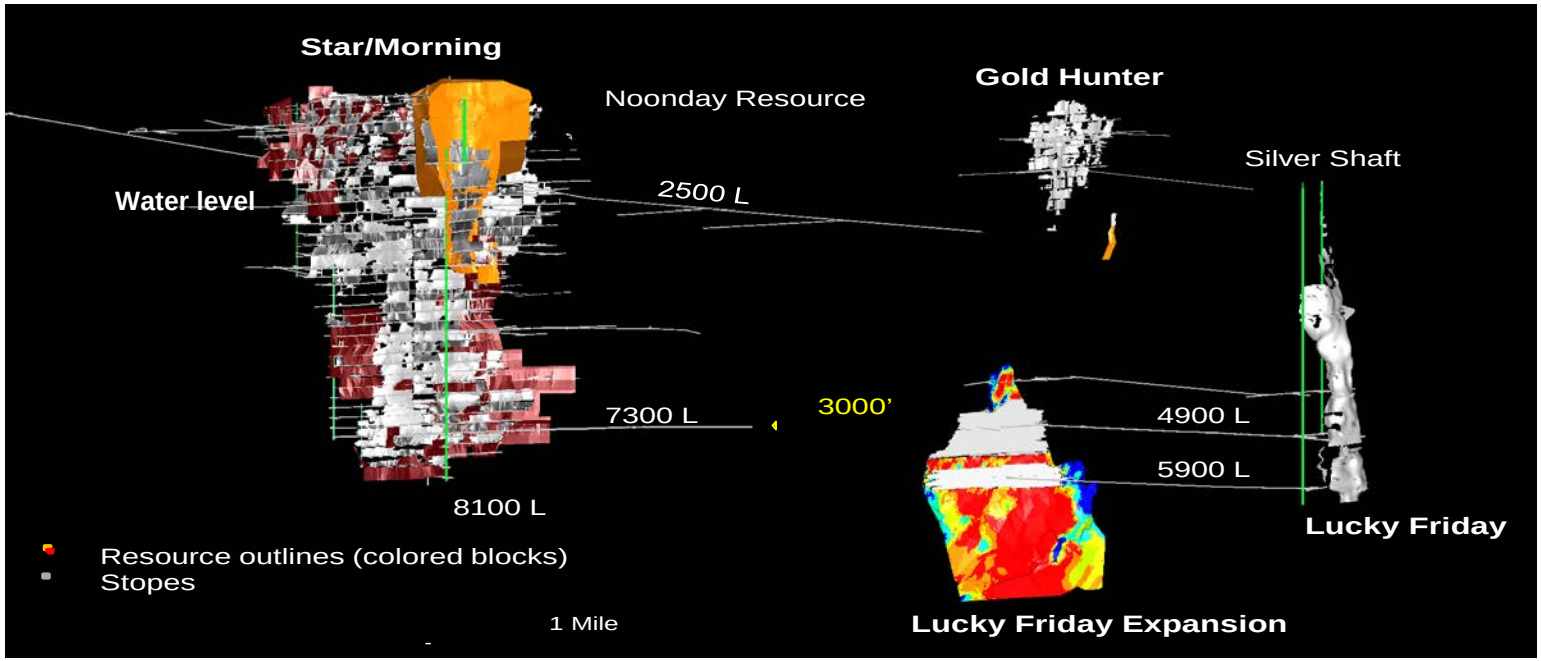
Underground Exploration Targets



Organic Growth - Star Pre-development

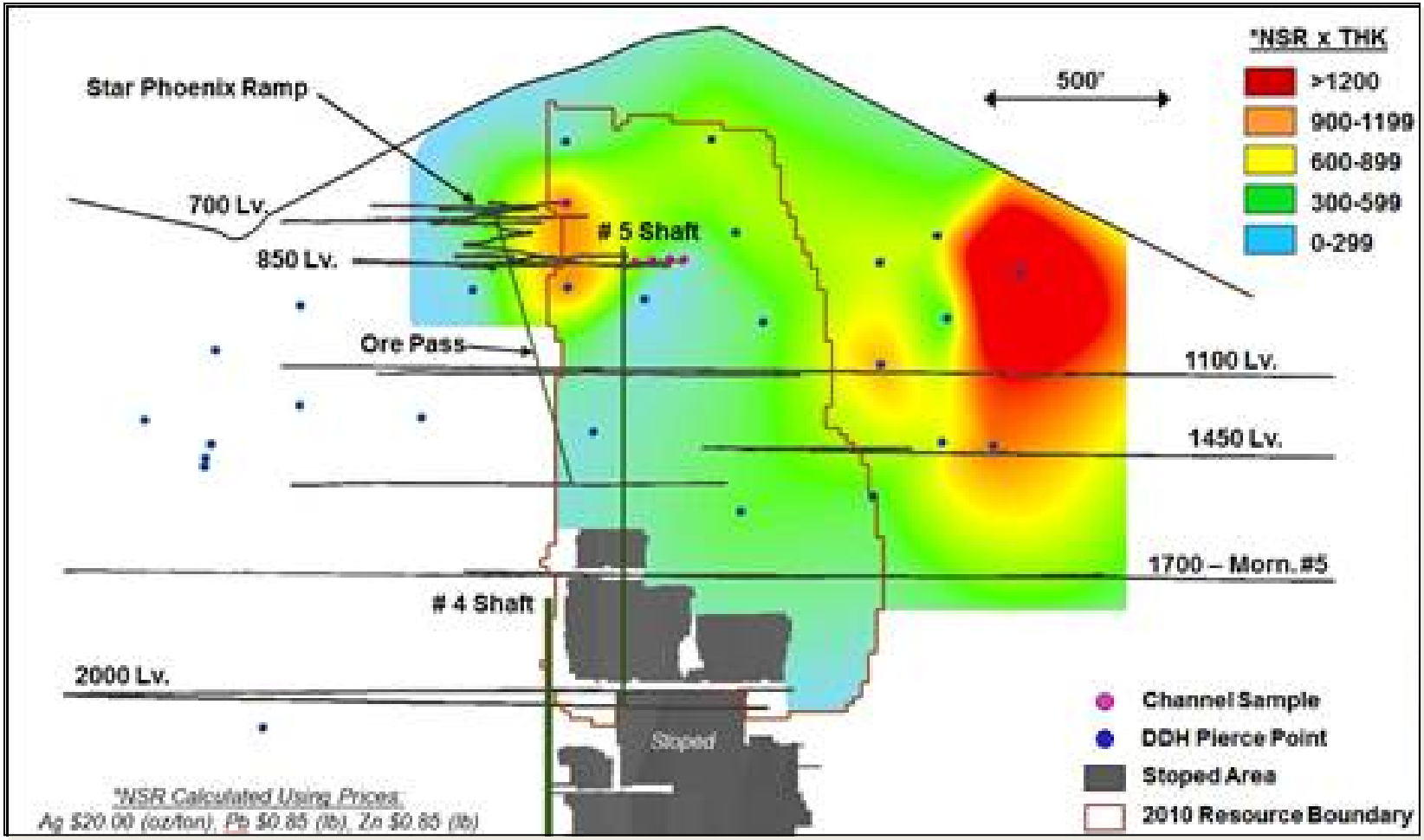
- Hecla has re-opened the Star for definition & exploration drilling
- Portal rehabilitation and ventilation adit have been successfully completed
- A Preliminary Economic Assessment (PEA) of the “Upper Country” Star mine complex is under review
- A mine dewatering study is also under way

