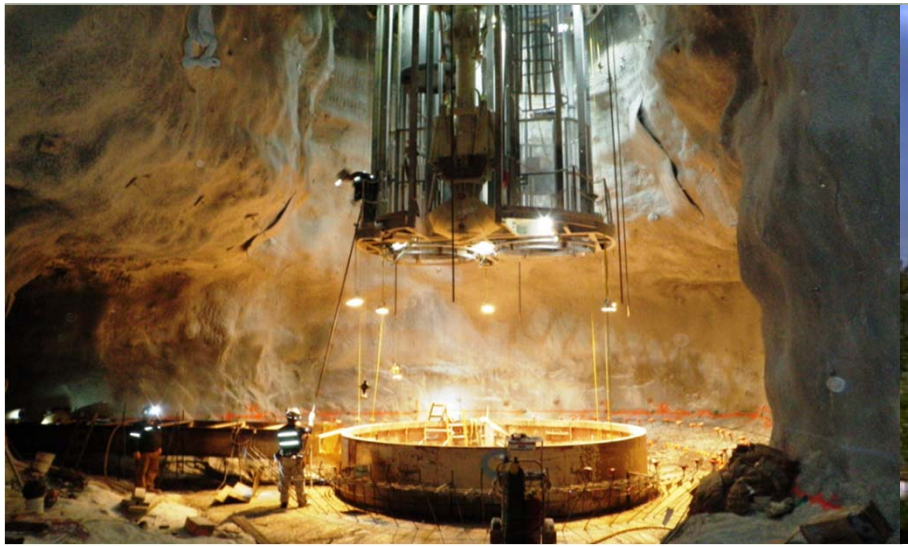




# The New Hecla

## *Growing Production, Reserves and Cash Flow*

October 2013

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,” “guidance” 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,” “measured resources,” “indicated resources,” and “inferred resources” that are recognized by Canadian regulations, but that SEC guidelines generally prohibit U.S. registered companies from including in their filings with the SEC, except in certain circumstances. U.S. investors are urged to consider closely the disclosure in our most recent 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.

Qualified Person (QP) Pursuant to Canadian National Instrument 43-101

Dean McDonald, P.Geo., Vice President - Exploration of Hecla Mining Company, who serves as a Qualified Person under National Instrument 43-101, supervised the preparation of the scientific and technical information concerning Hecla’s mineral projects in this presentation. Information regarding data verification, surveys and investigations, quality assurance program and quality control measures and a summary of analytical or testing procedures for the Greens Creek Mine are contained in a technical report titled “Technical Report for the Greens Creek Mine” dated March 28, 2013, for the Lucky Friday Mine are contained in a technical report titled “Technical Report for the Lucky Friday Mine Shoshone County, Idaho, USA” dated March 28, 2013, for Casa Berardi are contained in a technical report titled "Technical Report on the mineral resource and mineral reserve estimate for Casa Berardi Mine, Northwestern Quebec, Canada" dated March 28, 2013 and in a technical report titled "Feasibility Study of the Hosco deposit - Joanna Gold project" dated June 5, 2012. Also included in these four technical reports is a description of the key assumptions, parameters and methods used to estimate mineral reserves and resources and a general discussion of the extent to which the estimates may be affected by any known environmental, permitting, legal, title, taxation, socio-political, marketing or other relevant factors. Copies of these technical reports are available under Hecla and Aurizon's profiles on SEDAR at www.sedar.com.

Cautionary Note Regarding Non-GAAP measures

Total Cash Cost, Net of By-product Credits, per Silver and Gold Ounce, adjusted EBITDA and earnings before adjustments represent non-U.S. Generally Accepted Accounting Principles (GAAP) measurements. A reconciliation of each of these non-GAAP measures to GAAP measures can be found in the Appendix.

# A New Hecla: Financial Strength & Value Creation

## Financial Strength

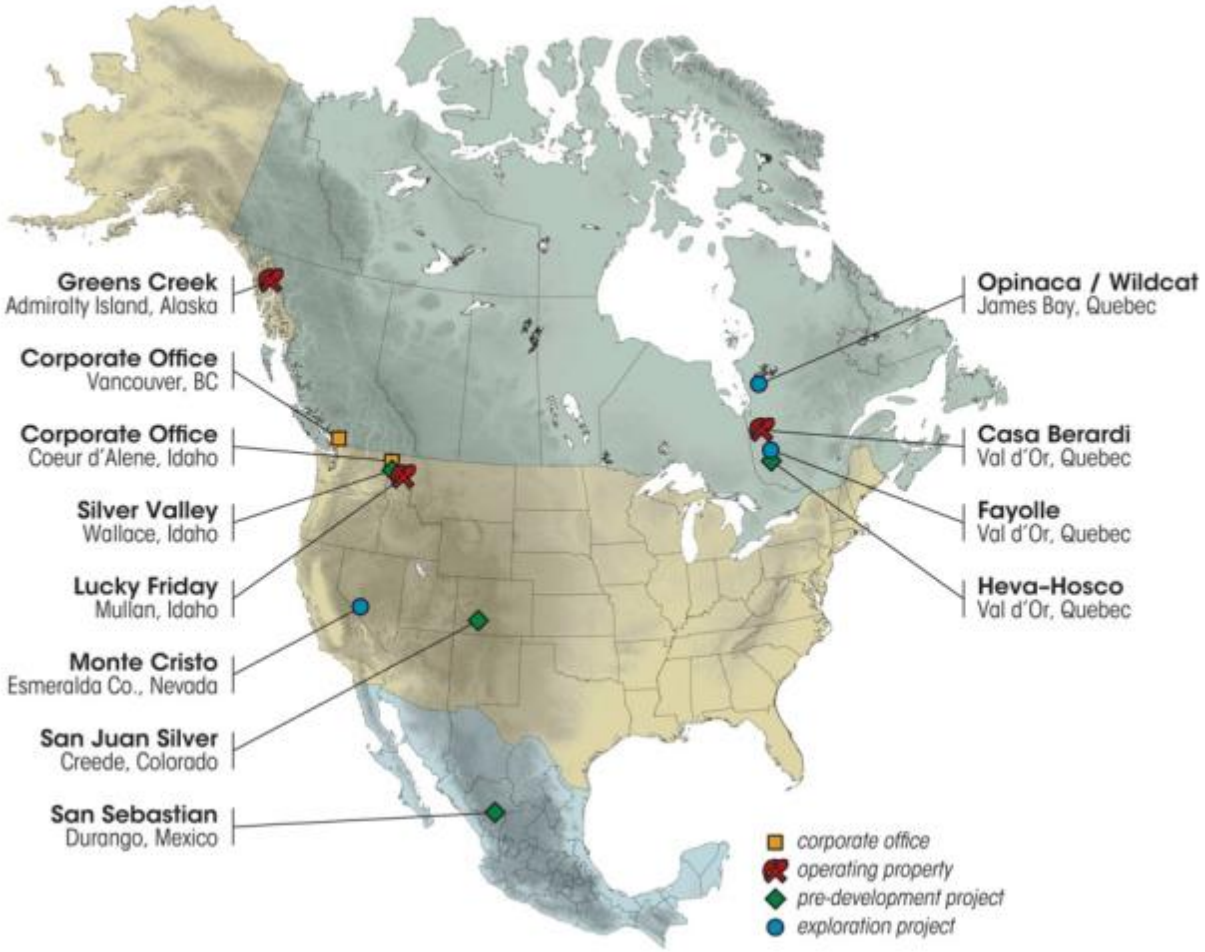
- ✓ $296 million cash as of June 30, 2013
- ✓ Net Debt/EBITDA < 3x
- ✓ Settled legacy liabilities and rehabilitated major mine
- ✓ Prudently reducing expenditures to manage EBITDA in current metals environment

## Value Creation

- ✓ Gold and silver miner for 122 years
- ✓ 2 major acquisitions in past 6 years
- ✓ Three long life (10yrs+), low-cost mines
- ✓ Stable, low-risk mining jurisdictions
- ✓ Growing gold and silver production and reducing costs

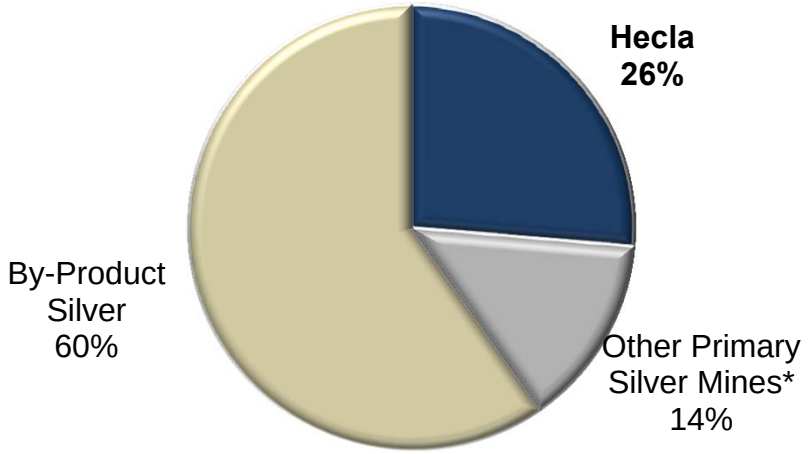
# North American Focused Asset Portfolio

All operations in lower-risk, mining-friendly jurisdictions



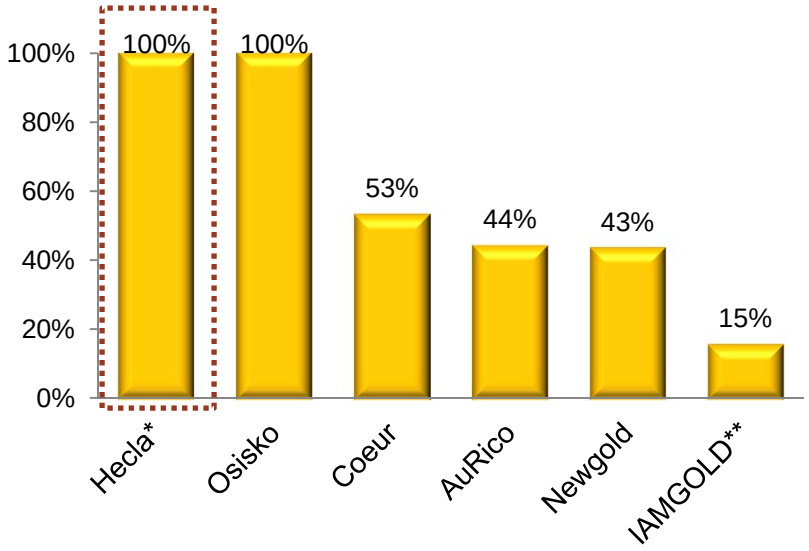
# Quality Silver and Gold Production in Low-Risk Jurisdictions

## % Silver Production in U.S. for 2011




**Total Silver Production in U.S. in 2011 – 36 Moz**

## % Gold Production in U.S. & Canada



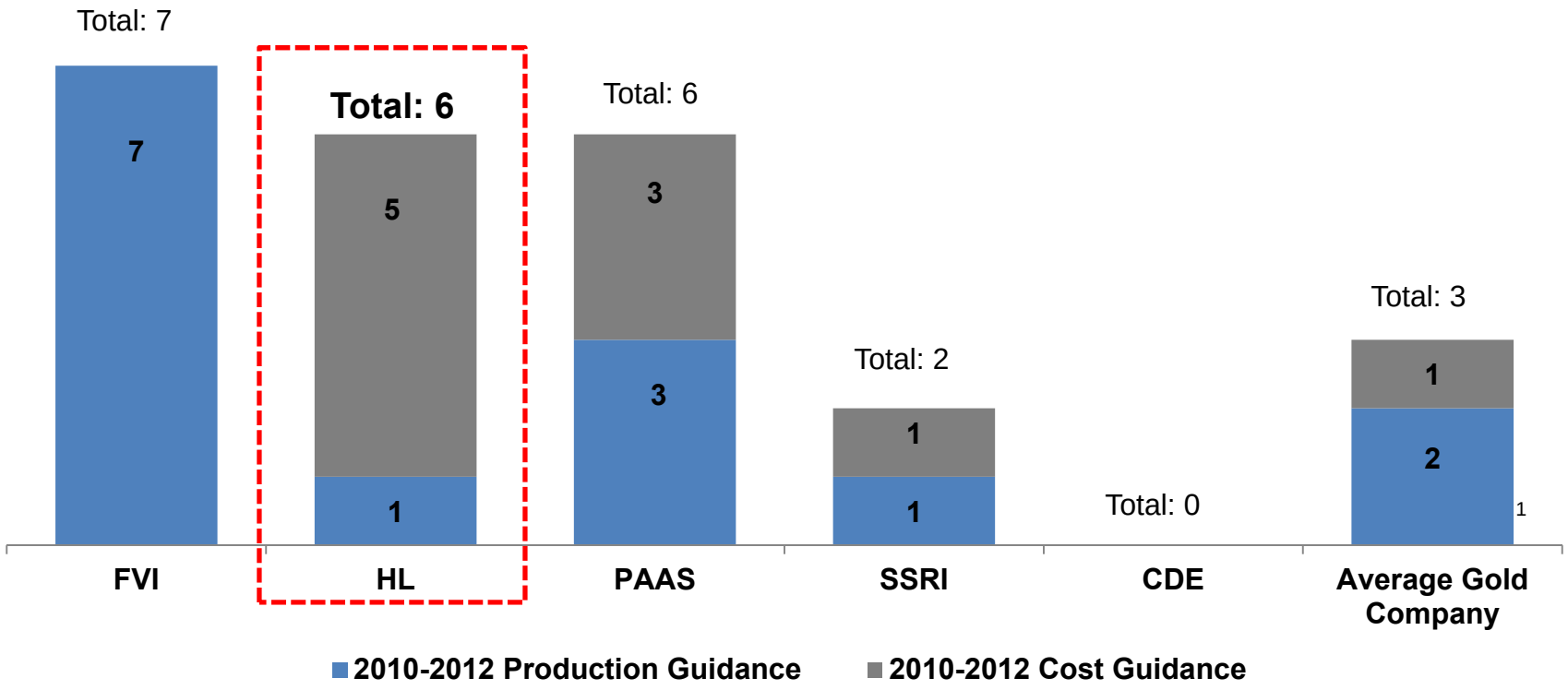

* Primary Silver Mines include: Rochester (Coeur), Galena (U.S. Silver and Gold), Troy (Revett)



* Source: Public filings; Hecla estimates include Casa Berardi and Greens Creek
** IAMGOLD % production is for 2013E to incorporate Westwood production guidance

# Consistent & Predictable Performance

## Scotia's Analysis of Silver Company Operating Performance 2010-2012




1. Gold companies include: NGD, BTO, SMF, AR, ASR, AGI, ANV, CG, TGZ, AUQ, RIO, DPM, P, GSS, TMM, OSK
2. Source: Scotiabank, September 2013
3. Score guide: Beat by >10% = 3 points, Beat = 2 points, Met guidance = 1 point, Missed = 0, Missed by >10% = -1 point

# Clearing the Path Forward

## Settled Legacy Liabilities

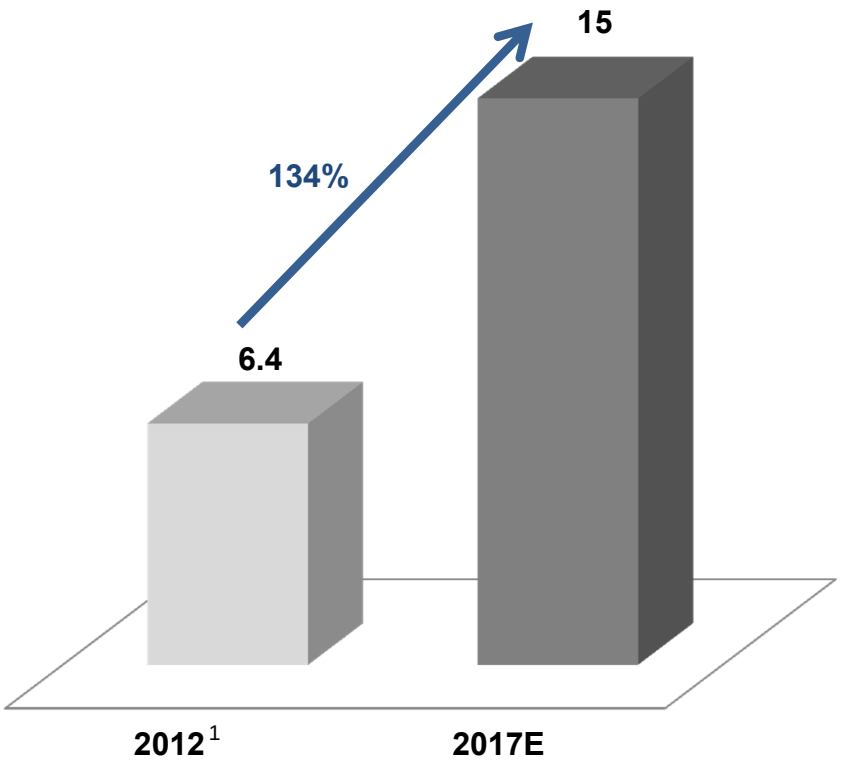
- ✓ Settled environmental liability in the Coeur d'Alene River Basin from mining practices ending over 50 years ago
- ✓ $116 million payments made to date (net of tax benefit)
- ✓ Payments remaining of $9 and $34 million (net of tax benefit) in 2013 and 2014 (expected to be covered by warrants)
- ✓ Removes unquantifiable liability making acquisitions possible (Aurizon)

## Rehabilitated Lucky Friday

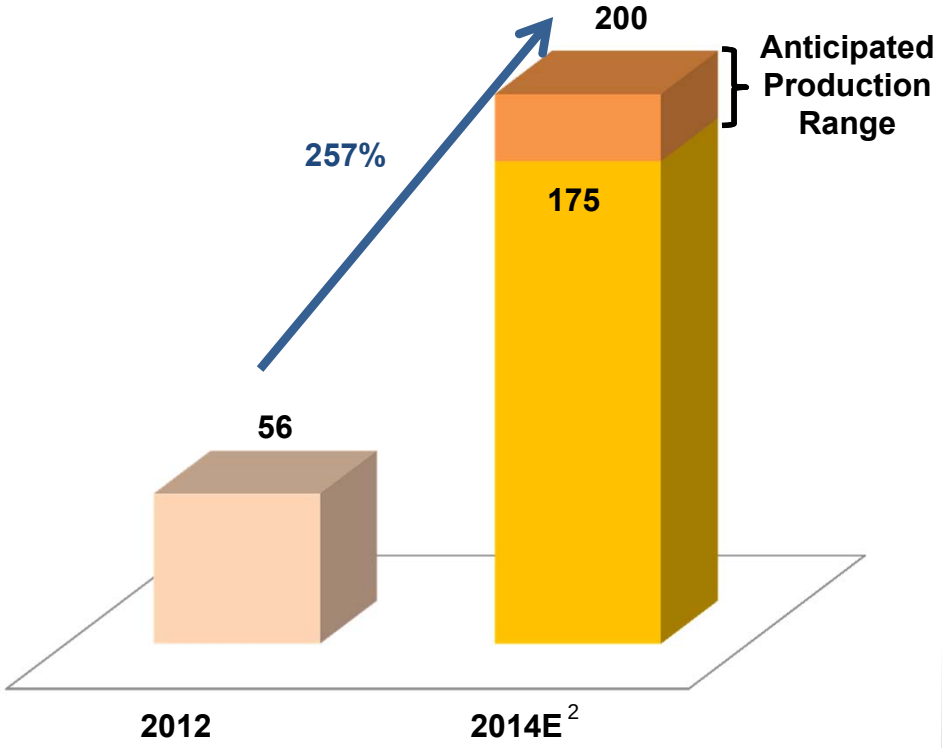
- ✓ Mine has operated for over 70 years in the Silver Valley, Idaho
- ✓ Mine was shut down and fully rehabilitated during 2012
- ✓ Re-opened in Q1/13, all stopes back in operation
- ✓ Expected to ramp up to approximately 5 million ounces in 2017
- ✓ Current mine life in excess of 25 years, excellent opportunity to expand resource

# Strong, Disciplined Production Growth Anticipated

## Silver ounces (millions)



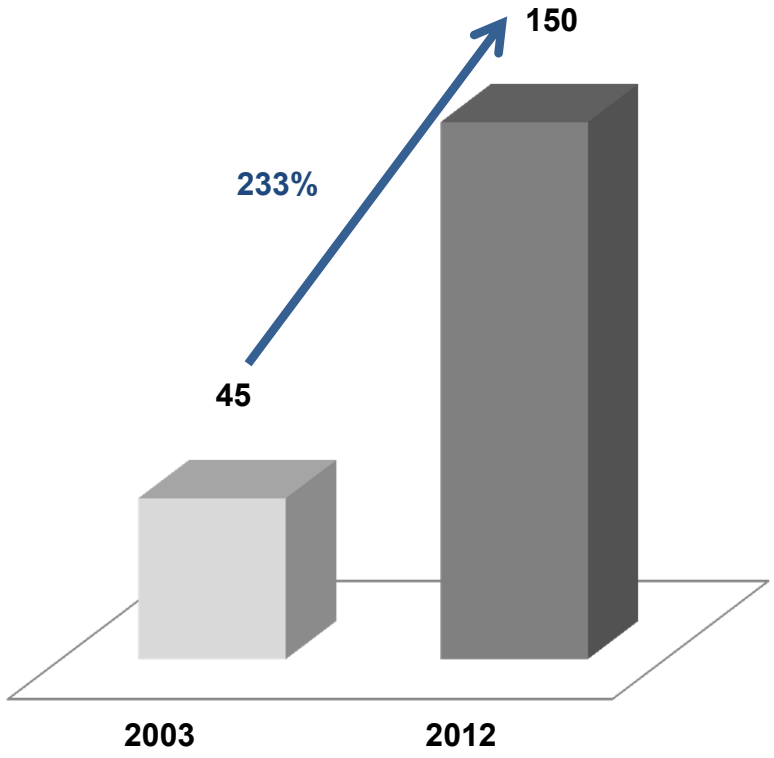

## Gold ounces (thousands)



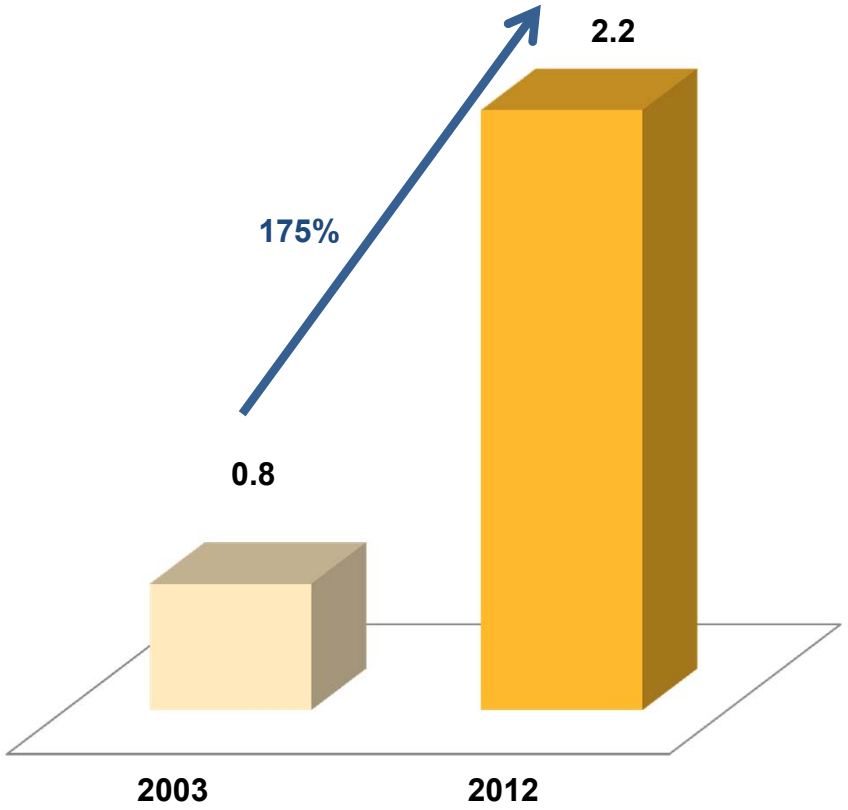

1. Hecla's Lucky Friday mine was closed during 2012.
2. Consists of Casa Berardi expected long-term run rate of 125-150Koz and Greens Creek historical gold production of approximately 50Koz Au per year.

# Reserve Growth 2003 - 2012[1]

## Silver ounces (millions)



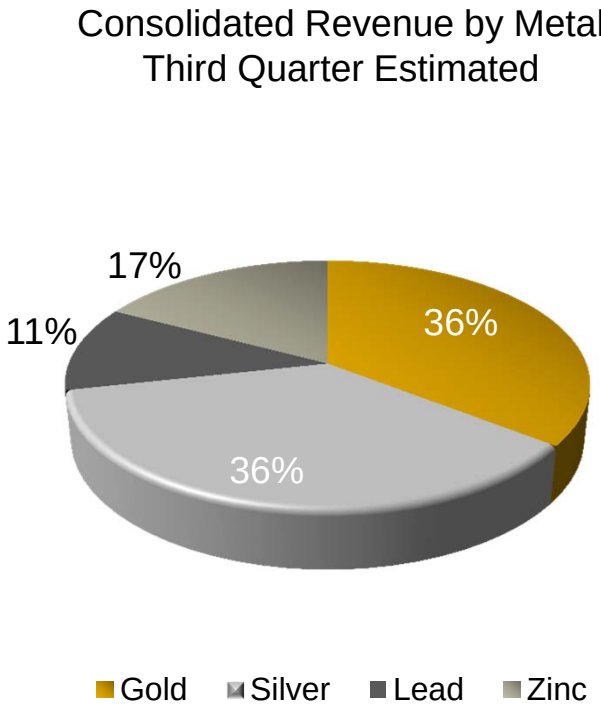

## Gold ounces (millions)[2]





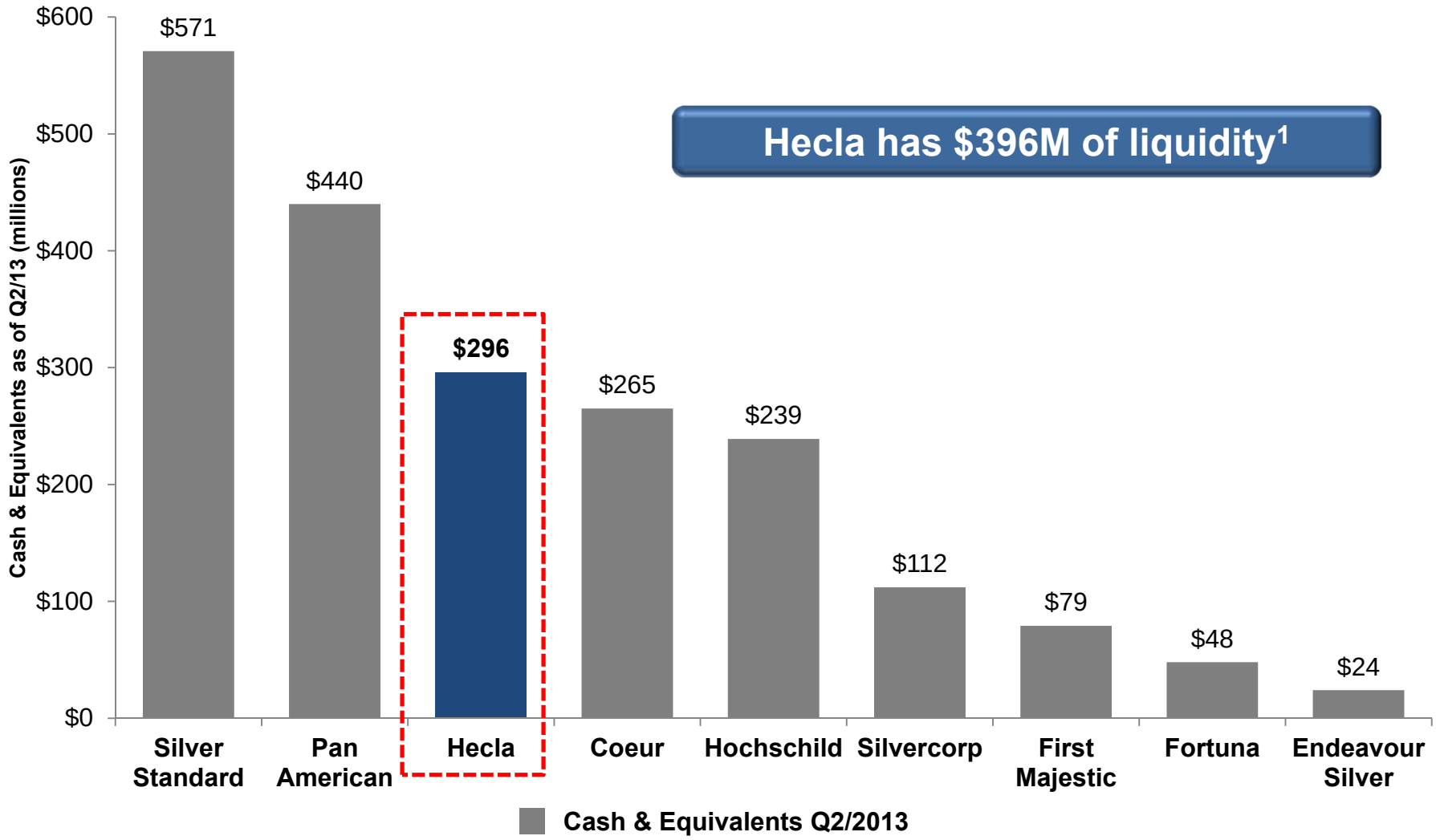

1. See Proven and Probable reserves data in the Appendix.
2. Includes Casa Berardi's reserves for 2012.

# Diversified Revenue: Silver, Gold, Lead and Zinc



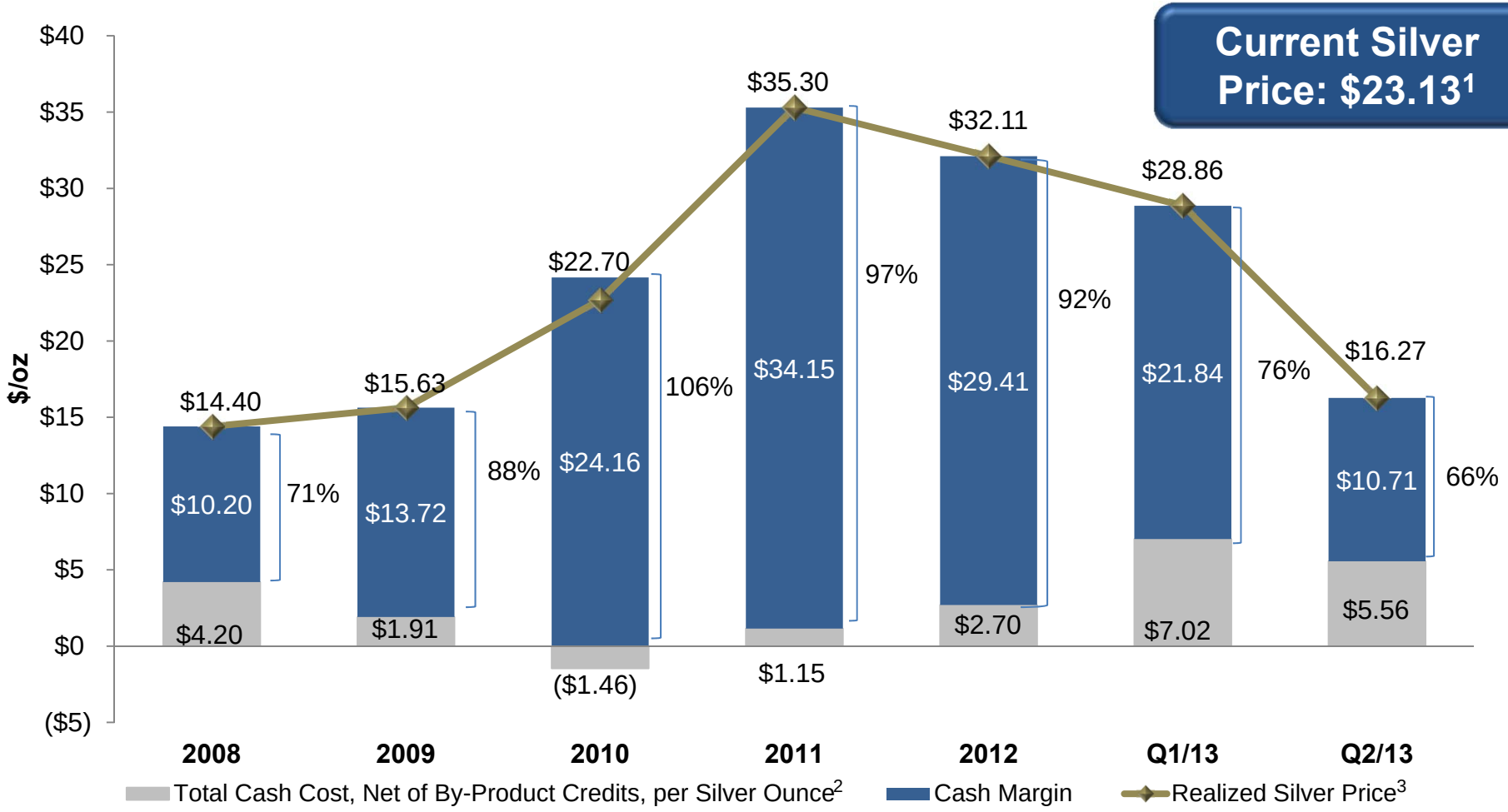

- Diversified revenue stream (silver, gold, lead and zinc) from 3 mines
- Policy allows hedging of 60% of the next 3 years of lead and zinc production
- Currently have ~$300 million sold, or about 1 year of operating expenses
- Locking in revenue for all metals when concentrate shipped beginning Q3
- **NO LONG TERM HEDGING OF GOLD AND SILVER!**

# Strong Cash Position




1. $296 million cash plus $100 million revolving credit agreement

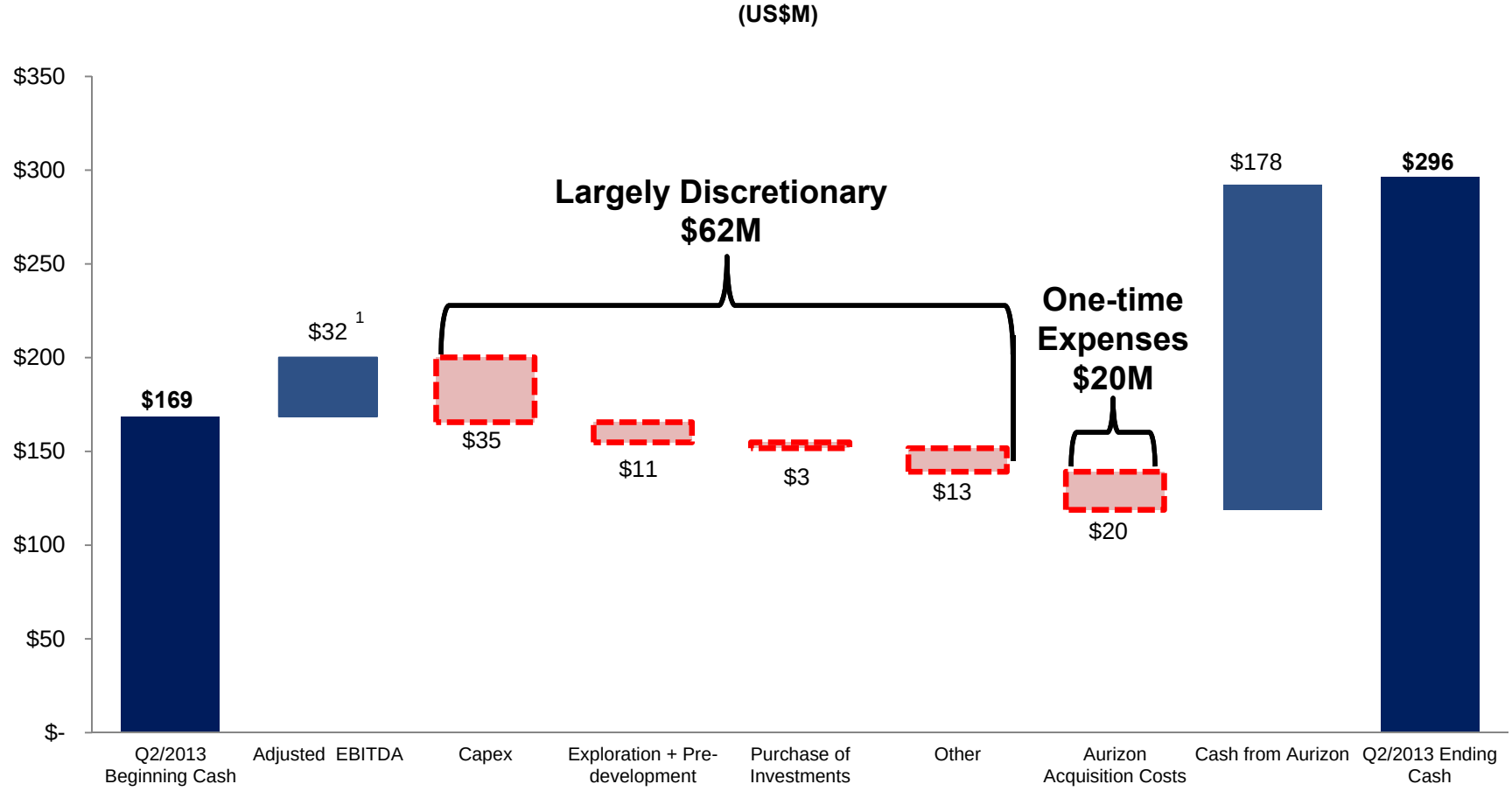
# Continued Strong Margins




1. As of September 19, 2013
2. Total Cash Cost, Net of By-Product Credits, per Silver Ounce represents a non-U.S. Generally Accepted Accounting Principles (GAAP) measurement; a reconciliation of which to cost of sales and other direct production costs and depreciation, depletion and amortization (GAAP) can be found in the Appendix.
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.