Longitudinal Section Looking North

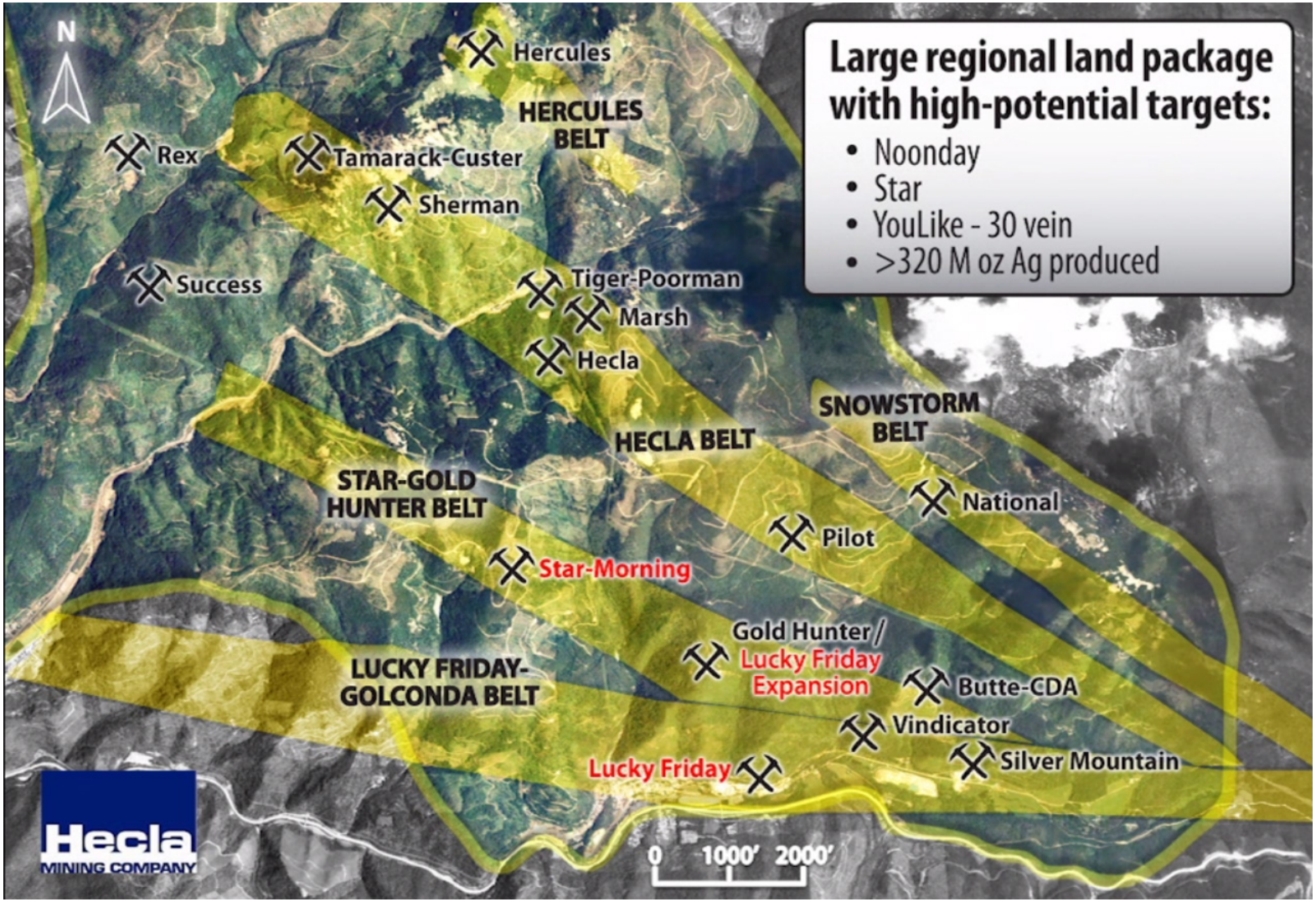


Organic Growth - Star Pre-development

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

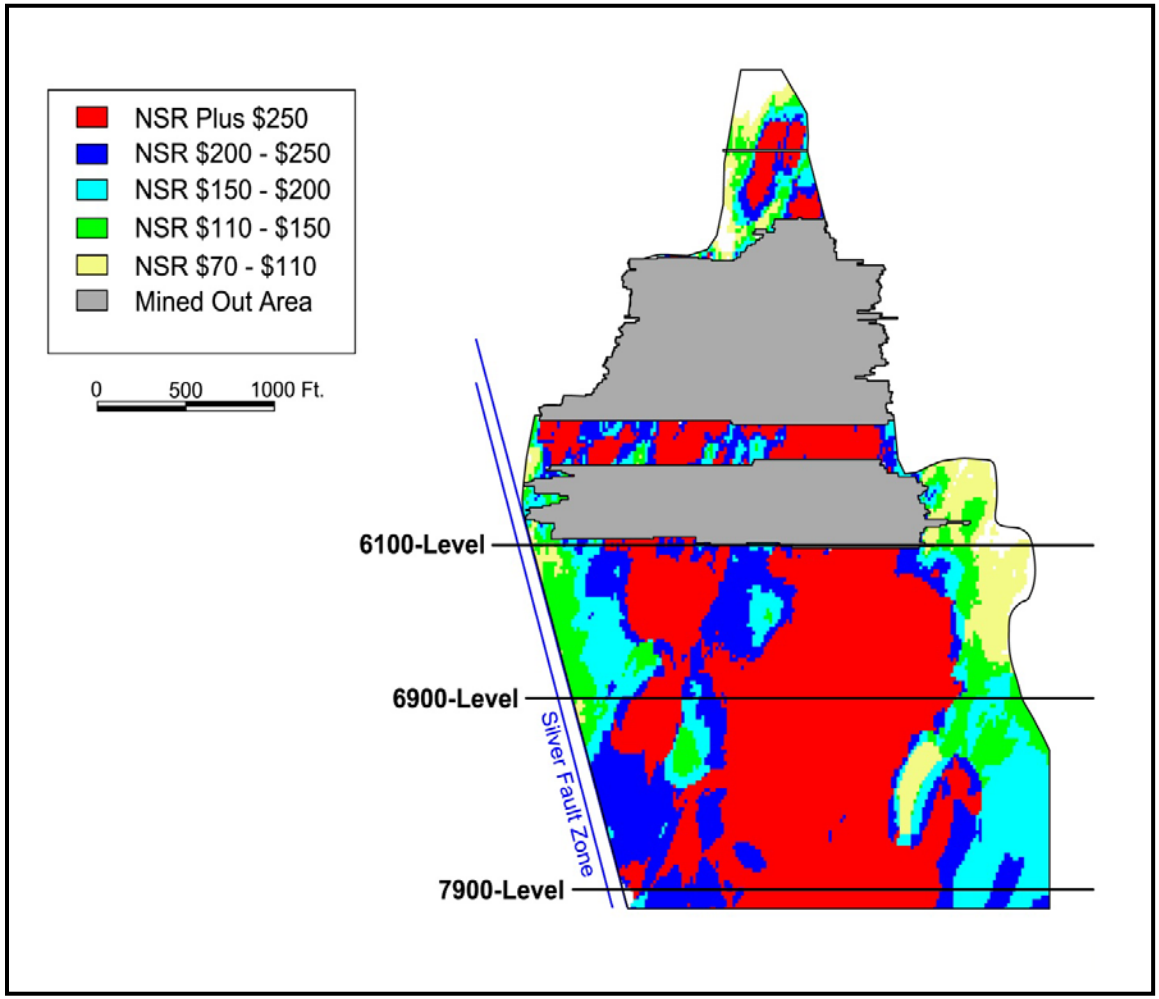