# Q2 Cash Flow Flexibility

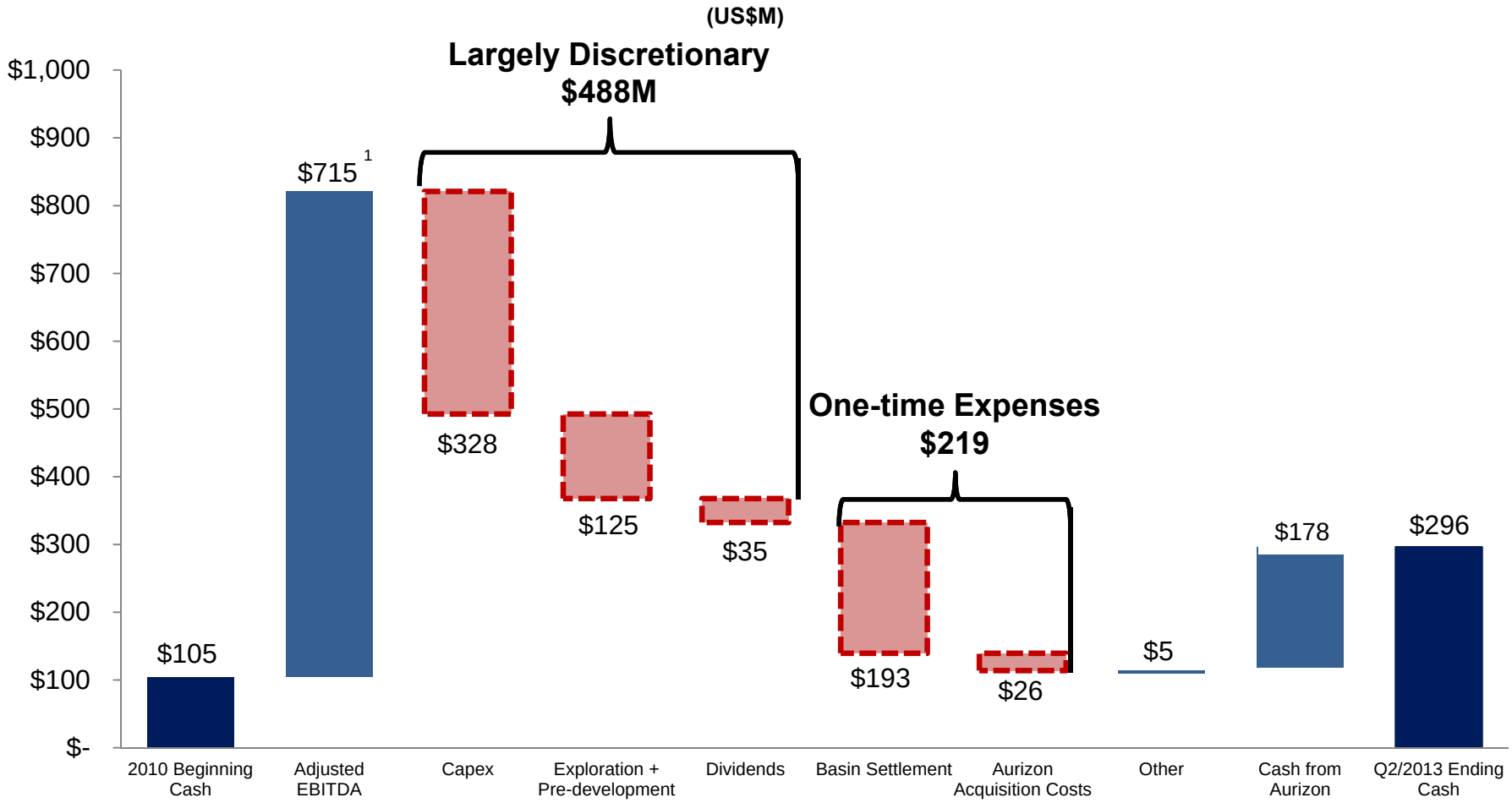
## Cash Bridge Q2 2013




1. Adjusted EBITDA represents a non-GAAP measurement. A reconciliation can be found in the Appendix.
2. Average prices for the period: Gold $1,414/oz, Silver $23.11/oz, Lead $0.93/lb, Zinc $0.83/lb

# 2010 - Q2 2013 Cash Flow Flexibility

## Cash Bridge 2010 - Q2 2013




1. Adjusted EBITDA represents a non-GAAP measurement. A reconciliation can be found in the Appendix.
2. Average prices for the period: Gold - $1,500/oz, Silver $27.92/oz, Lead $0.99/lb, Zinc $0.92/lb

# Response to Metals Price Weakness

- Decline in precious metals prices led to review of 2013 expenses
- Maintained programs with long logistical requirements or short implementation windows
- Revised guidance
  - Capital expenditures reduced by 13% to $178 million
  - Exploration expenditures reduced by 28% to $22 million
  - Pre-development expenditures reduced by 35% to $16 million
- Growing production of gold and silver

***Goal for 2014 is for capital, exploration and pre-development expenditures to be within Adjusted EBITDA***

# Hecla: Zero Debt Obligations Until 2021

## Peer Comparison

| Issuer | Date Issued | Coupon | | Maturity | Gross Proceeds[1] | Current Rating |
|---|---|---|---|---|---|---|
| **Hecla** | **12-Apr-13** | **6.875%** | **Sr. Notes** | **1-May-21** | **$500** | **B2/B** |
| Coeur | 24-Jan-13 | 7.875% | Sr. Notes | 1-Feb-21 | $300 | B2/B+ |
| Eldorado Gold | 10-Dec-12 | 6.125% | Sr. Notes | 15-Dec-20 | $600 | Ba3/BB |
| IAMGOLD Corp. | 14-Sep-12 | 6.750% | Sr. Notes | 1-Oct-20 | $650 | Ba/BB- |
| New Gold | 8-Nov-12 | 6.250% | Sr. Notes | 22-Nov-15 | $500 | B2/BB- |
| | 2-Apr-12 | 7.000% | Sr. Notes | 15-Apr-20 | $300 | B2/BB- |
| Allied Nevada Gold | 18-May-12 | 8.750% | Sr. Notes | 1-Jun-19 | $400 | B3/B |
| Hudbay Minerals | 18-Jan-13 | 9.500% | Sr. Notes | 1-Oct-20 | $500 | B3/B |

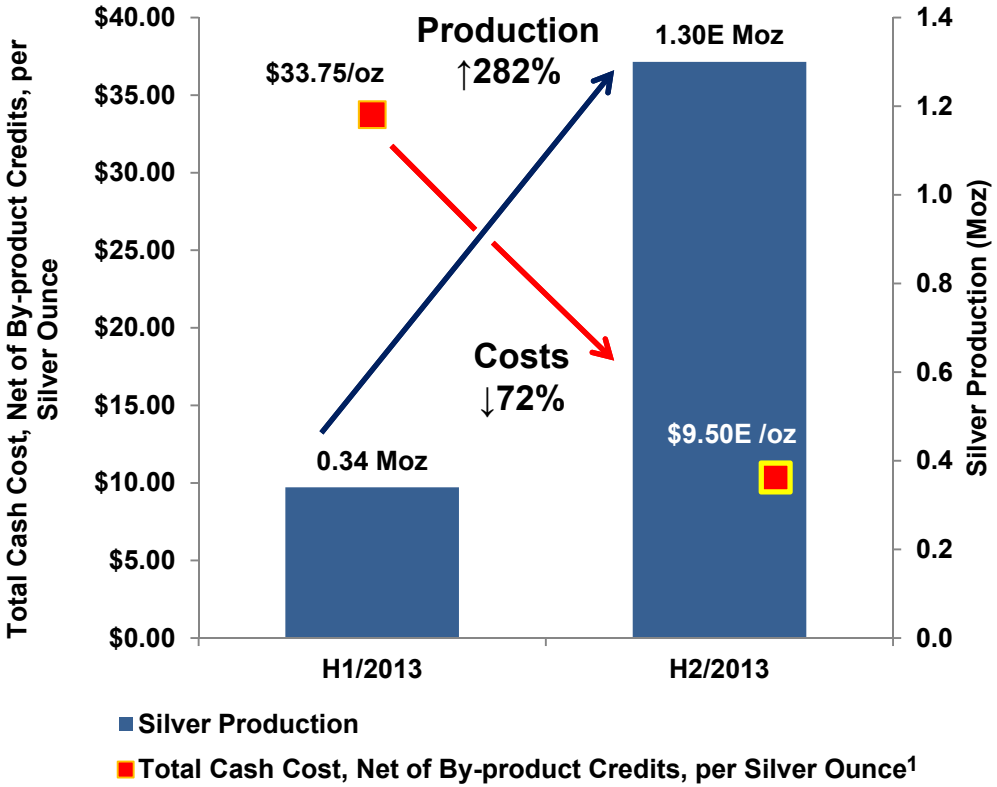
1. In millions

Source: Company Reports

# Lucky Friday - Ramping Up Production

- All stopes back in operation
- Expect to reach full capacity in September with costs per ounce declining over H2/13
- Estimated 1.3 million silver ounces production expected in H2/13
- Ongoing #4 Shaft sinking to:
  - Extend mine life
  - Increase production 60% with higher grade
  - Increase flexibility with more faces to access ore body

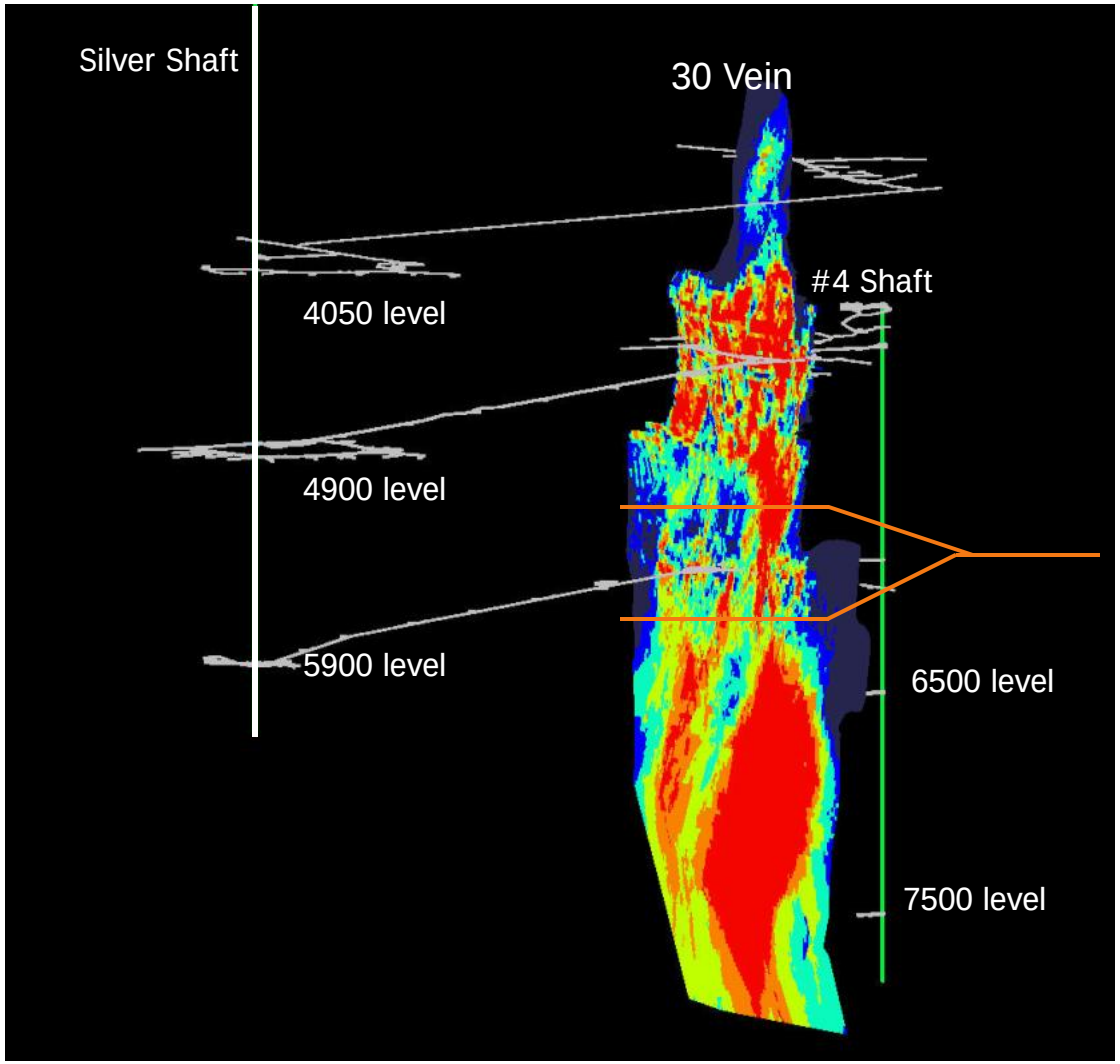
***Expected cost reductions and production increases***






1. Total Cash Cost, Net of By-Product Credits, per Silver Ounce represents a non-U.S. Generally Accepted Accounting Principles (GAAP) measurement; a reconciliation of which to cost of sales and other direct production costs and depreciation, depletion and amortization (GAAP) can be found in the Appendix.

# Lucky Friday - Unlocking Value at Depth




Current mining from 5900 level access

Looking NW

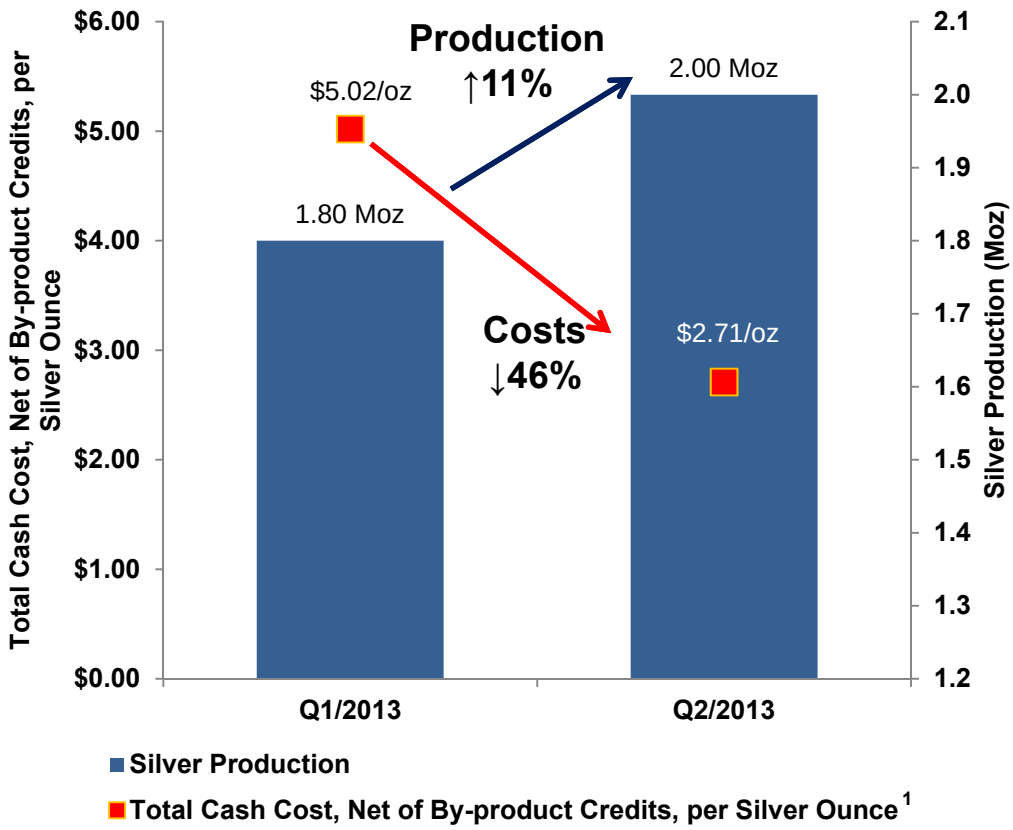


*Assuming prices of $20.00/oz silver, $0.85/lb lead, and $0.85/lb zinc

# Greens Creek - Exceeding Expectations

- Quarterly silver production of 2 million ounces
  - **2nd highest quarterly tonnage in mine's history**
  - Up 48% from Q2/12
- Total Cash Cost, Net of By-Product Credits, per Silver Ounce, of $2.71[1]
  - 46% lower than Q1/13
- Production of gold, lead and zinc were all up more than 10% from the first quarter
- Full year silver production expected between 6 and 7 million ounces

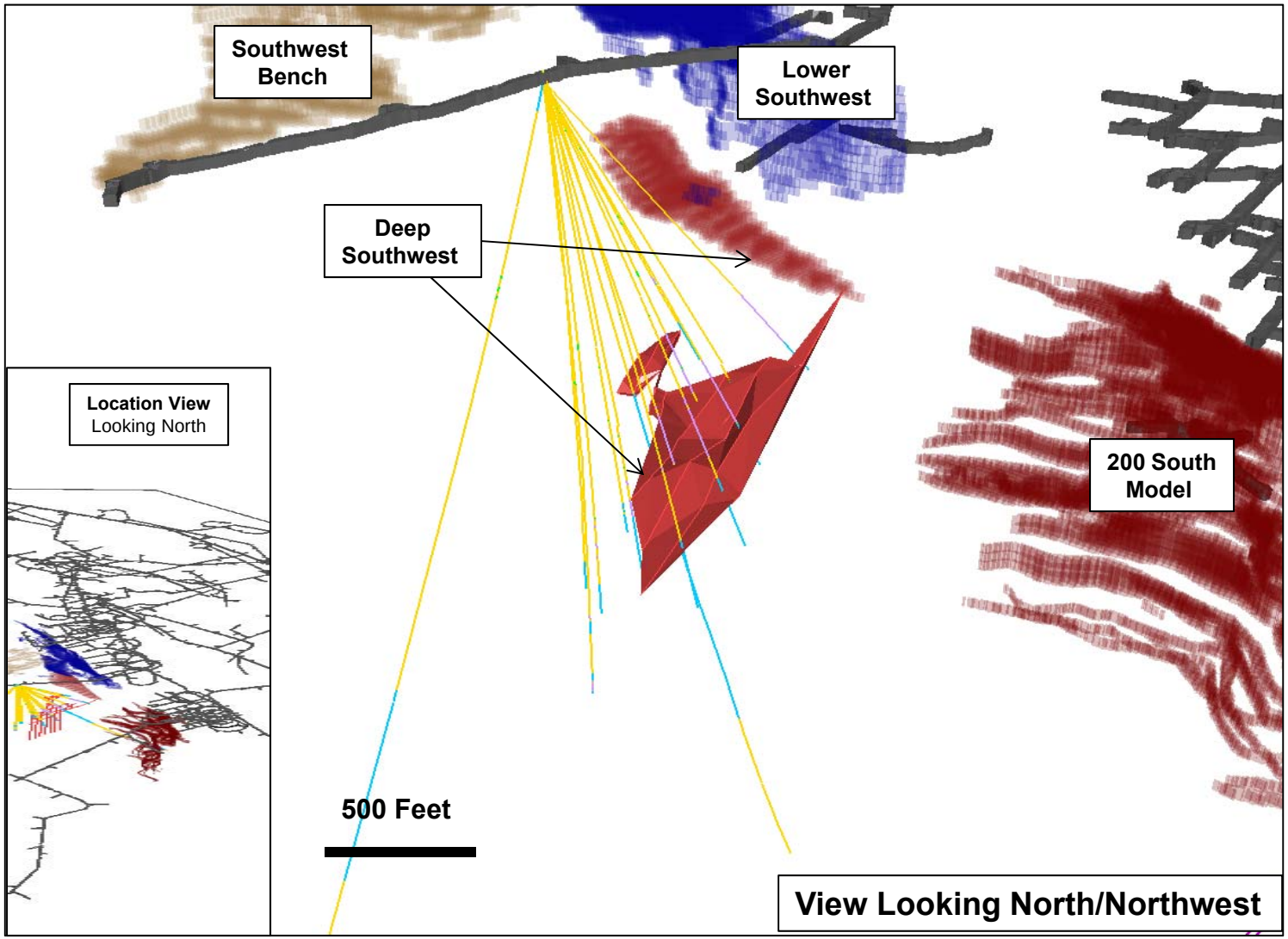
***Q2 vs. Q1 Production and Cost Improvements***





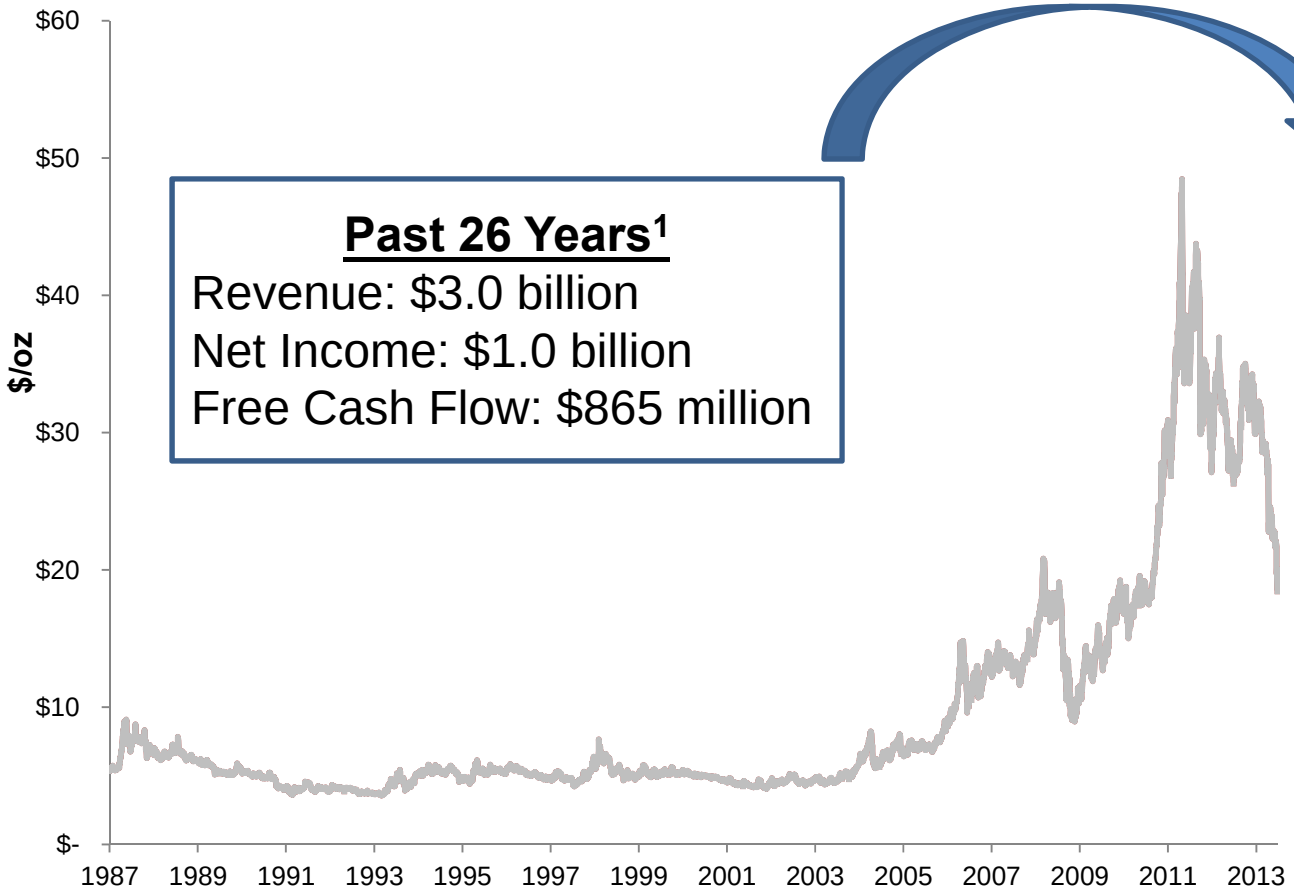

1. Total Cash Cost, Net of By-Product Credits, per Silver Ounce represents a non-U.S. Generally Accepted Accounting Principles (GAAP) measurement; a reconciliation of which to cost of sales and other direct production costs and depreciation, depletion and amortization (GAAP) can be found in the Appendix.

# Greens Creek - Future Growth



# Greens Creek: World-Class Silver Mine

## Spectacular Performance over a Variety of Silver Prices



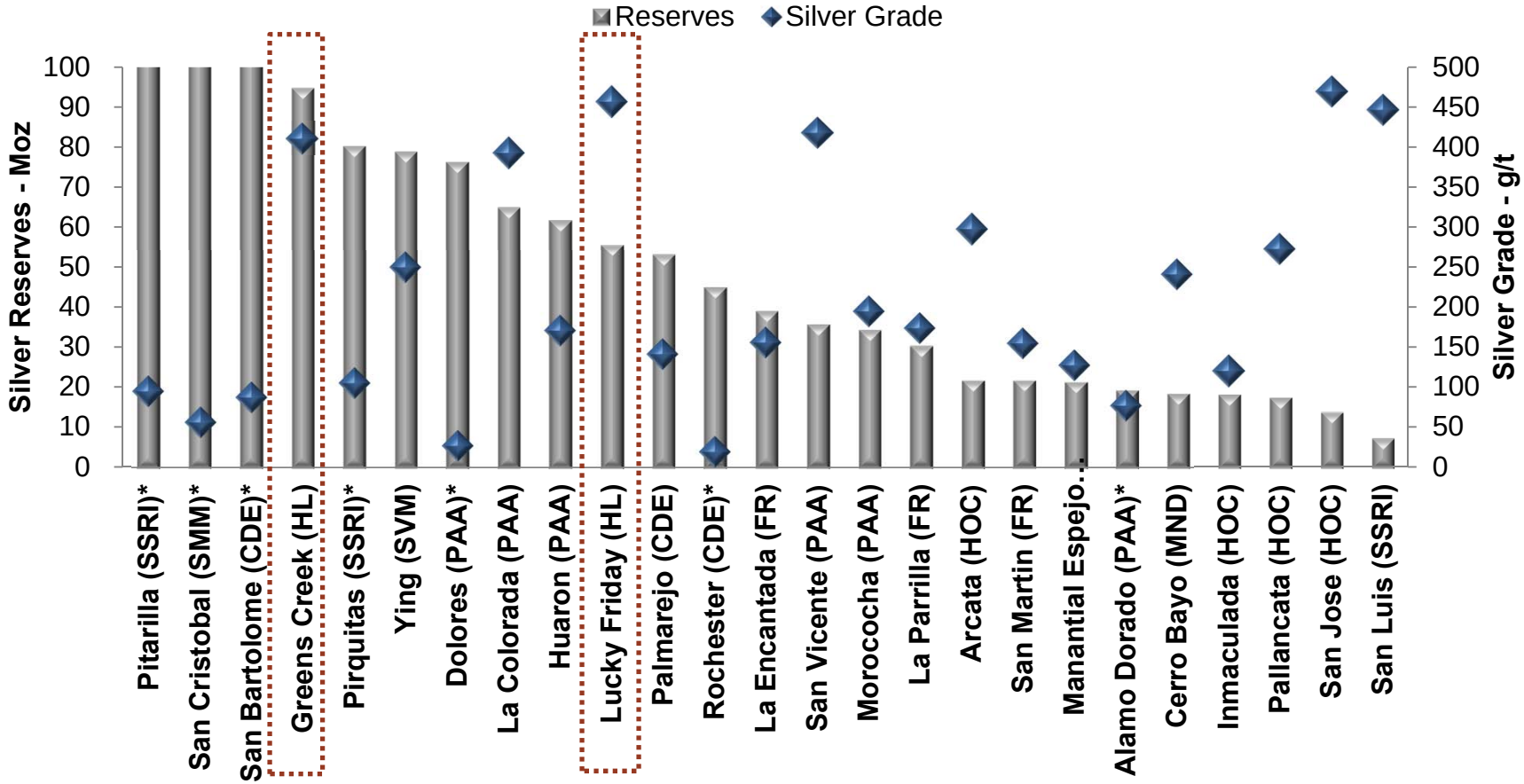

**Past 26 Years[1]**
Revenue: $3.0 billion
Net Income: $1.0 billion
Free Cash Flow: $865 million

**Next 10 Years**
Continued strong performance expected

1. Statistics from 1987 – H1 2013

# Large and High Quality Silver Assets

## Silver Reserves and Grades of the Largest Primary Silver Mines



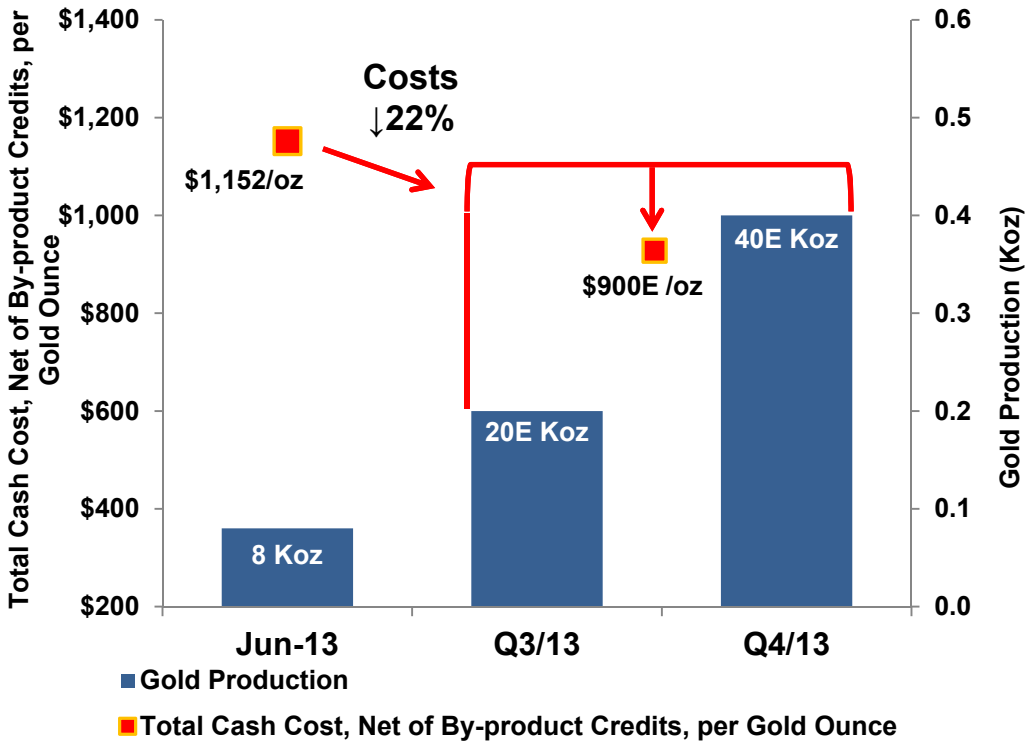

- ***Hecla has the highest overall silver reserve grade of 429 g/t among peers****
- ***Peer-leading Silver Grade Profile Results in Low-cost, High-margin Production***

 Source: Public filings, *Open pit mines - Palmarejo is both open pit and underground.

# Casa Berardi - Increasing Gold Production

- Acquisition completed 6/1/13
- Grade and production expected to increase by Q4/13
- Shaft deepening expected to raise production and extend mine life
- Expected long-term run rate of 125,000 to 150,000 ounces per year

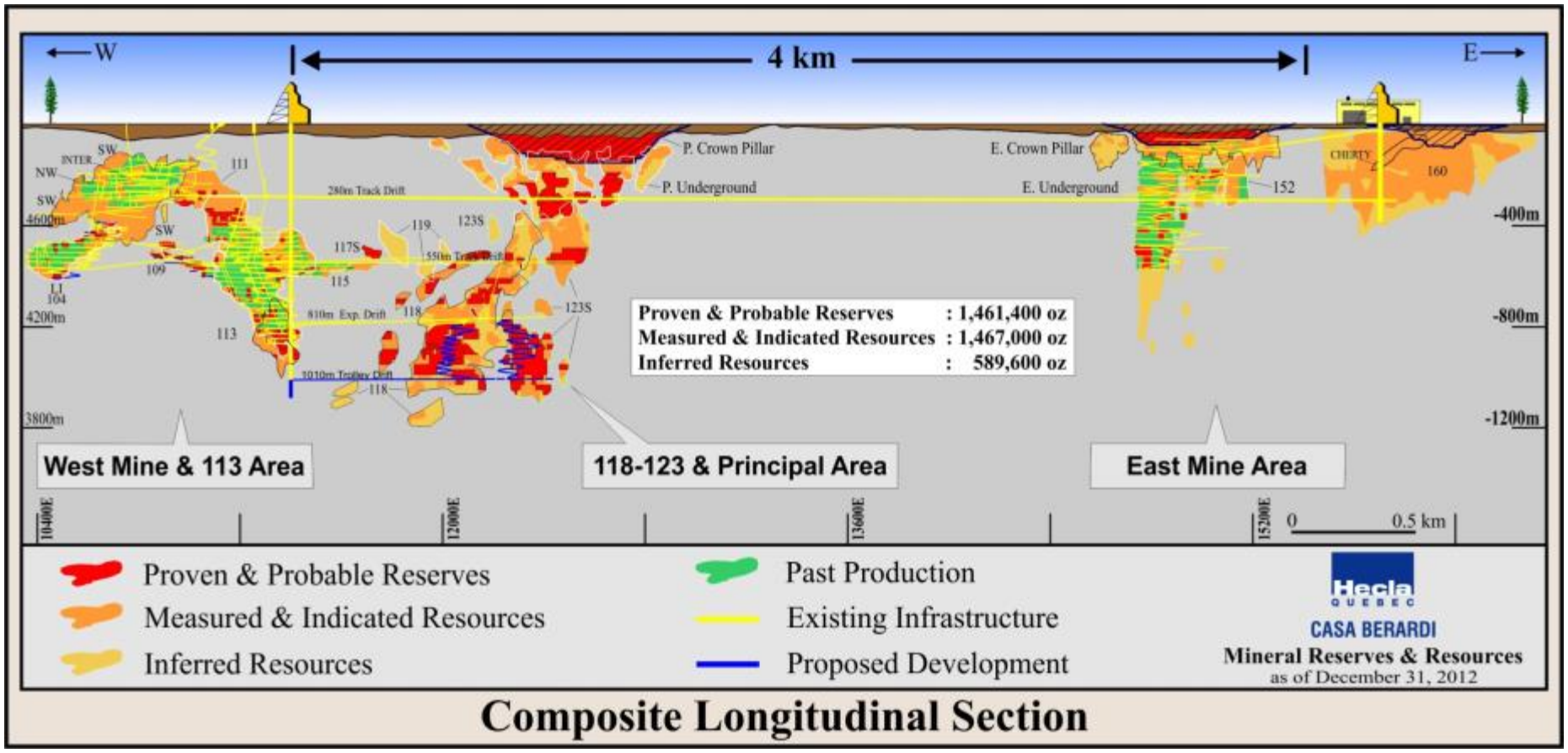
***Cost reductions expected with growing gold production***






1. Total Cash Cost, Net of By-Product Credits, per Gold Ounce represents a non-U.S. Generally Accepted Accounting Principles (GAAP) measurement; a reconciliation of which to cost of sales and other direct production costs and depreciation, depletion and amortization (GAAP) can be found in the Appendix.

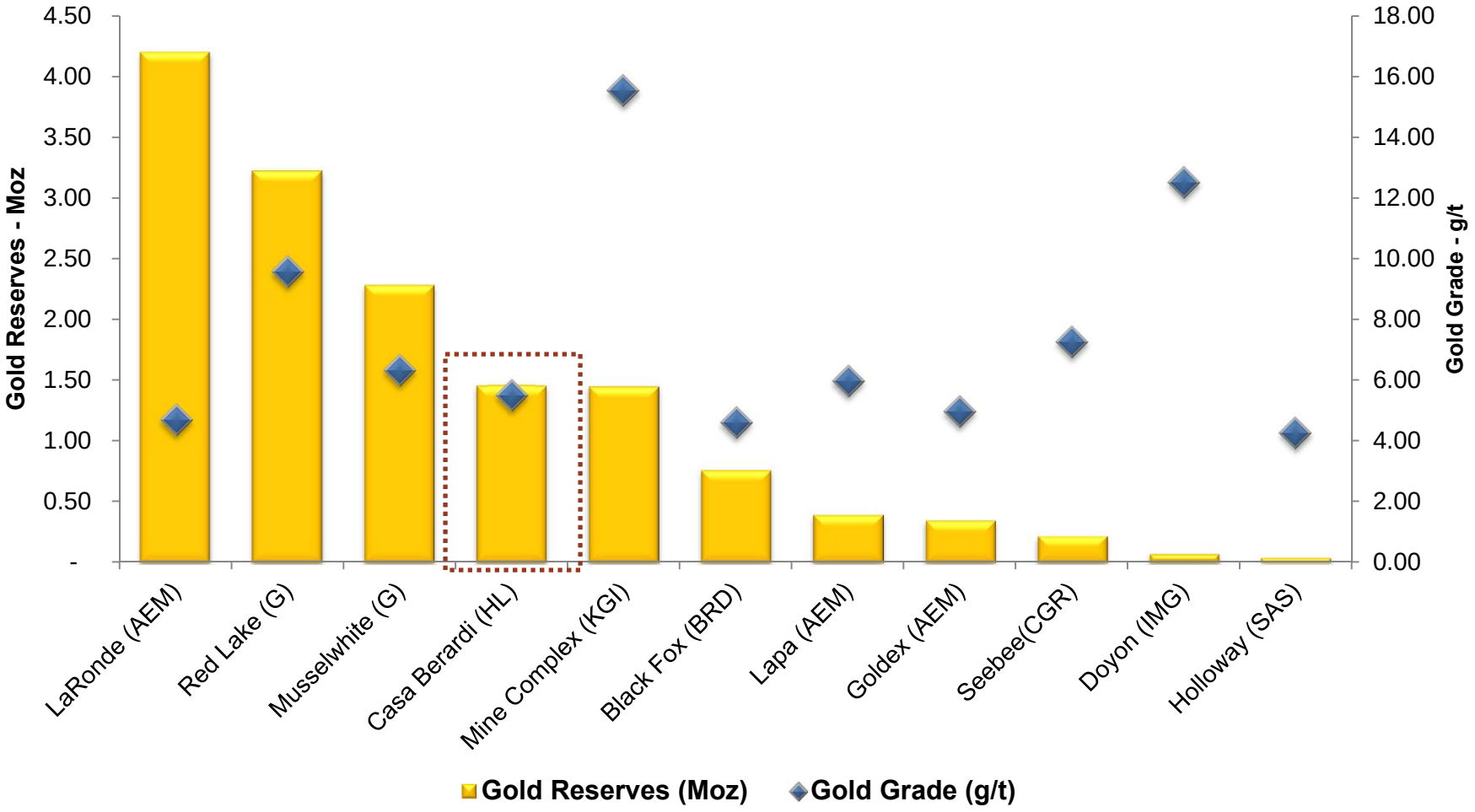
# Casa Berardi - Good Exploration Potential