Lucky Friday & Silver Valley - Exploration



Organic Growth - Lucky Friday

Lucky Friday Expansion Area - Increased Grade and Thickness at Depth



*As of 2010

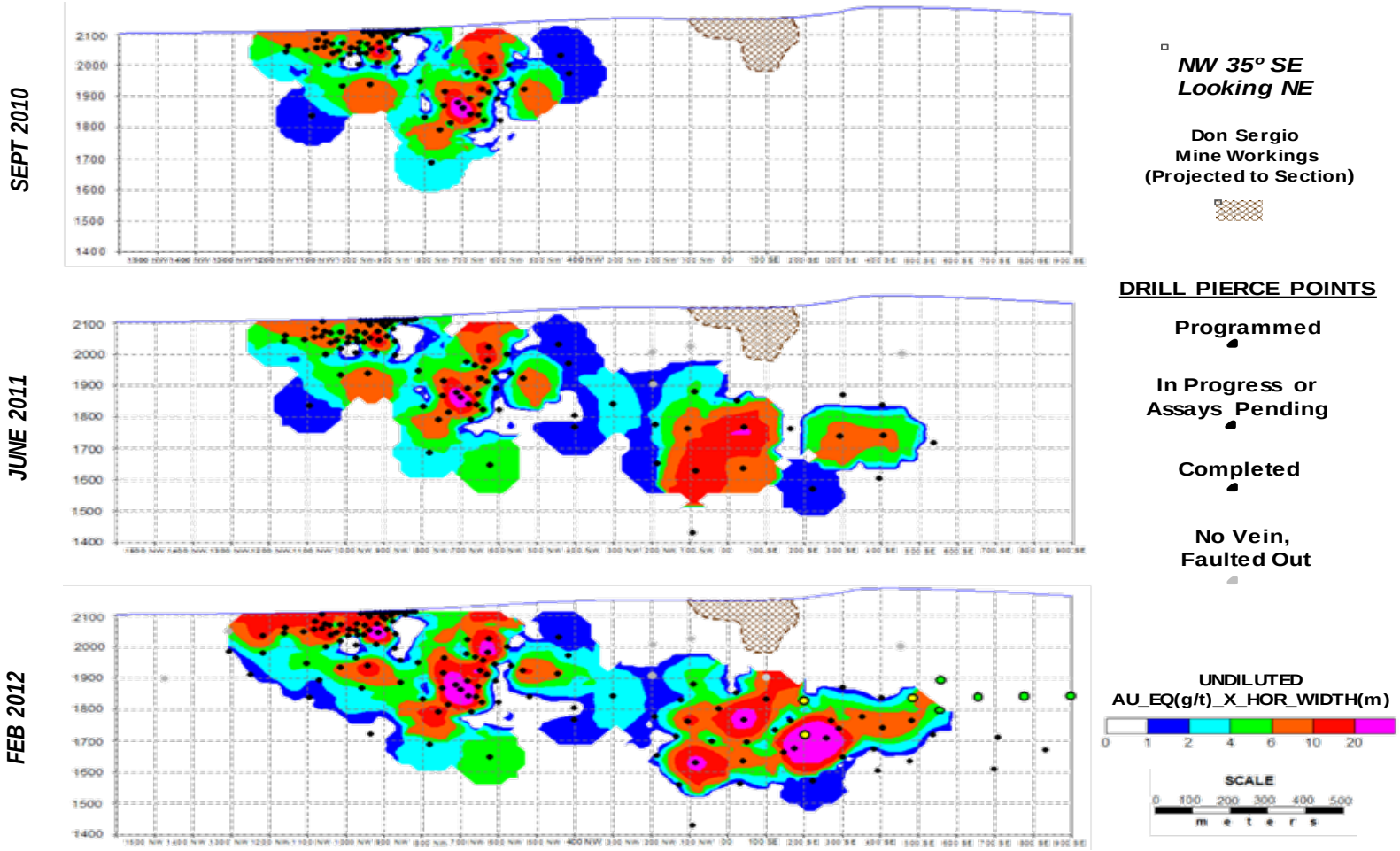
San Sebastian (Mexico)

300+ Square Mile Land Package



Organic Growth - San Sebastian, Mexico

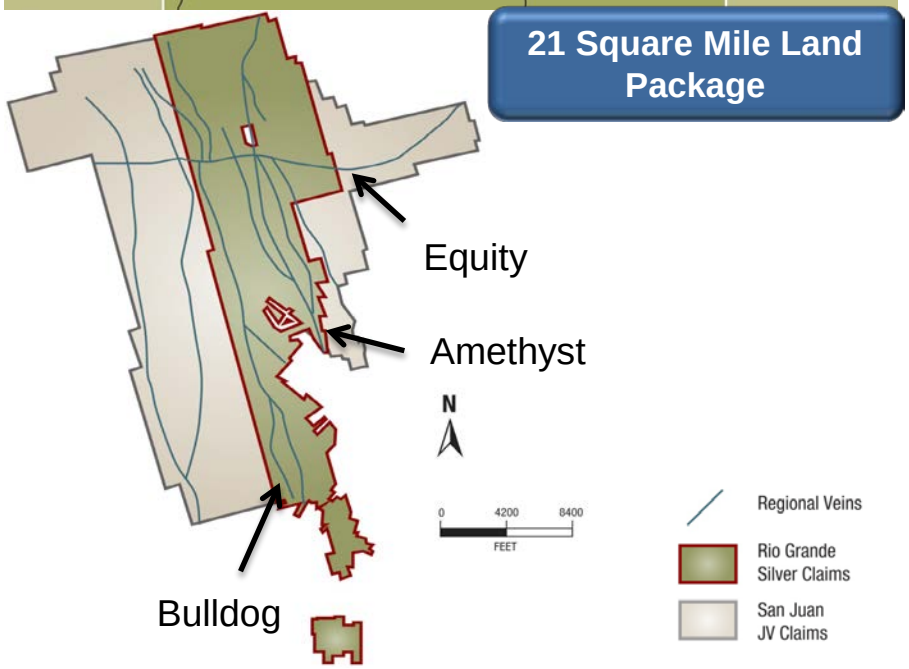
Andrea Vein - Potential New Silver and Gold-Rich Resource in 2012