Composite Longitudinal Section

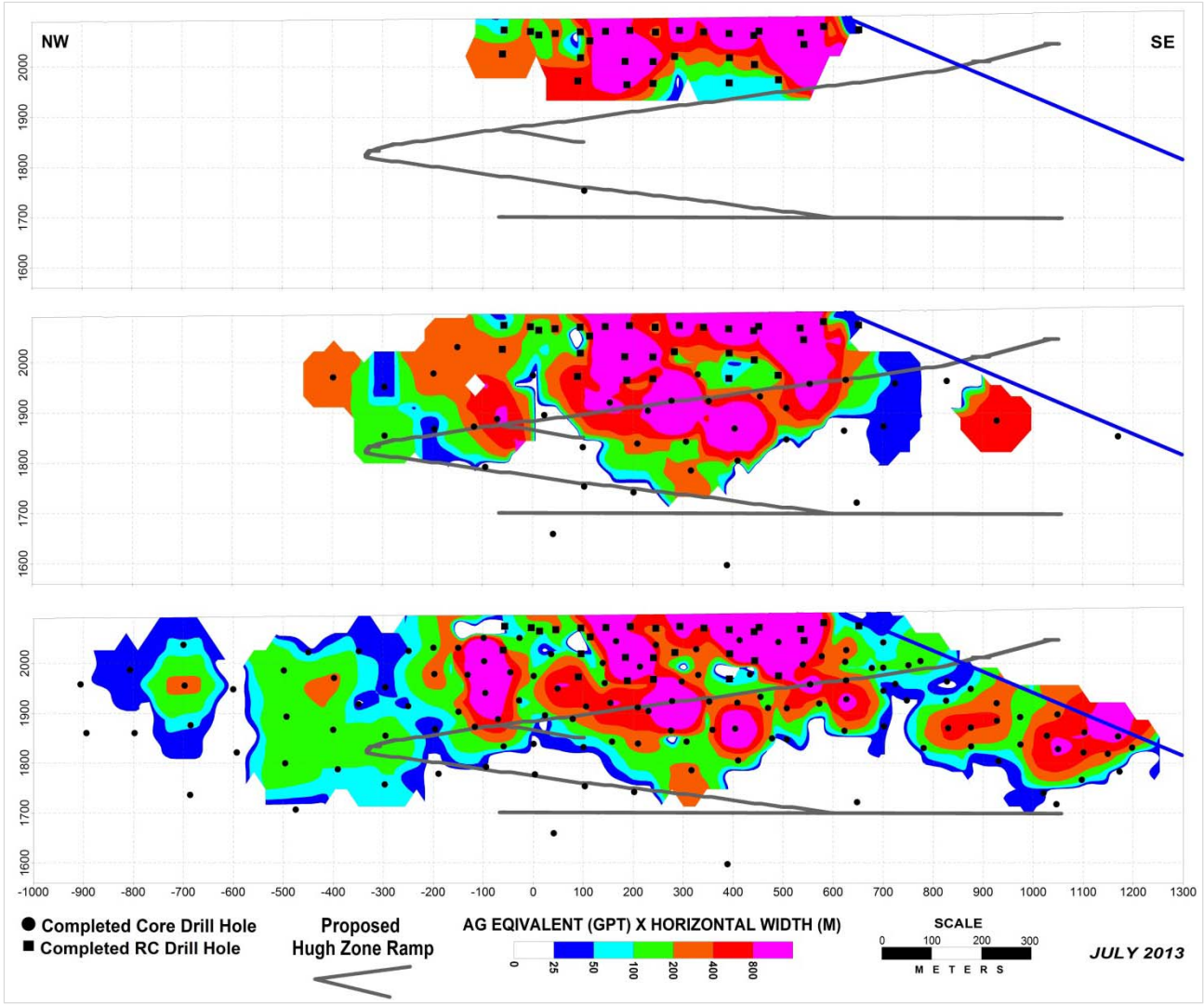
# Solid Gold Grade and Reserves

## Gold Reserves and Grades of Several Canadian Gold Mines




 Source: Public filings

# San Sebastian (Mexico) - Middle Vein



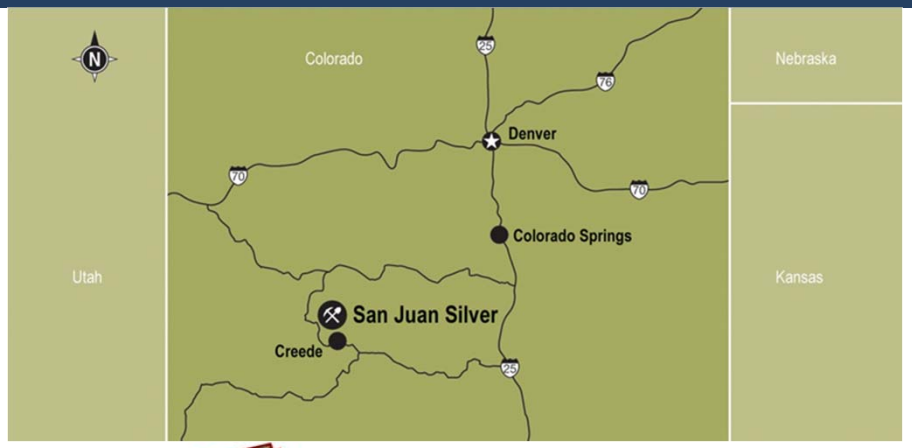

**Pre-2011**

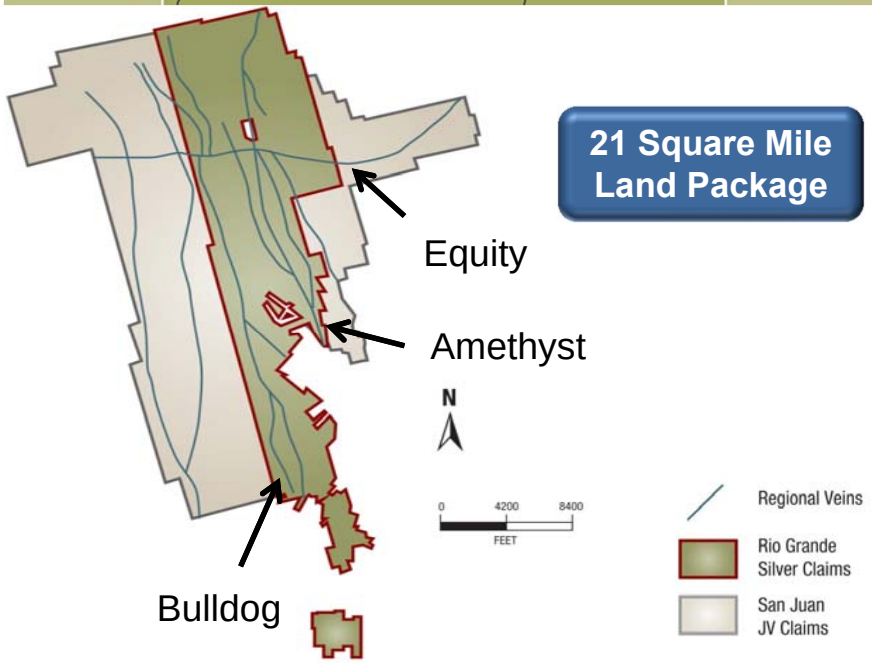
**October 2012**

**July 2013**

# Organic Growth - San Juan Silver (Colorado)

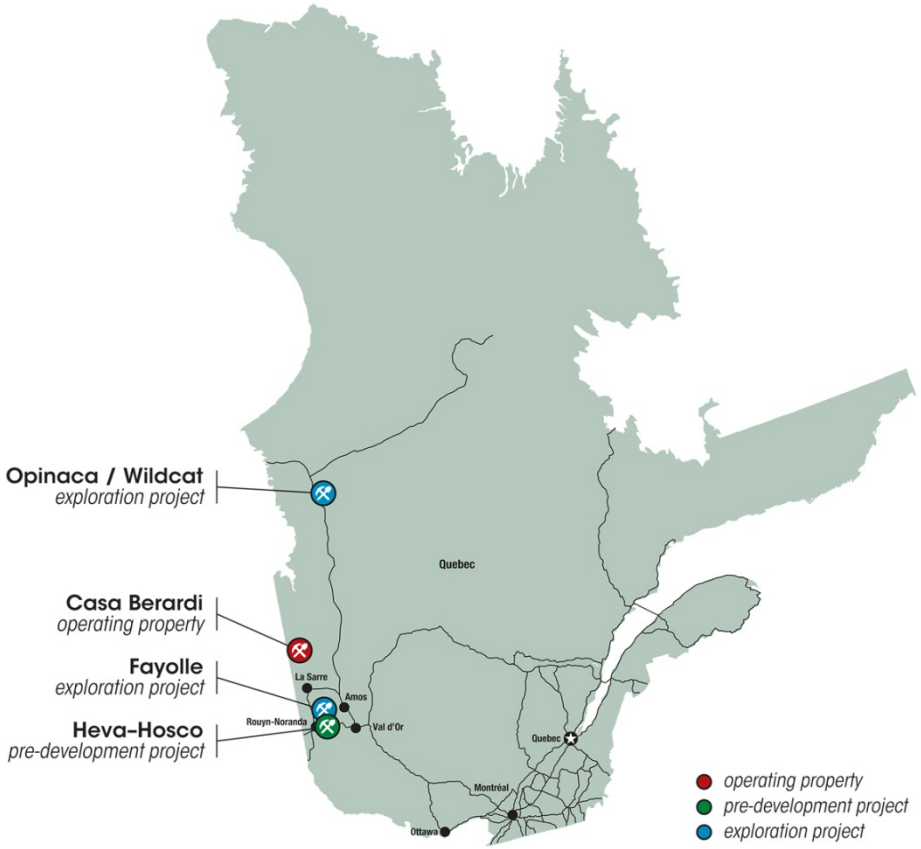
- Includes historic Bulldog mine: produced 25 million ounces of silver before closing in 1985
- 7.6 million ounces of silver Indicated Resources
- 33.1 million ounces of silver Inferred Resources
- 2013 Activities:
  - Bulldog decline construction underway (2,000 feet completed)



# New Quebec Gold Assets

- Gold producer and exploration portfolio in western Quebec
- Heva and Hosco West extension
- Large in-pit gold resource at Hosco
  - Additional gold resources at Heva and Hosco West Extension
  - Attractive exploration potential
- Growth potential with future open pit development and shaft deepening at Casa Berardi
- Significant exploration portfolio
- Portfolio of other earlier stage projects and investments



# 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%

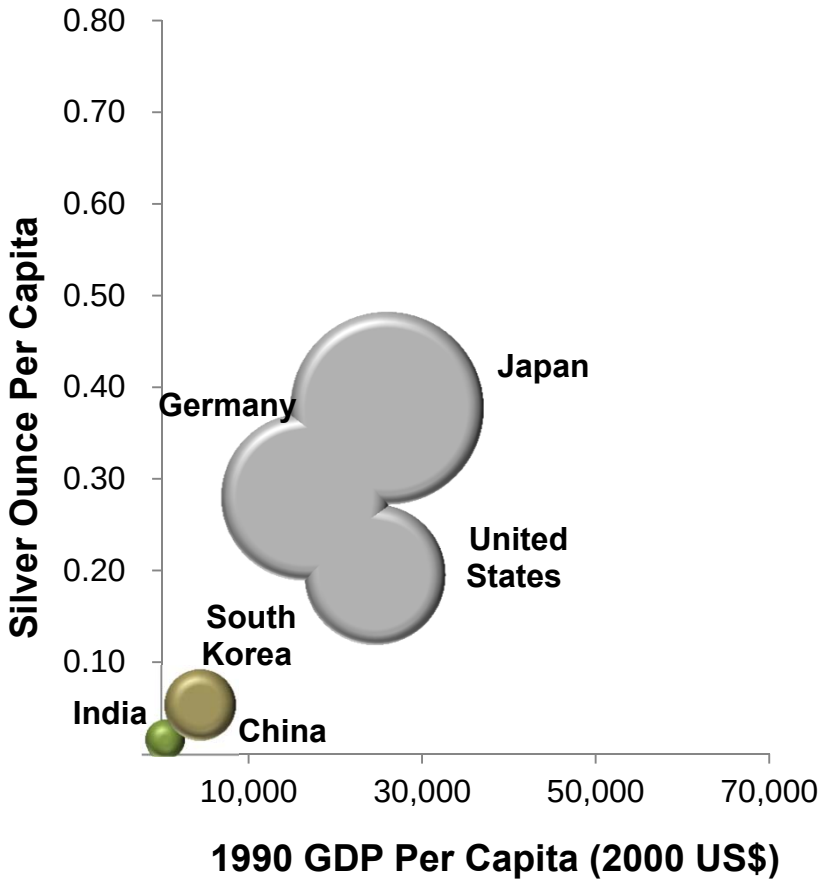


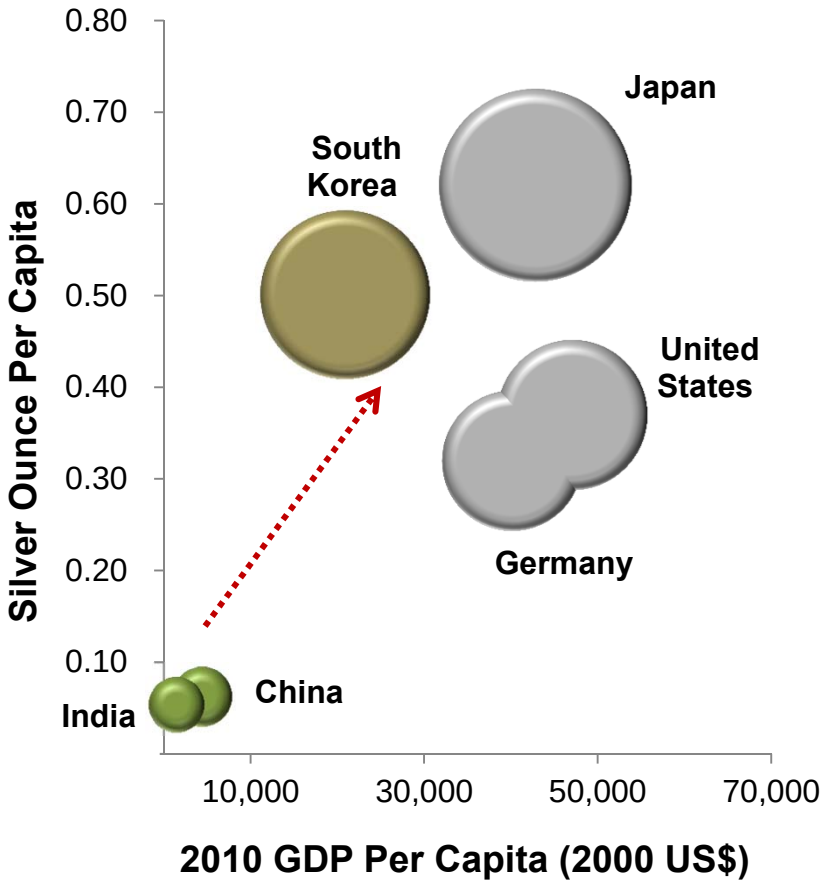



 Source – The Silver Institute 2011

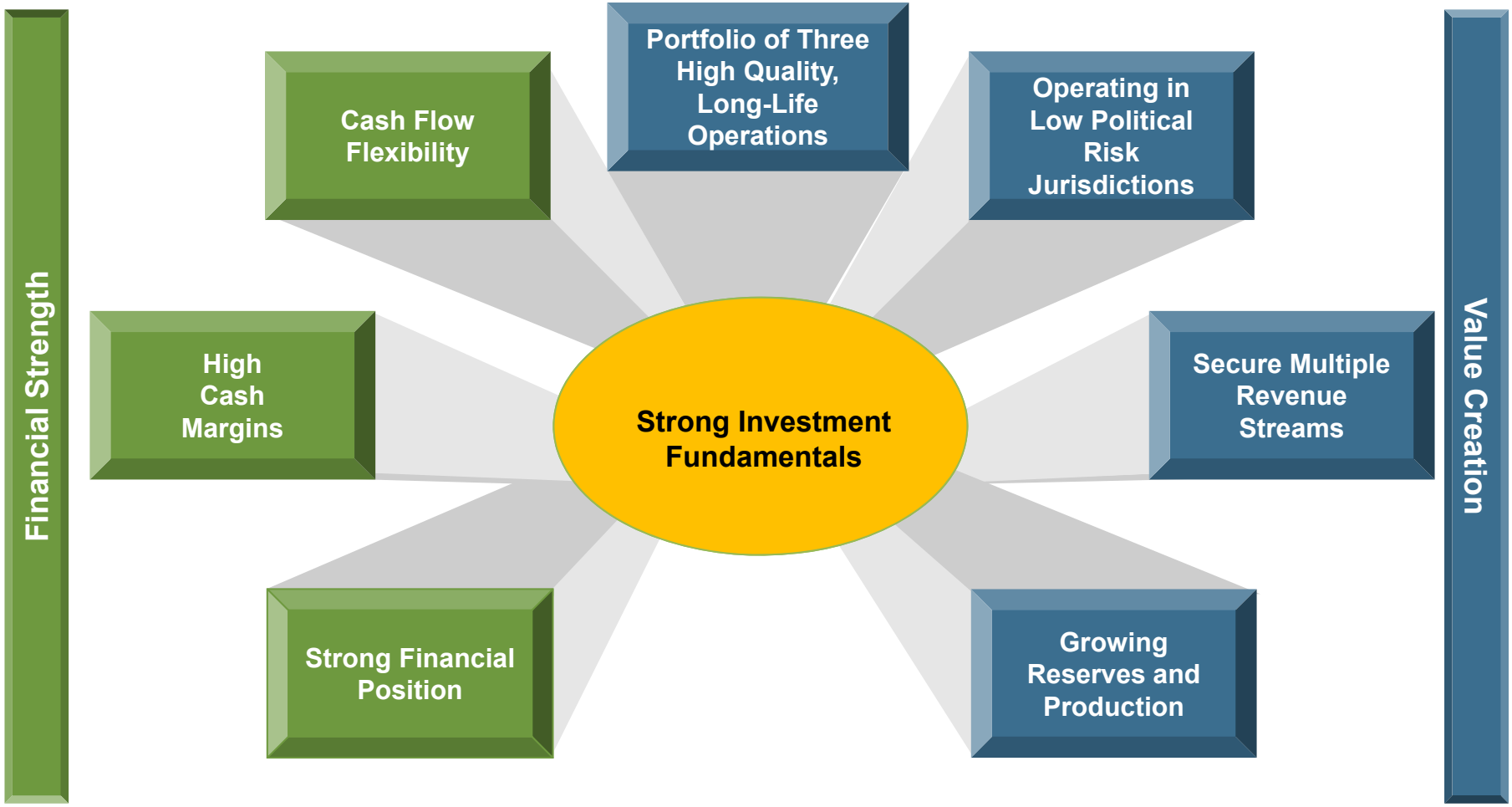
# Silver Consumption per Capita Increases

## Increasing Silver Consumption Per Person in China and India

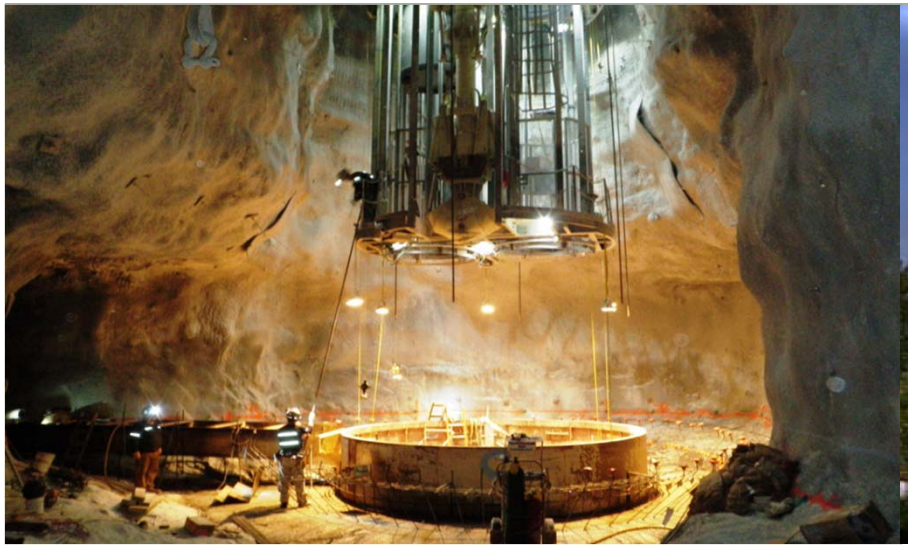


# Financial Strength and Value Creation




*Led by a management team with over 135 years of experience, Hecla is a multi-metal and operationally diversified company, operating low-cost mines in stable jurisdictions, generating strong and growing cash flow.*





# Appendix

Hecla MINING COMPANY

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Appendix 1

# Seasoned Management Team with Significant Experience



**Phillips S. Baker, Jr**., has 15+ years of mining experience. He was previously VP and CFO of Battle Mountain Gold Company and before that was CFO at Pegasus Gold Inc.

***President and CEO***



**Dr. Dean W.A. McDonald**, is a geologist with over 30+ years experience. He was previously VP of Exploration for Committee Bay Resources Ltd. and exploration manager at Miramar Mining Company.

***Senior VP - Exploration***



**James A. Sabala**, has 30+ years mining experience. James was previously executive VP and CFO at Coeur d'Alene Mines and VP and CFO of Stillwater Mining.

***Senior VP and CFO***



**Don Poirier**, has 20+ years of mining experience. Prior to joining Hecla, Mr. Poirier was a mining analyst with Blackmont Capital from 2002-2007. Don held other mining analyst positions from 1988 to 2002.

***VP - Corporate Development***



**Lawrence P. Radford,** has 30+ years mining experience. He previously worked for Kinross Gold as VP of South American operations overseeing the La Coipa and Maricunga mines.

***Senior VP - Operations***



**David C. Sienko**, has 10 years experience representing Hecla and was appointed VP and General Counsel in 2010. Prior to working at Hecla, he was a partner of K&L Gates LLP, where he specialized in counseling public and private entities on securities compliance, M&A, and corporate governance.

***VP - General Counsel***

***Over 135 Years of Combined Experience***

Appendix 1

# 2013 Guidance

- Silver production of between 8 and 9 million ounces
- Total Cash Cost, Net of By-Product Credits, per Silver Ounce of $5.00
- Gold production from Casa Berardi of approximately 60,000 ounces in 2H 2013 at a Total Cash Cost, Net of By-Product Credits, per Gold Ounce of $900
- Capital expenditures of about $178 million
- Pre-development expenditures of about $16 million
- Exploration expenditures of about $22 million

Appendix 1

# Total Cash Cost GAAP Reconciliation

**Reconciliation of Total Cash Cost, Net of By-Product Credits, per Silver Ounce to Generally Accepted Accounting Principles (GAAP) for Greens Creek & Lucky Friday (dollars and ounces in thousands, except per ounce - unaudited)**

| | Q2/2013 | Q1/2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|
| Total cash costs, before by-product credits[1] | $ 61,777 | $ 59,923 | $ 208,178 | $ 265,306 | $ 251,837 | $ 227,566 | $ 201,584 |
| By-product credits | (49,324) | (46,577) | (190,916) | (254,372) | (267,272) | (206,608) | (164,963) |
| Total cash cost, net of by-product credits | 12,453 | 13,346 | 17,262 | 10,934 | (15,435) | 20,958 | 36,621 |
| Divided by silver ounces produced | 2,237 | 1,901 | 6,394 | 9,483 | 10,566 | 10,989 | 8,709 |
| Total cash cost, before by-product credits, per silver ounce | $ 27.61 | $ 31.52 | $ 32.56 | $ 27.98 | $ 23.83 | $ 20.71 | $ 23.15 |
| By-product credits per silver ounce | $ (22.05) | $ (24.50) | $ (29.86) | $ (26.82) | $ (25.30) | $ (18.80) | $ (18.94) |
| Total Cash Cost, Net of By-product Credits, per Silver Ounce | $ 5.56 | $ 7.02 | $ 2.70 | $ 1.15 | $ (1.46) | $ 1.91 | $ 4.20 |
| Reconciliation to GAAP: | | | | | | | |
| Total cash cost, net of by-product credits | $ 12,453 | $ 13,346 | $ 17,262 | $ 10,934 | $ (15,435) | $ 20,958 | $ 36,621 |
| Depreciation, depletion and amortization | 16,888 | 14,007 | 43,522 | 47,066 | 60,011 | 62,837 | 35,207 |
| Treatment costs | (18,972) | (18,597) | (73,355) | (99,019) | (92,144) | (80,830) | (70,776) |
| By- products credits | 49,324 | 46,577 | 190,916 | 254,372 | 267,272 | 206,608 | 164,963 |
| Change in product inventory | 8,436 | (4,604) | (1,381) | (4,805) | 3,660 | 310 | 20,254 |
| Suspension-related costs[2] | - | - | - | 4,135 | - | - | - |
| Reclamation, severance and other costs | 536 | 103 | 663 | (44) | 630 | 1,596 | 537 |
| **Costs of sales and other direct production costs and depreciation, depletion and amortization (GAAP)** | **$ 68,665** | **$ 50,832** | **$ 177,627** | **$ 212,639** | **$ 223,994** | **$ 211,479** | **$ 186,806** |

1. Includes all direct and indirect operating cash costs related directly to the physical activities of producing metals, including mining, processing and other plant costs, third-party refining and marketing expense, on-site general and administrative costs, royalties and mining production taxes, net of by-product revenues earned from all metals other than the primary metal produced at each unit.
2. Production was temporarily suspended at the Lucky Friday unit during 2012 as work was performed to rehabilitate the Silver Shaft, the primary access from surface to the underground workings at the Lucky Friday mine.

Appendix 1

# Total Cash Cost GAAP Reconciliation

**Reconciliation of Total Cash Cost, Net of By-Product Credits, per Silver Ounce to Generally Accepted Accounting Principles (GAAP) for Greens Creek & Lucky Friday (dollars and ounces in thousands, except per ounce - unaudited)**

| | Three Months Ended, June 30 | |
|---|---|---|
| | **2013** | **2012** |
| Total cash costs, before by-product credits[1] | $ 61,777 | $ 46,762 |
| By-product credits | (49,324) | (45,352) |
| Total cash cost, net of by-product credits | 12,453 | 1,410 |
| Divided by silver ounces produced | 2,237 | 1,365 |
| Total cash cost, before by-product credits, per silver ounce | $ 27.61 | $ 34.26 |
| By-product credits per silver ounce | $ (22.05) | $ (33.22) |
| Total Cash Cost, Net of By-product Credits, per Silver Ounce | $ 5.56 | $ 1.03 |
| Reconciliation to GAAP: | | |
| Total cash cost, net of by-product credits | $ 12,453 | $ 1,410 |
| Depreciation, depletion and amortization | 16,888 | 9,879 |
| Treatment costs | (18,972) | (16,164) |
| By- products credits | 49,324 | 45,352 |
| Change in product inventory | 8,436 | 2,101 |
| Suspension-related costs[2] | - | - |
| Reclamation, severance and other costs | 536 | 473 |
| **Costs of sales and other direct production costs and depreciation, depletion and amortization (GAAP)** | **$ 68,665** | **$ 43,051** |

1. Includes all direct and indirect operating cash costs related directly to the physical activities of producing metals, including mining, processing and other plant costs, third-party refining and marketing expense, on-site general and administrative costs, royalties and mining production taxes, net of by-product revenues earned from all metals other than the primary metal produced at each unit.

Appendix 1

# Total Cash Cost GAAP Reconciliation

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

| | June 30, 2013 | June 30, 2012 |
|---|---|---|
| Cash operating costs[1] | $ 7,804 | $ - |
| By-product credits | (37) | - |
| Cash operating costs after by-product credits | 7,767 | - |
| Divided by gold ounces produced | 6,740 | - |
| Cash operating cost per gold ounce produced | 1,157.86 | - |
| By-product credits per gold ounce produced | (5.49) | $ - |
| Cash cost per gold ounce, net of by-product credit | 1,152.37 | - |
| Reconciliation to GAAP: | | |
| Cash operating costs, net of by-product credits | $ 7,767 | $ - |
| Depreciation, depletion and amortization | 3,324 | - |
| Treatment and freight costs | (9) | - |
| By-product credits | 37 | - |
| Change in product inventory | 414 | - |
| Reclamation and other costs | 21 | $ - |
| **Cost of sales and other direct production costs and depreciation, depletion and amortization** | **$ 11,554** | **$ -** |

1. Includes all direct and indirect operating cash costs related directly to the physical activities of producing metals, including mining, processing and other plant costs, third-party refining and marketing expense, on-site general and administrative costs, royalties and mining production taxes, net of by-product revenues earned from all metals other than the primary metal produced at each unit.

Appendix 1

# Hecla Adjusted EBITDA Reconciliation

**Reconciliation of Adjusted EBITDA to Generally Accepted Accounting Principles (GAAP)**

| | 2010 | 2011 | 2012 | Q1/2013 | Q2/2013 |
|---|---|---|---|---|---|
| Net Income | $ 48,983 | $ 151,164 | $ 14,954 | $ 11,094 | $ (24,858) |
| Plus: Interest expense | 2,211 | 2,875 | 2,427 | 704 | 6,454 |
| Plus: Income taxes | (123,532) | 81,978 | 8,879 | 7,415 | (6,795) |
| Plus: Depreciation, depletion, and amortization | 60,235 | 47,348 | 50,113 | 14,711 | 20,123 |
| Plus: Exploration expense | 21,605 | 26,959 | 31,822 | 6,493 | 6,221 |
| Plus: Pre-development expense | - | 4,446 | 17,916 | 4,791 | 4,512 |
| Plus: Aurizon acquisition Costs | - | | - | 5,292 | 20,308 |
| Plus: Aurizon product inventory fair value adjustment | - | - | - | - | 550 |
| Plus: Lucky Friday suspension-related costs | - | - | 25,309 | 1,498 | (2,840) |
| Plus/(Less): Interest and other (income) expense | (126) | 87 | (22) | 113 | (685) |
| Plus/(Less): (Gains)/losses on derivative contracts | 20,758 | (37,988) | 10,457 | (21,539) | (6,541) |
| Plus: Basin Settlement Accrual | 193,200 | - | - | - | - |
| Plus/(Less): Provisional price (gains)/losses | - | - | - | 2,700 | 15,095 |
| **Adjusted EBITDA** | **$ 223,334** | **$ 276,869** | **$ 161,855** | **$ 33,272** | **$ 31,544** |

This presentation refers to a non-GAAP measure of Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), which is a measure of our operating performance. Adjusted EBITDA is calculated as net income before the following items: interest expense, income tax provision, depreciation, depletion, and amortization expense, exploration expense, predevelopment expense, Aurizon acquisition costs, Lucky Friday suspension-related costs, interest and other income (expense), gains and losses on derivative contracts, and provisional price gains and losses. Management believes that, when presented in conjunction with comparable GAAP measures, Adjusted EBITDA is useful to investors in evaluating our operating performance. The table above reconciles net income to Adjusted EBITDA.

Note: All monetary amounts presented in thousands of dollars.

Appendix 1

# 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 | |
|---|---|---|
| | **2013** | **2012** |
| Net income applicable to common shareholders (GAAP) | **$ (24,996)** | $ 2,386 |
| Adjusting items: | | |
| (Gains)/losses on derivatives contracts | **(6,541)** | (6,171) |
| Environmental accruals | **330** | 527 |
| Provisional price (gains)/losses | **15,095** | 1,510 |
| Lucky Friday suspension-related costs | **(2,840)** | 6,465 |
| Aurizon acquisition costs | **20,308** | - |
| Aurizon product inventory fair value adjustment | **550** | - |
| Income tax effect of above adjustments | **(12,106)** | (513) |
| Adjusted income applicable to common shareholders | **$ (10,200)** | $ 4,204 |
| Weighted average shares - basic | **303,566** | 285,312 |
| Weighted average shares - diluted | **303,566** | 295,160 |
| Basic adjusted income per common share | **$ (0.03)** | $ 0.01 |
| Diluted adjusted income per common share | **$ (0.03)** | $ 0.01 |

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.

Appendix 1

# Hecla Adjusted EBITDA Reconciliation

**Reconciliation of Adjusted EBITDA to Generally Accepted Accounting Principles (GAAP)**

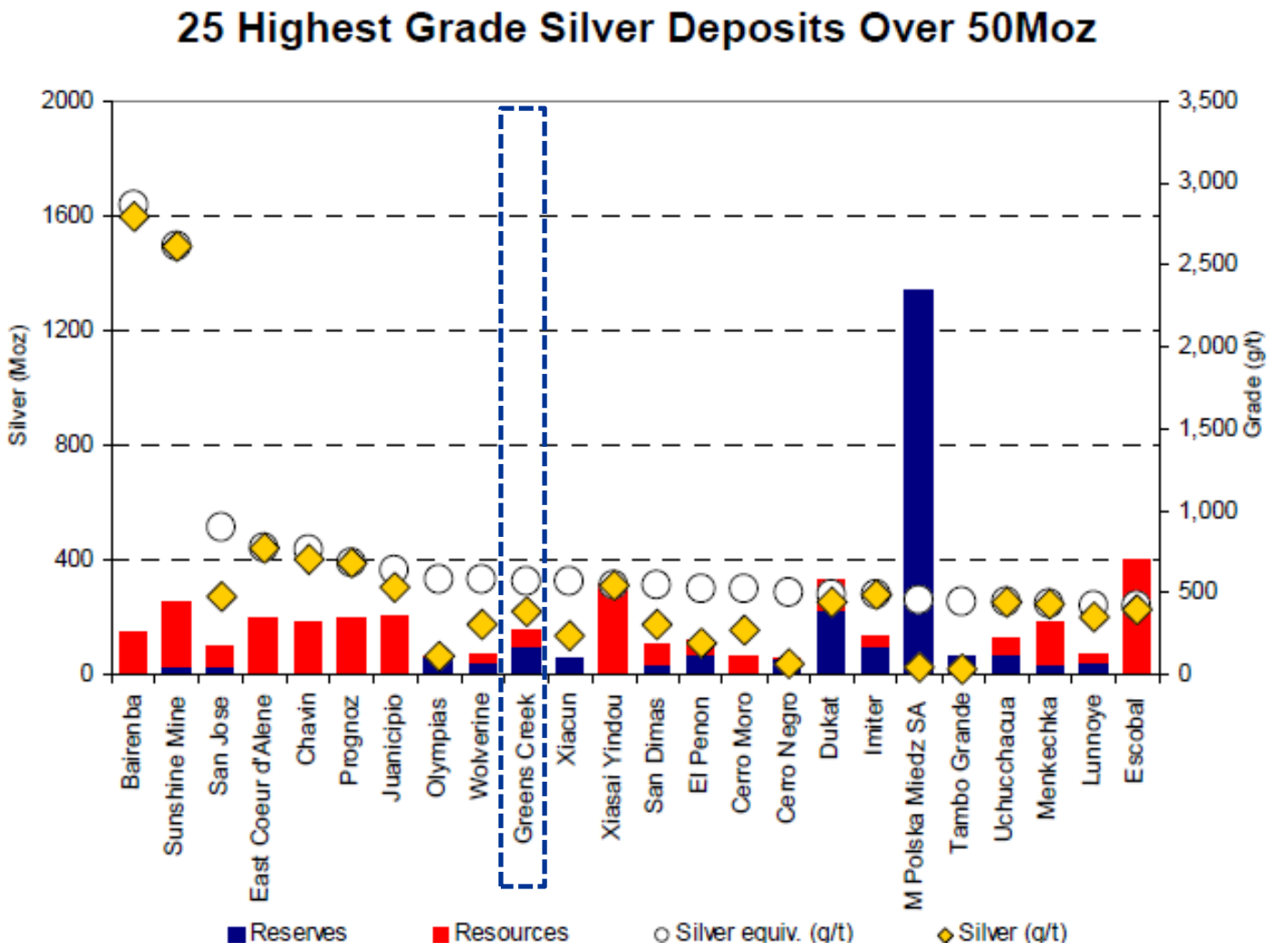
| | Three Months Ended June 30, | |
|---|---|---|
| | **2013** | **2012** |
| Net Income | **$ (24,858)** | $ 2,524 |
| Plus: Interest expense, net of amount capitalized | **6,454** | 505 |
| Plus/(Less): Income taxes | **(6,795)** | 693 |
| Plus: Depreciation, depletion, and amortization | **20,123** | 11,530 |
| Plus: Exploration expense | **6,221** | 7,146 |
| Plus: Pre-development expense | **4,512** | 3,471 |
| Plus: Aurizon acquisition costs | **20,308** | - |
| Plus: Aurizon product inventory fair value adjustment | **550** | - |
| Plus/(Less): Lucky Friday suspension-related costs (income) | **(2,840)** | 6,465 |
| Plus/(Less): Interest and other (income) expense | **(685)** | (32) |
| Less: Gains on derivative contracts | **(6,541)** | (6,171) |
| Plus/(Less): Provisional price (gains)/losses | **15,095** | 1,510 |
| Adjusted EBITDA | **$ 31,544** | $ 27,641 |

This presentation refers to a non-GAAP measure of Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), which is a measure of our operating performance. Adjusted EBITDA is calculated as net income before the following items: interest expense, income tax provision, depreciation, depletion, and amortization expense, exploration expense, predevelopment expense, Aurizon acquisition costs, Lucky Friday suspension-related costs, interest and other income (expense), gains and losses on derivative contracts, and provisional price gains and losses. Management believes that, when presented in conjunction with comparable GAAP measures, Adjusted EBITDA is useful to investors in evaluating our operating performance. The table above reconciles net income to Adjusted EBITDA.

Note: All monetary amounts presented in thousands of dollars.

Appendix 2

# Greens Creek - Among the Highest Grade Silver Deposits



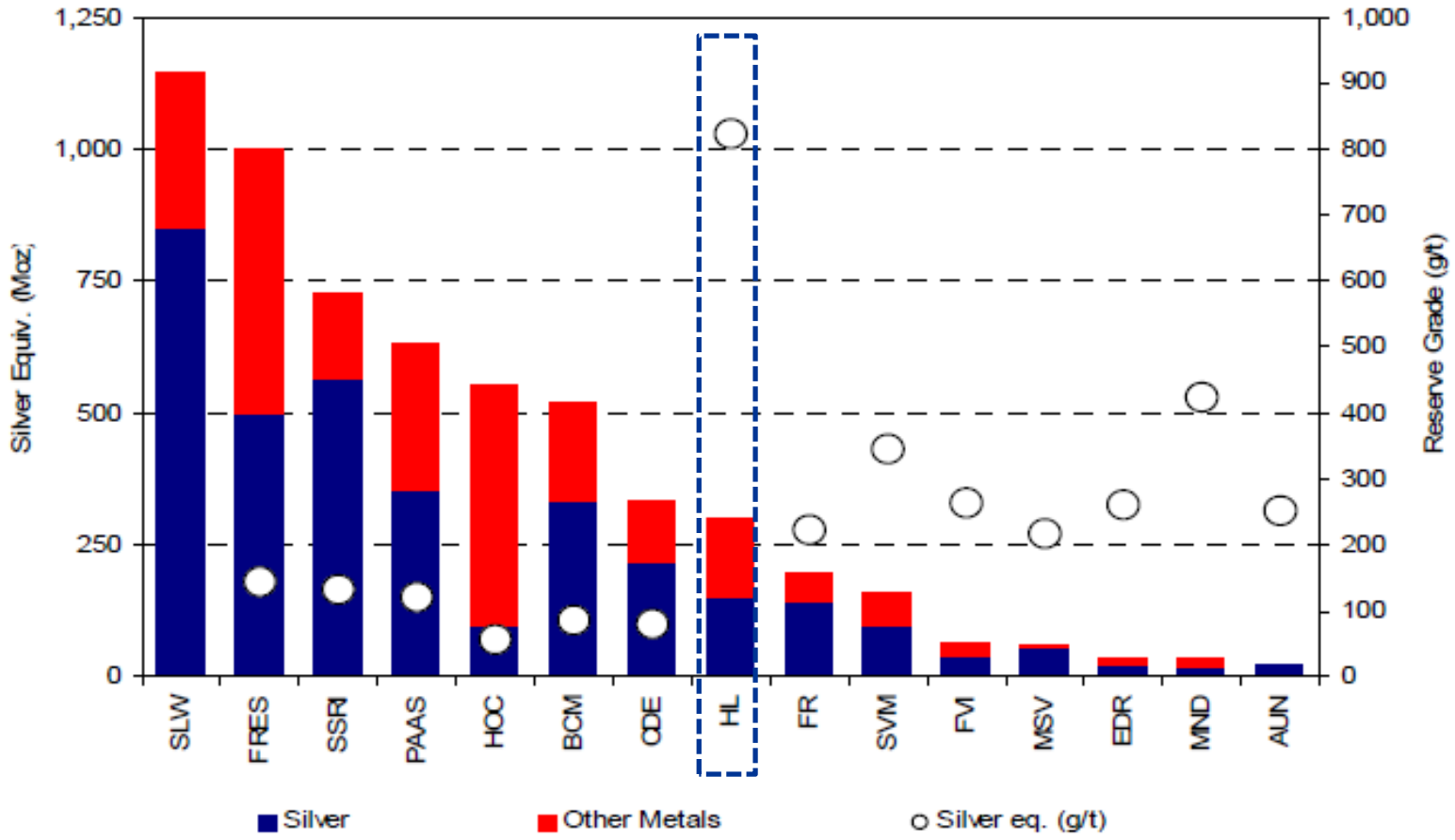



Source: MEG, BMO Capital Markets (09/09/13)

Appendix 2

# Higher Silver Reserve Grade Among Peers

## BMO Silver Coverage, Silver Equiv. Reserves vs. Grade

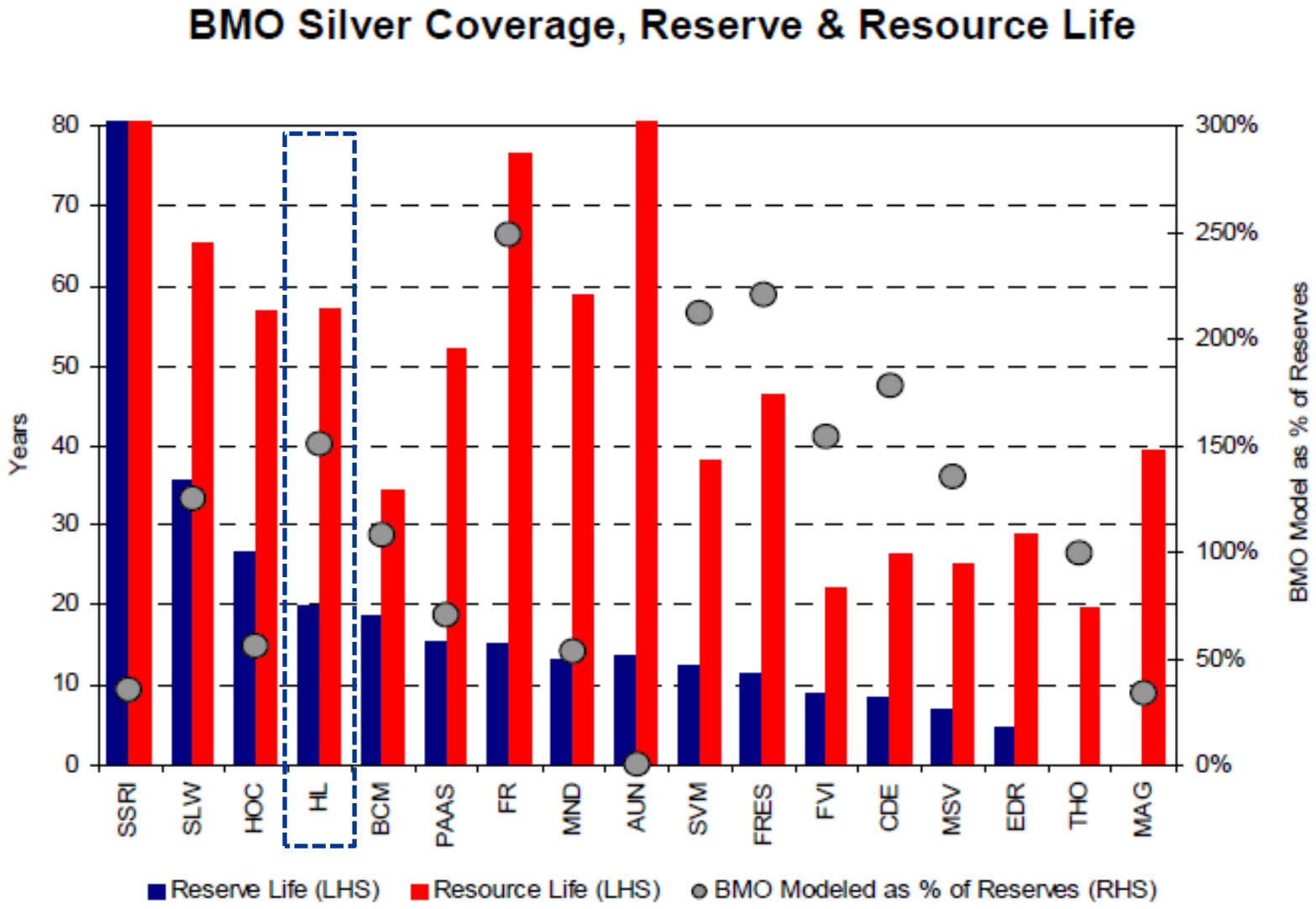





Source: Company Filings, BMO Capital Markets (09/09/13)