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

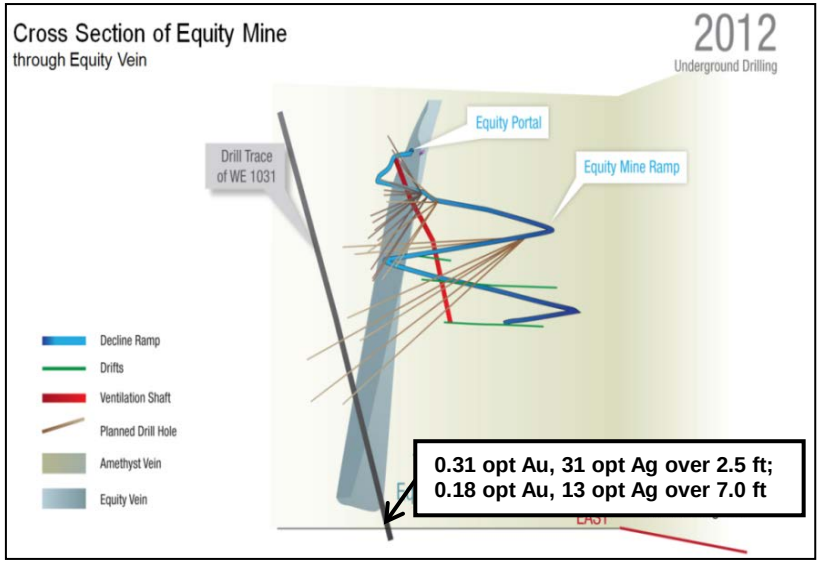


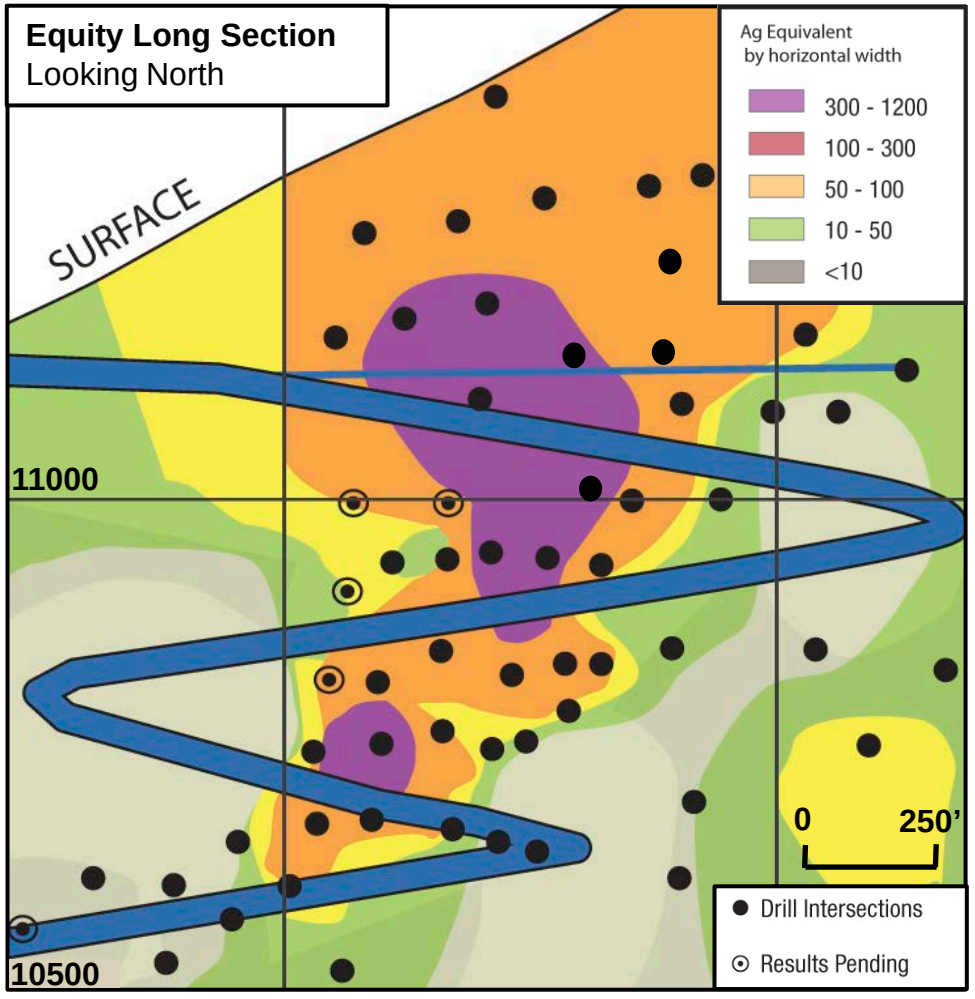


Organic Growth - San Juan Silver

Equity Longitudinal with Development Ramp and Drilling

- Recent drilling has defined high-grade, gold/silver bearing veins
- Equity Veins may represent a mineralized structure with more that 1,400 feet of vertical continuity





Organic Growth - Exploration Upside

Increasing Exploration Expenditures

	Greens Creek, AK	Lucky Friday/ Silver Valley, ID	Rio Grand 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	~$7 mm	~$12 mm	~$4 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

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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[2] mm	$(10) mm		$15 mm
2013	$15 mm	$(6) mm		$9 mm
2014	$56 mm[3]	$(22) mm	$56 mm	$(22) mm
Total	**$264 mm**	**$(105) mm**	**$56 mm**	**$103 mm**

1. Payment made on October 11, 2011
2. Payment made on October 5, 2012
3. Proceeds from the exercise of any outstanding Series 1 and Series 3 warrants (which have an exercise price between $2.42 and $2.53 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 148 mm ounces and 281 mm ounces, respectively ▪ New silver-linked dividend policy ▪ Settled historic Coeur d'Alene Basin environmental liability

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

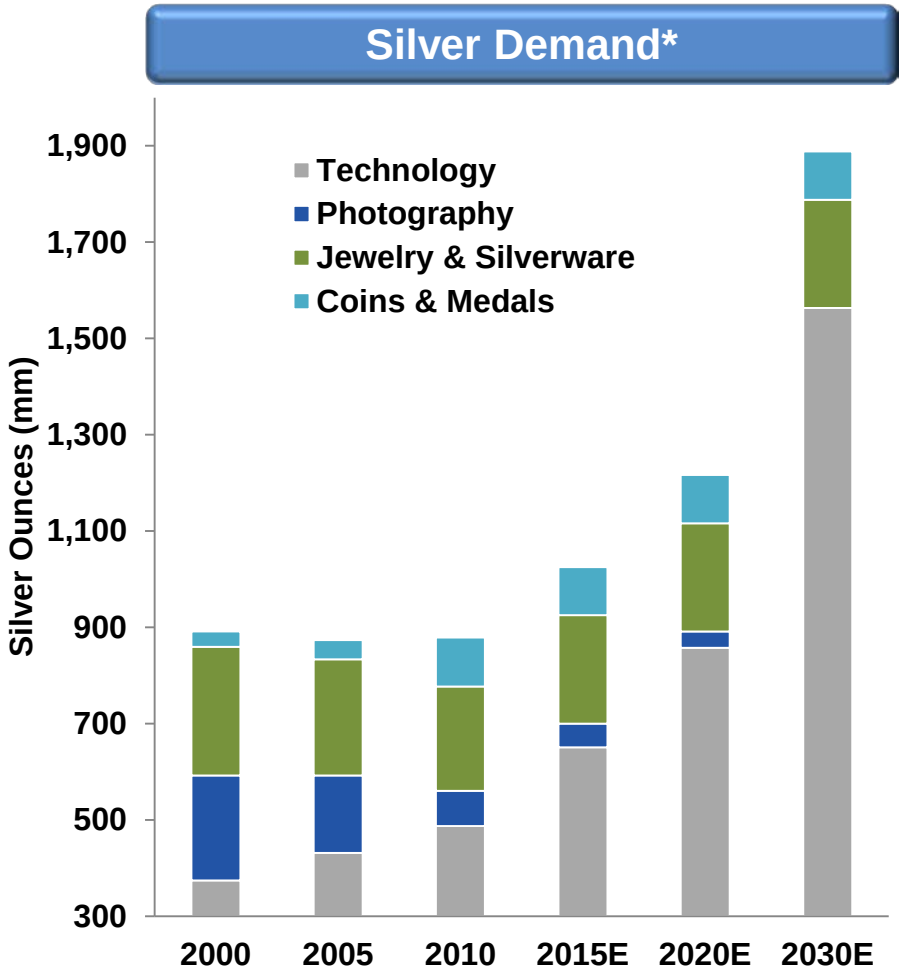
Reconciliation of Net Income Applicable to Common Shareholders (GAAP) to Earnings Before Adjustments
(dollars and ounces in thousands, except per ounce - unaudited)

	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.

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

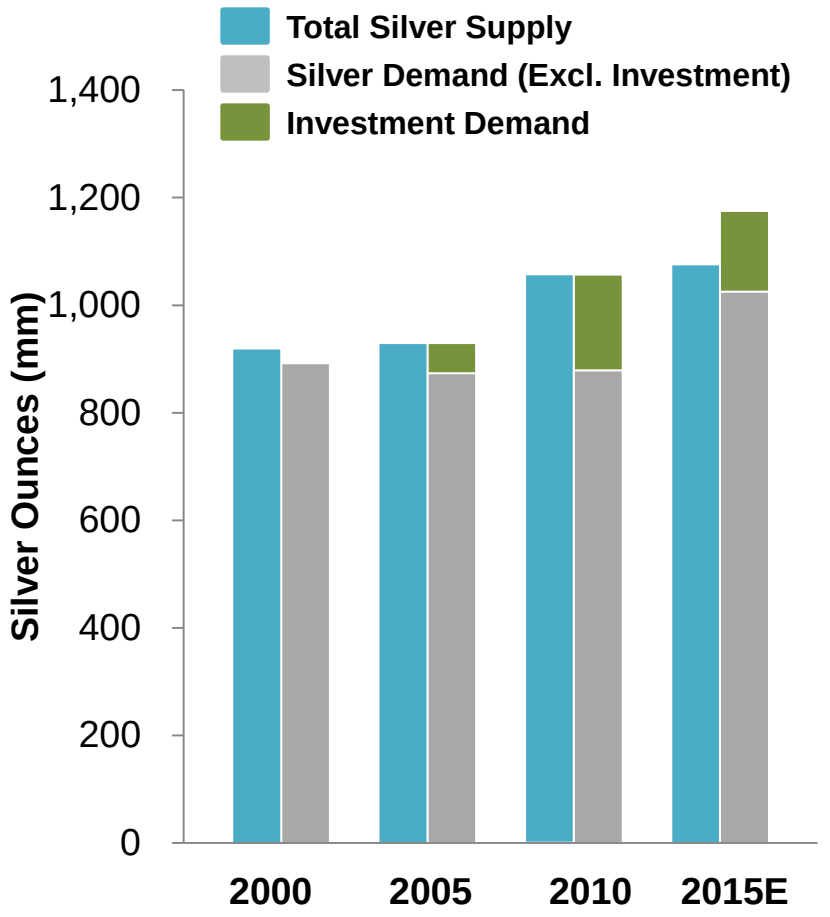


*Source GFMS – Hecla, does not include investment/ETF demand

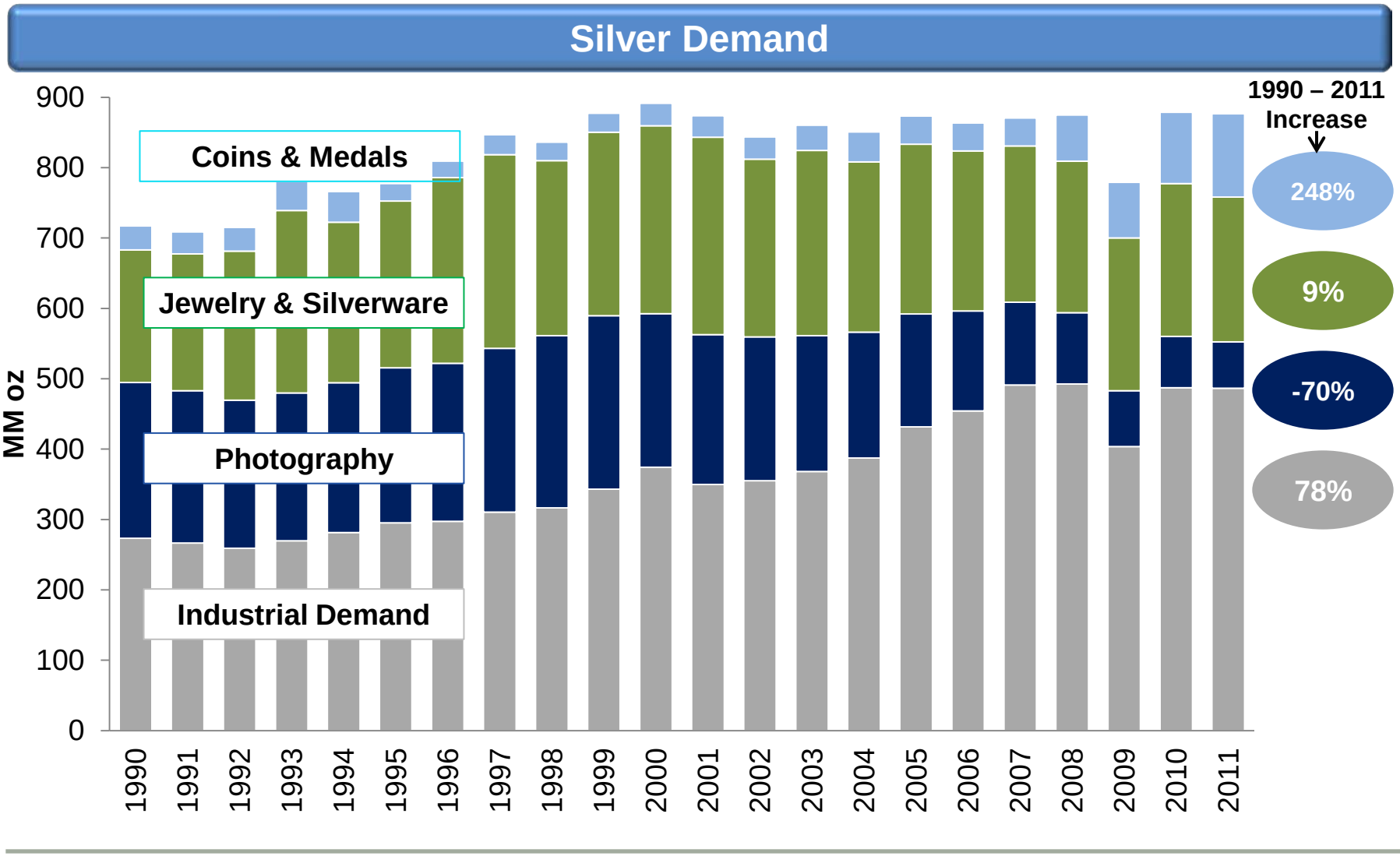
Supply & Demand Conclusions

- 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 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