Appendix 2

# High Grade Long-Life Mines



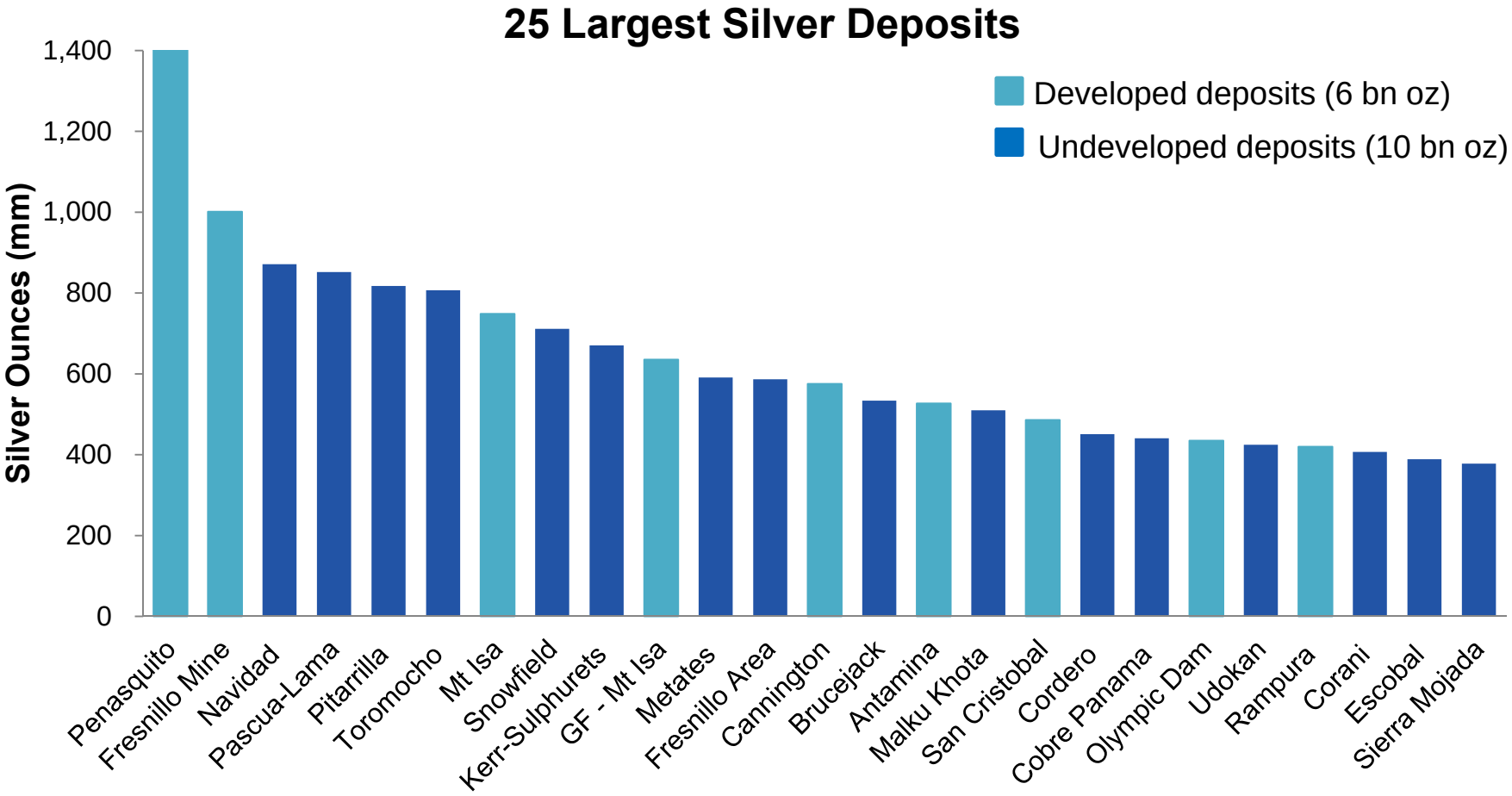



Source: Company Filings, BMO Capital Markets (09/09/13)

Appendix 2

# Top 25 Largest Silver Deposits

## Most deposits face political risk / large capital requirements

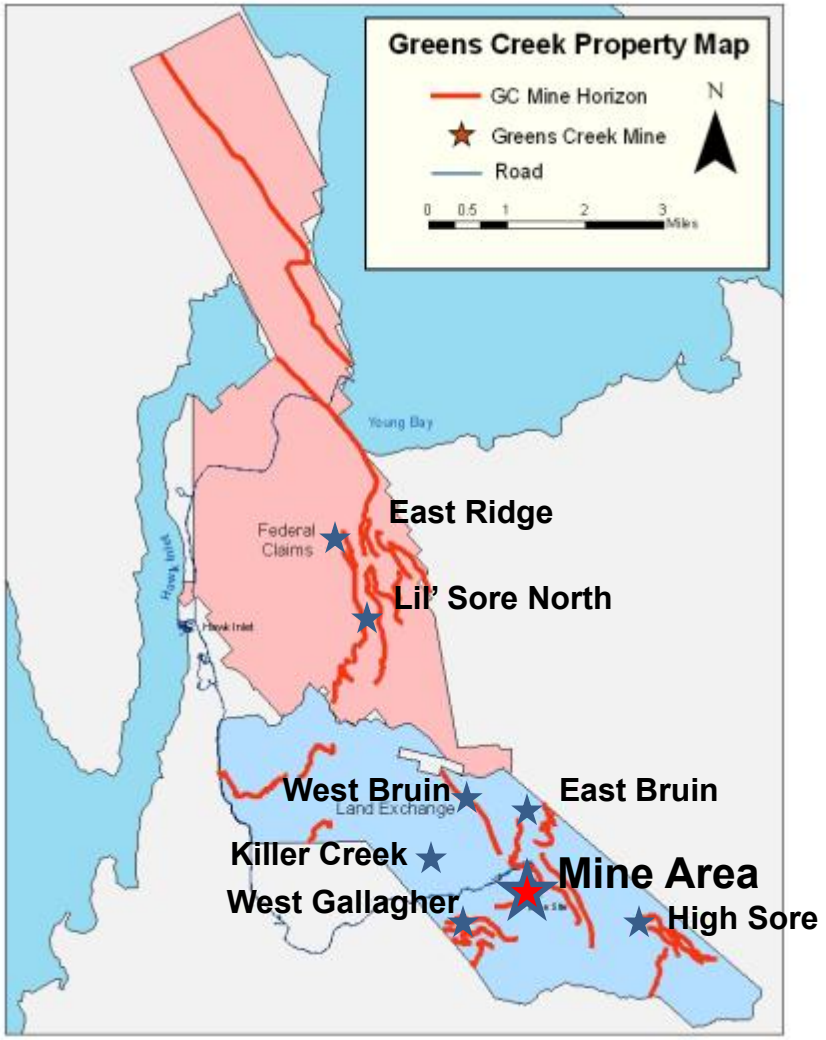



Source: Intierra and public filings; * Data includes reserves & resources

Appendix 3

# Organic Growth - Greens Creek (Alaska)

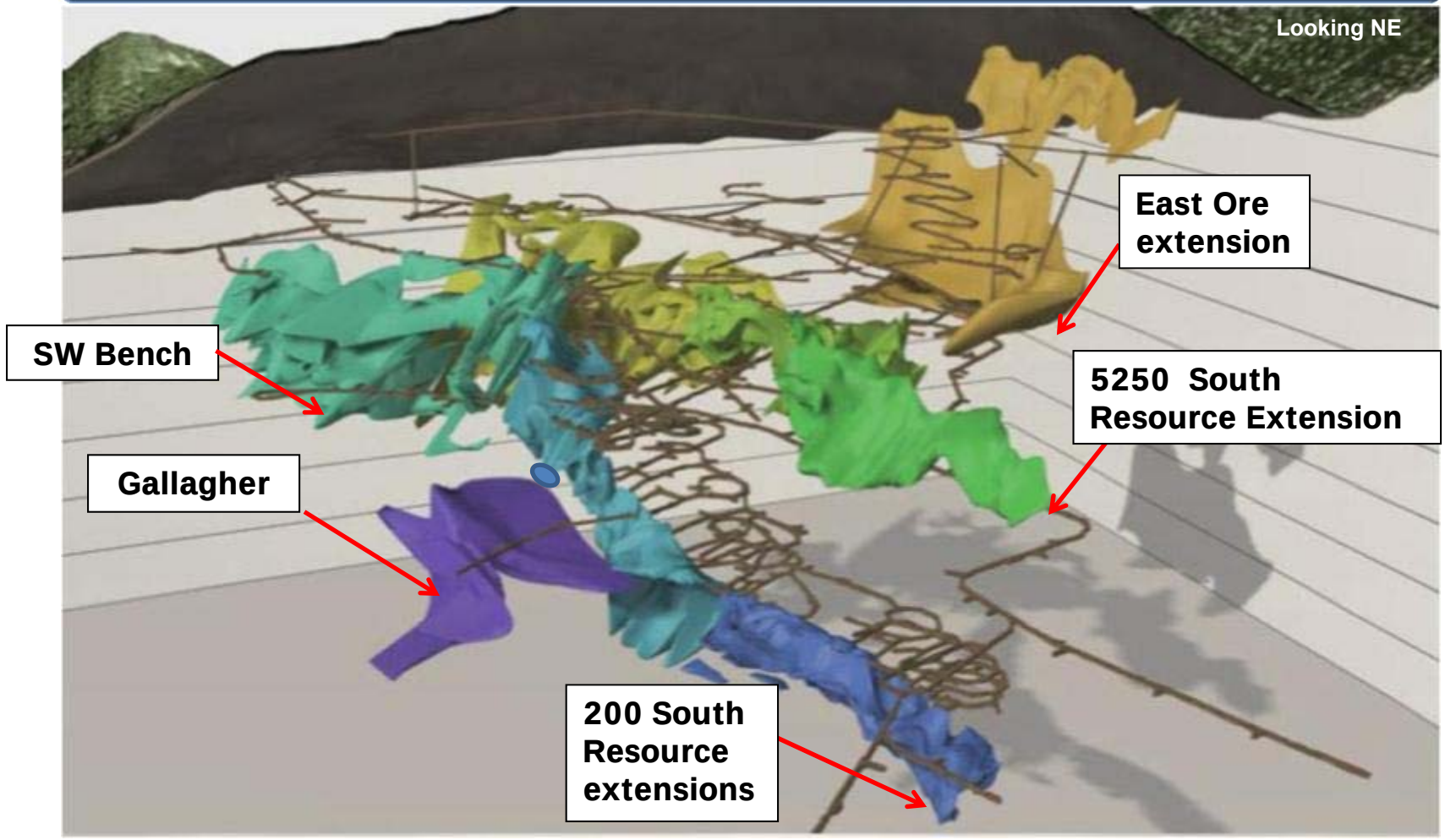
- Very large and under-explored 27-square-mile land position
- Over 30 miles of unexplored mine contact (red-trace) with multiple targets
- Surface exploration only resumed in 1999 due to establishment of Land Exchange



Appendix 3

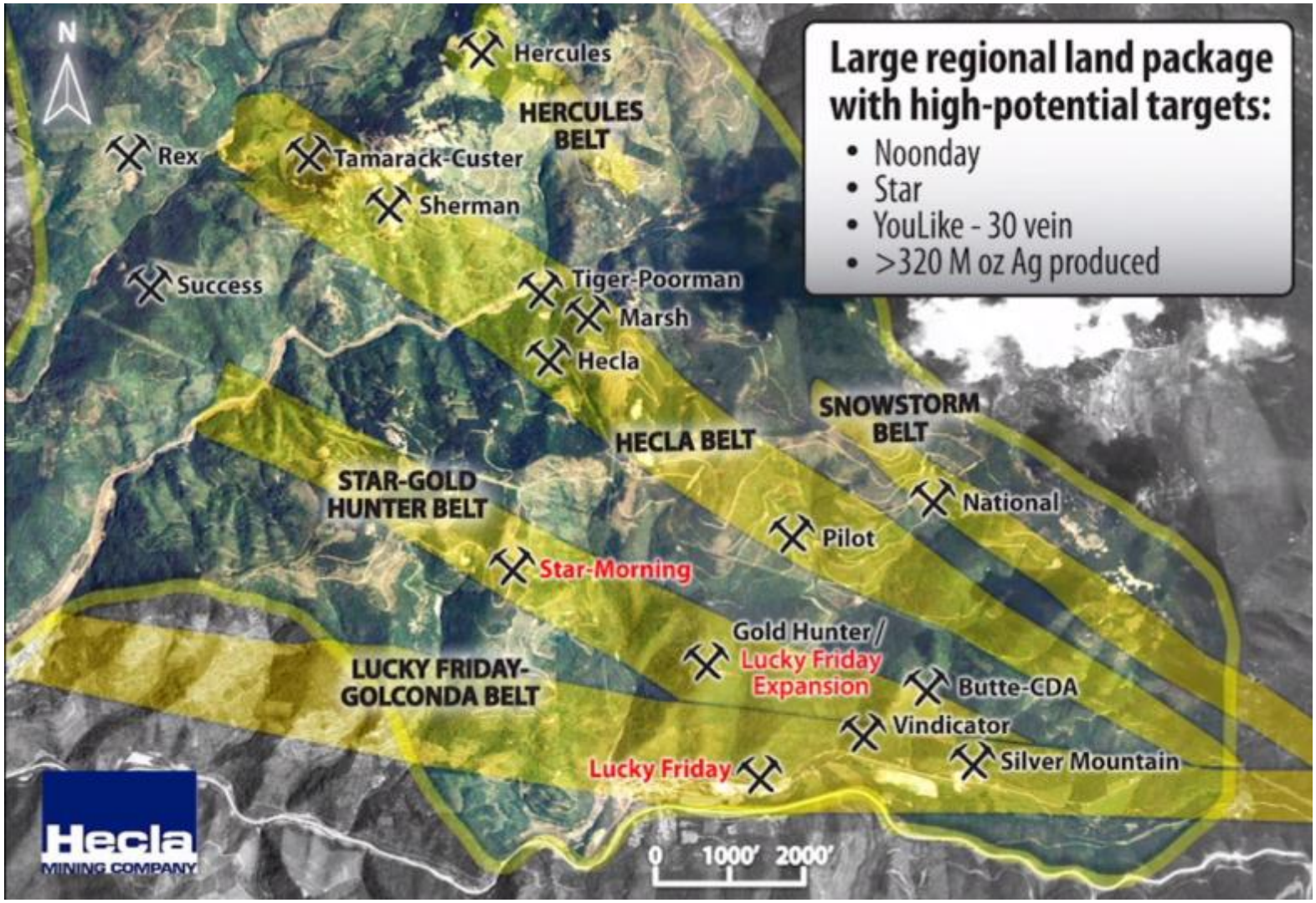
# Exploration - Greens Creek (Alaska)

## Underground Exploration Targets



Appendix 3

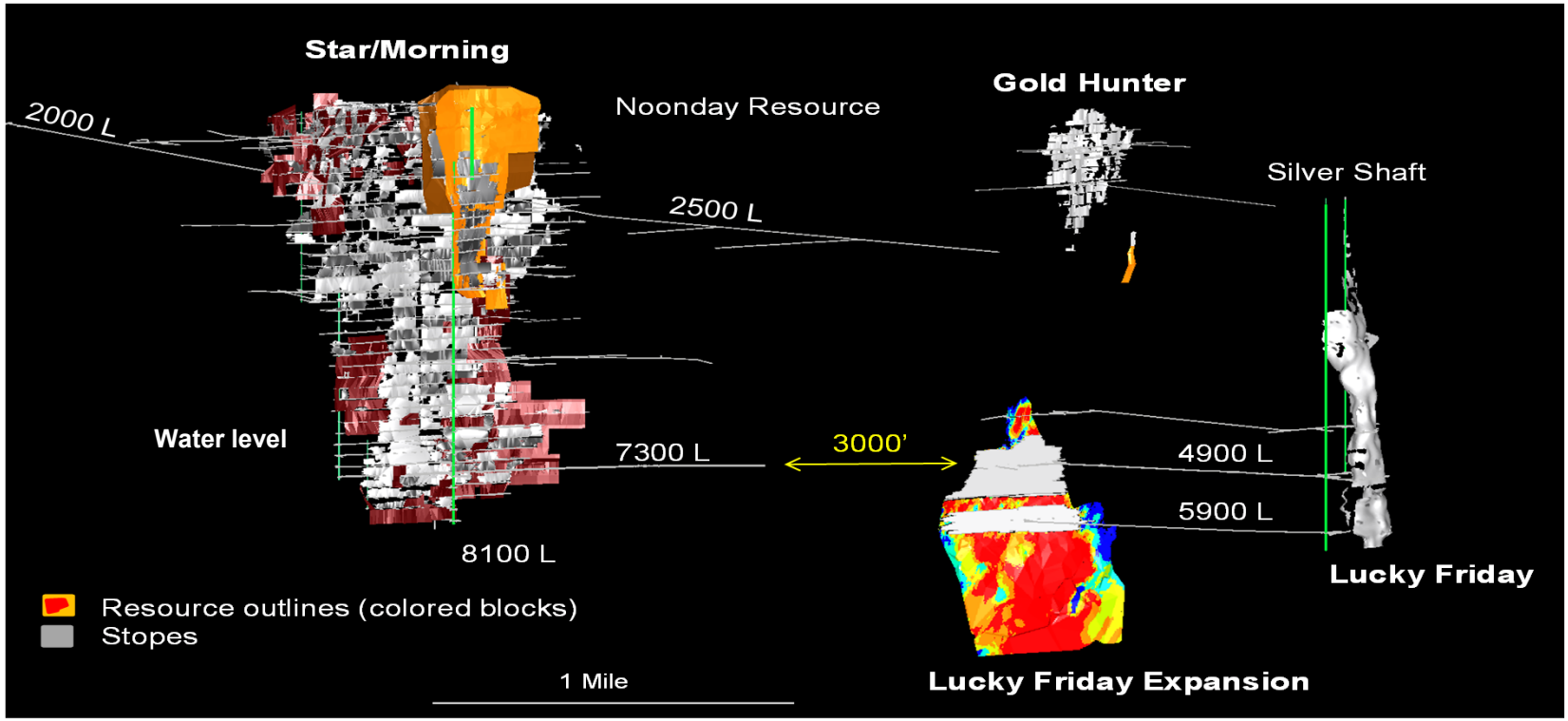
# Lucky Friday & Silver Valley - Exploration