Silver Supply and Demand



Silver Demand

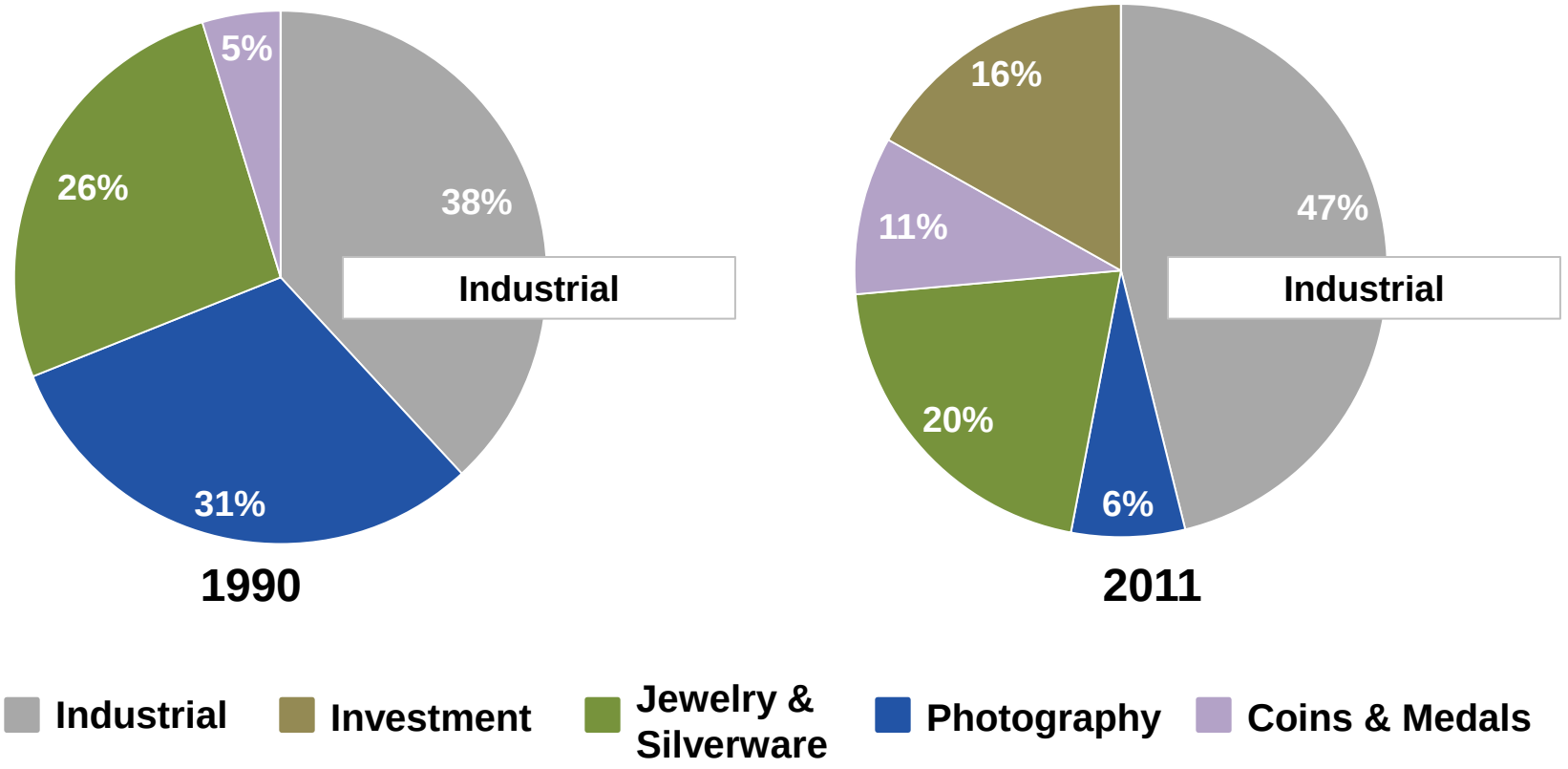


 Source - GFMS

Silver Demand

Increasing Share of Industrial Demand

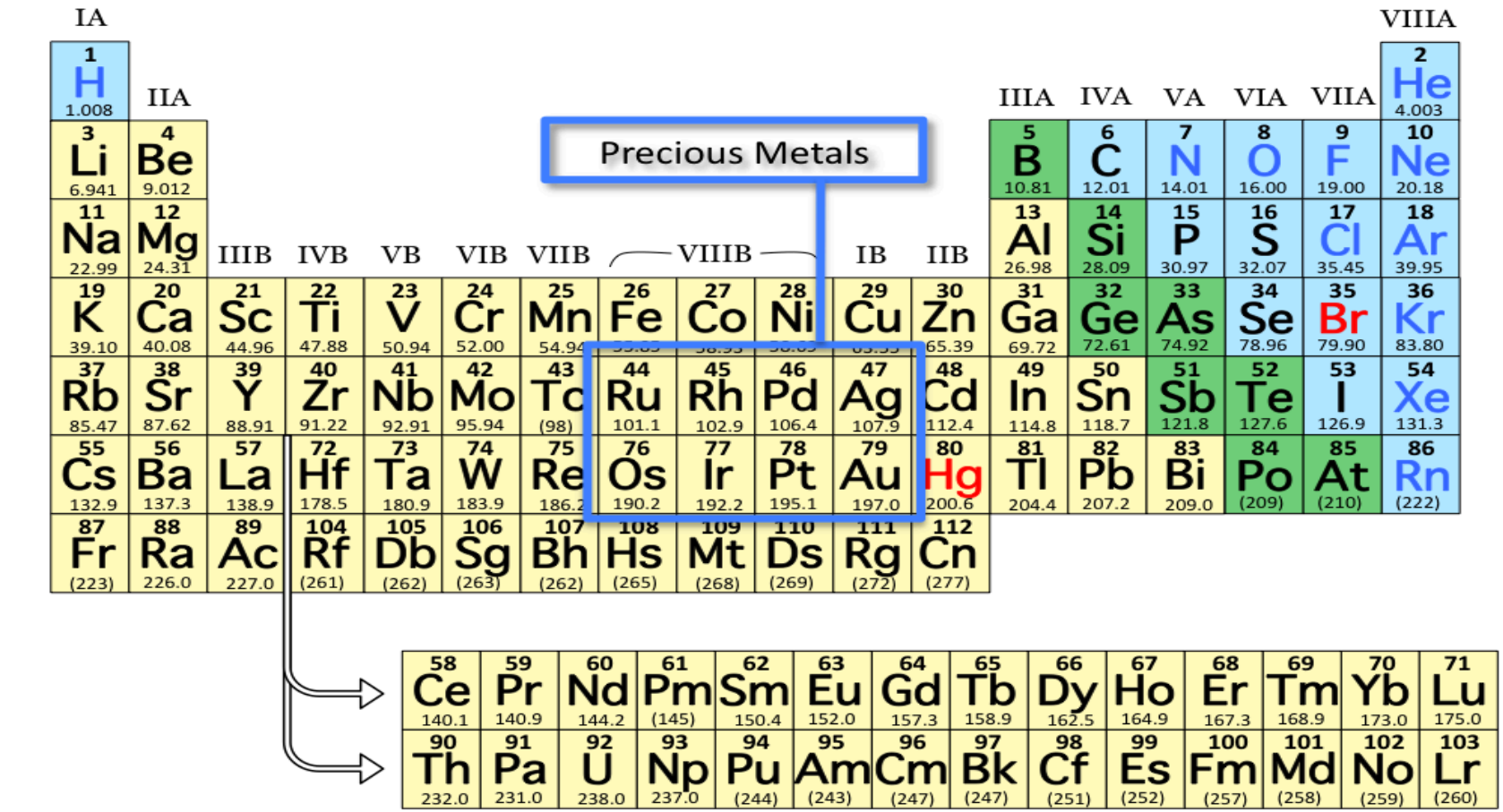
- Industrial demand increased from 274 mm oz in 1990 to 487 mm oz in 2011, an increase of 78%, and an annualized increase of 3.5%



Source - GFMS

Properties of Silver

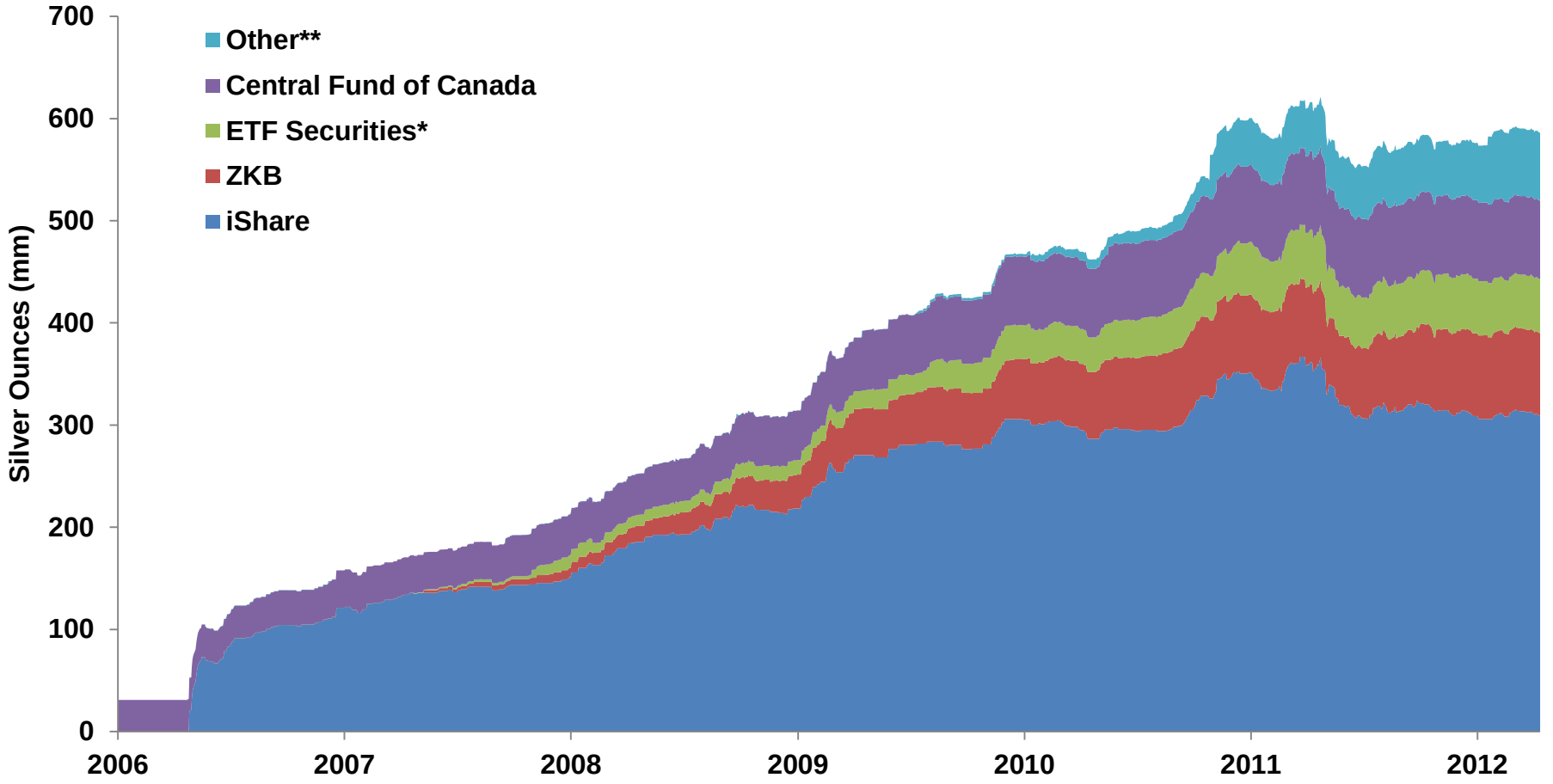
A Precious Metal…A Currency…A Lifestyle Metal



Source – Clear Science 2010

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