Appendix 3

# Organic Growth - Star Pre-Development (Idaho)

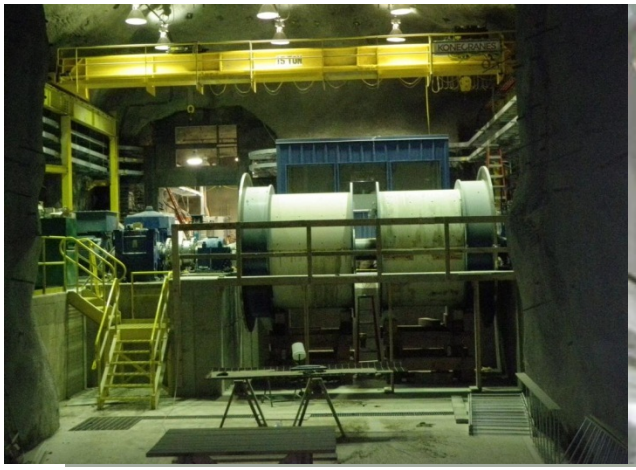
## Longitudinal Section Looking North



Appendix 3

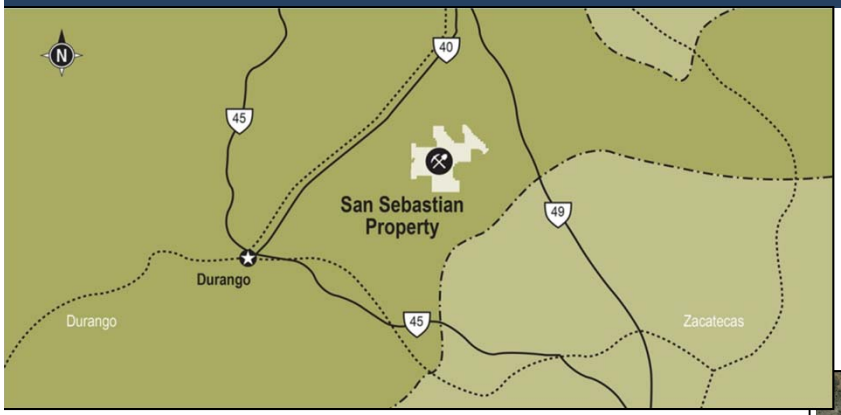
# Lucky Friday - #4 Shaft

- #4 Shaft construction resumed in Q1/13 - focus on shaft sinking & station development activities
- Total project is 40% complete and 80% of major procurements have been ordered or installed
- Total project capital is expected to be approximately $200 million

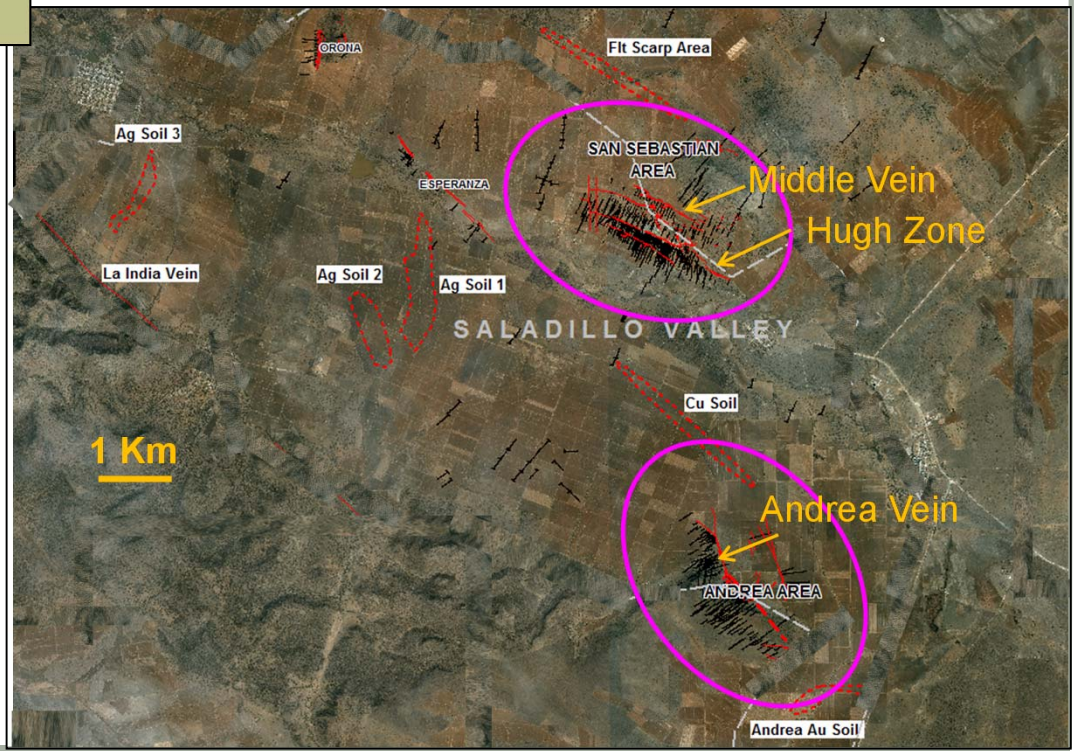
| Hoist Room | Shaft | Sheave Deck |
|---|---|---|
|  |  |  |

Appendix 3

# Organic Growth - San Sebastian (Mexico)



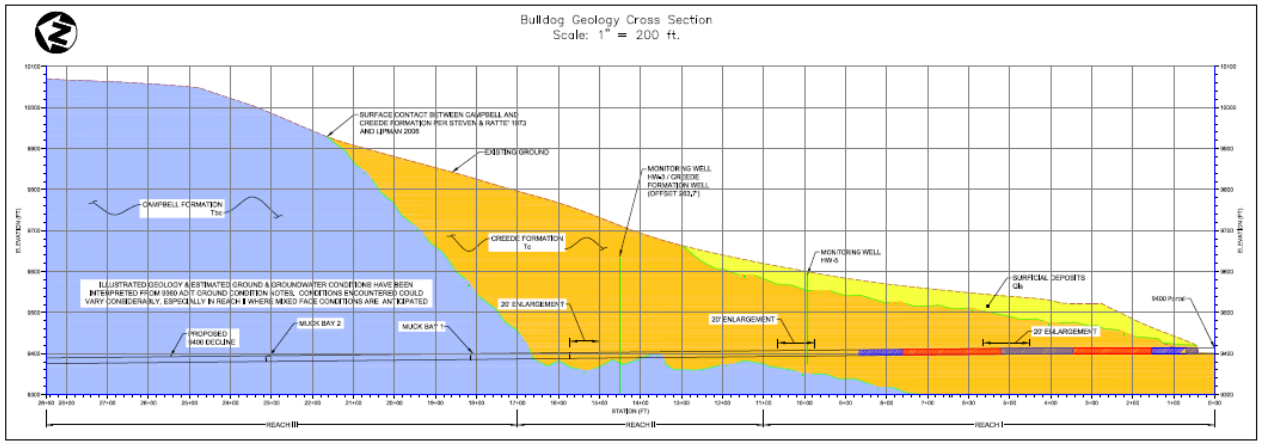

- 185-square-mile land package
- Potential extensions to both Middle Vein and Hugh Zone structures
- Andrea Vein remains open along strike and at depth

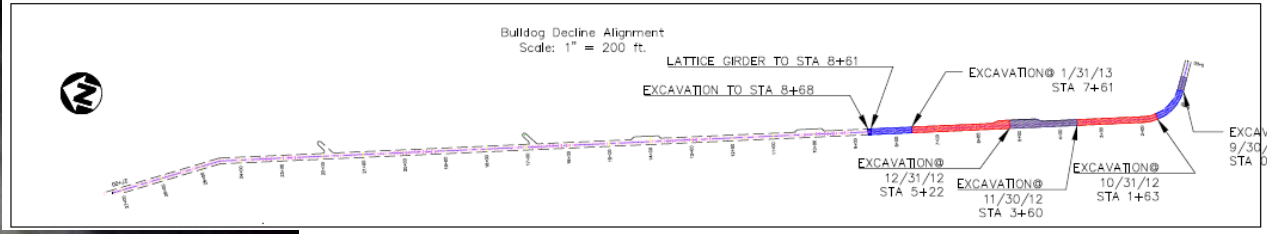


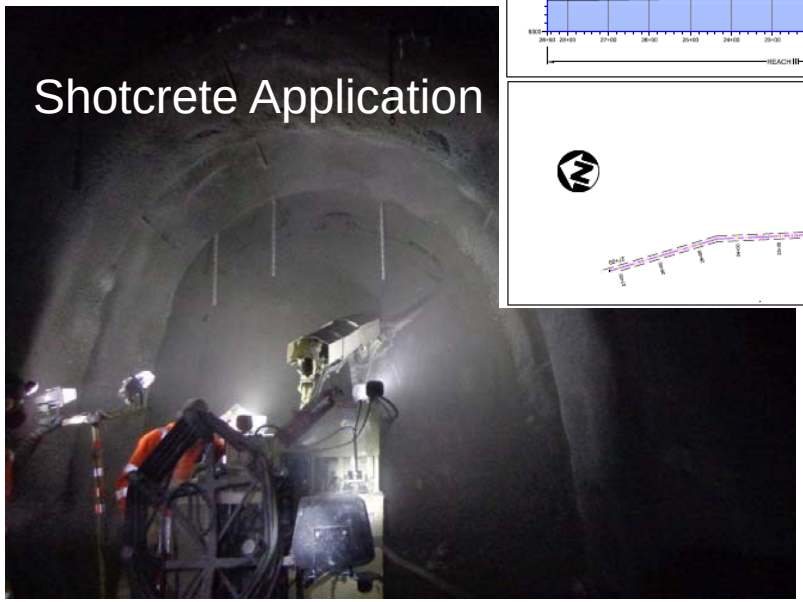
Appendix 3

# Delivering Growth - San Juan Silver (Colorado)

## Advance of the Bulldog Decline



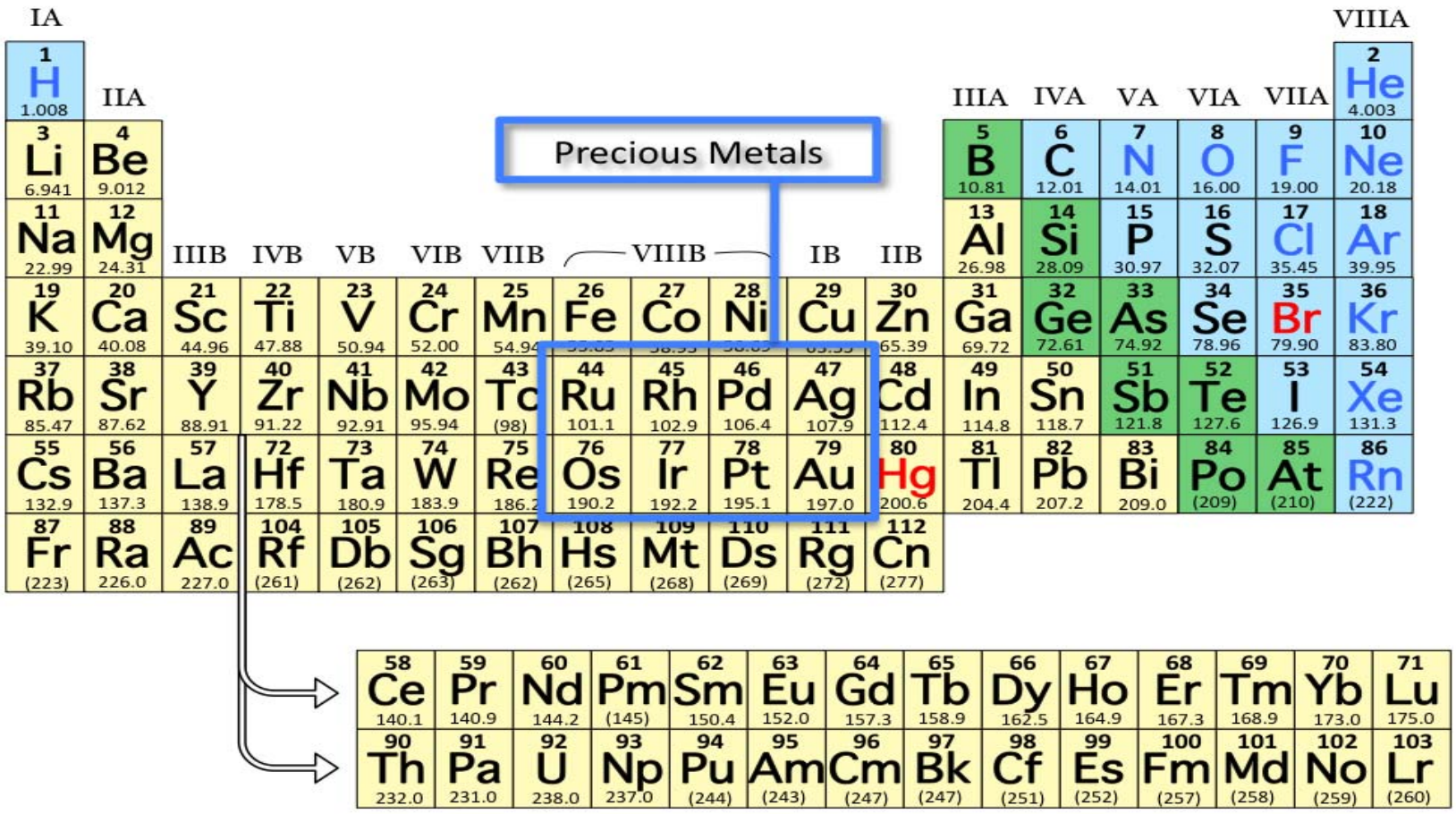




- Bulldog underground infrastructure now advanced over 2,000 feet
- Completion expected in Q4 2013

Appendix 4

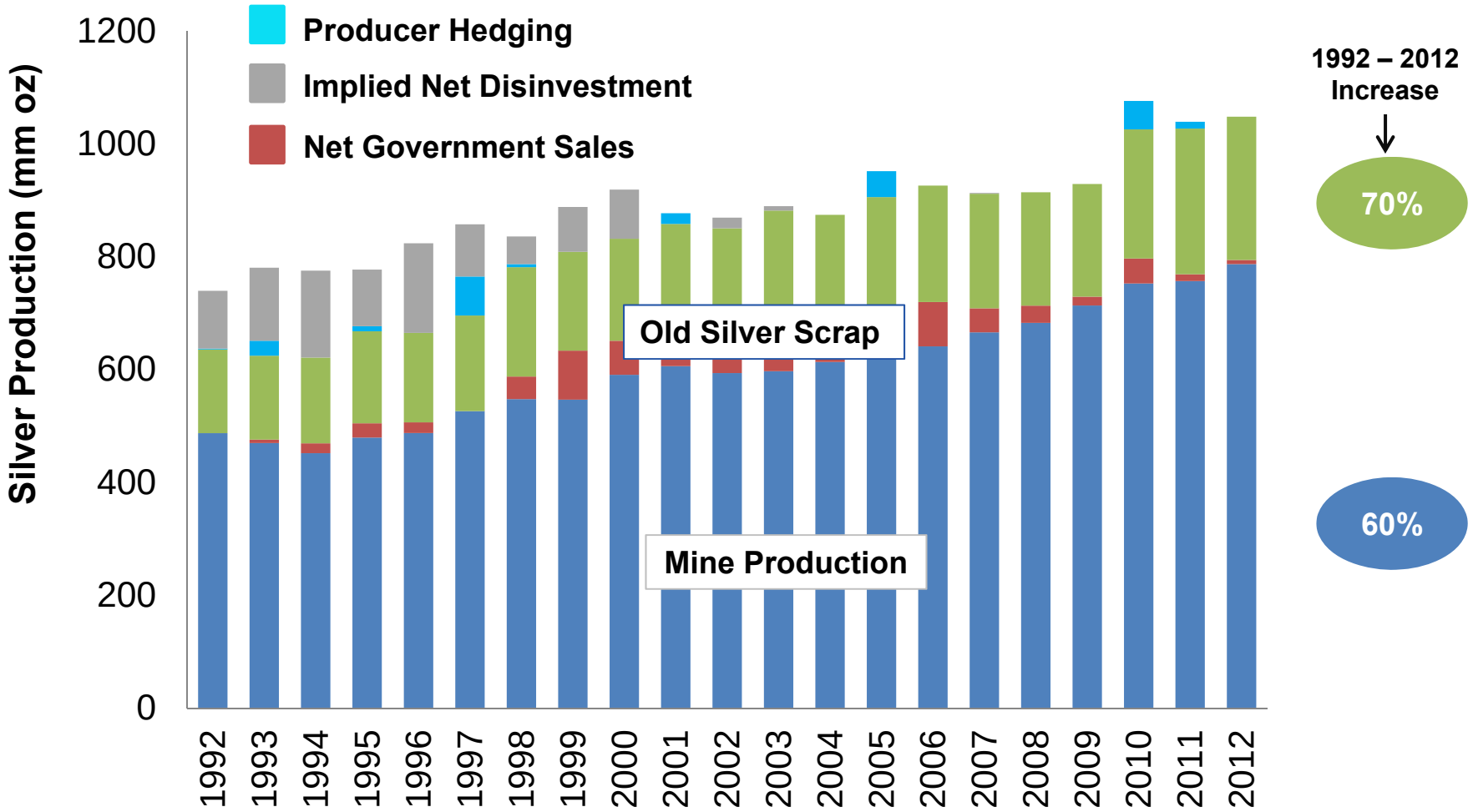
# Properties of Silver




 Source – Clear Science 2010

Appendix 4

# Mine Production is Key to Silver Supply

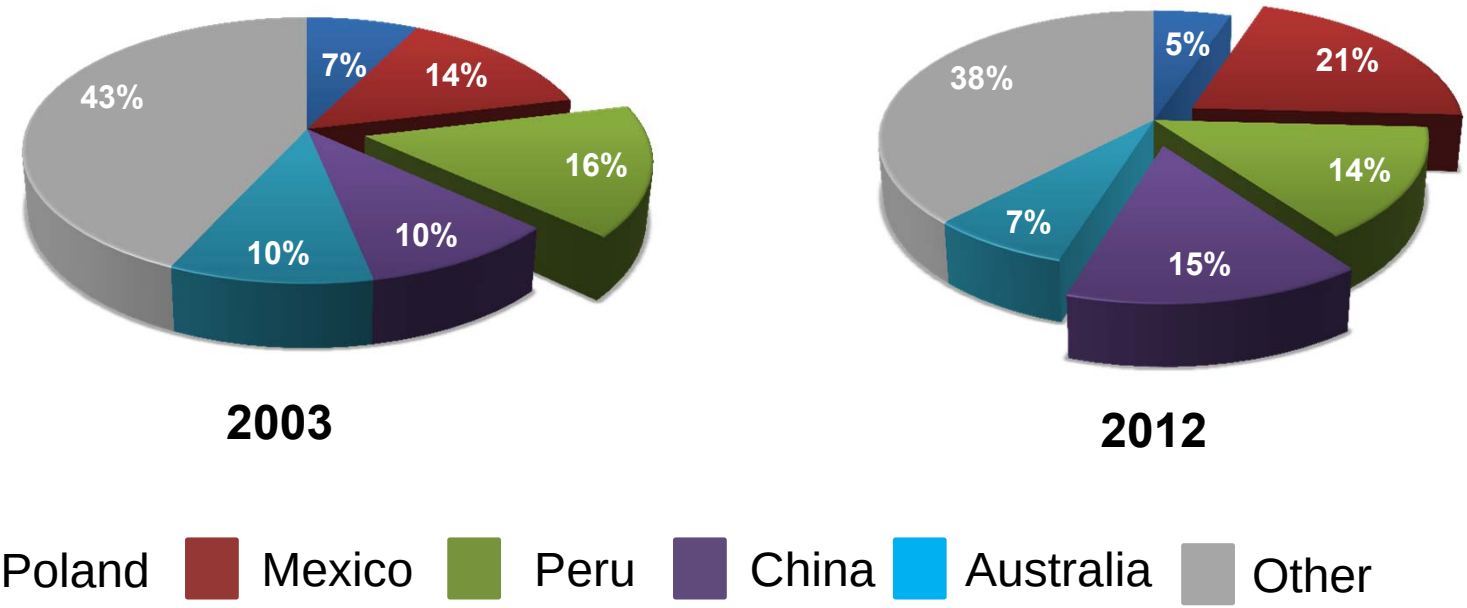



 Source - GFMS

Appendix 4

# Top 5 Producing Countries (10 years)

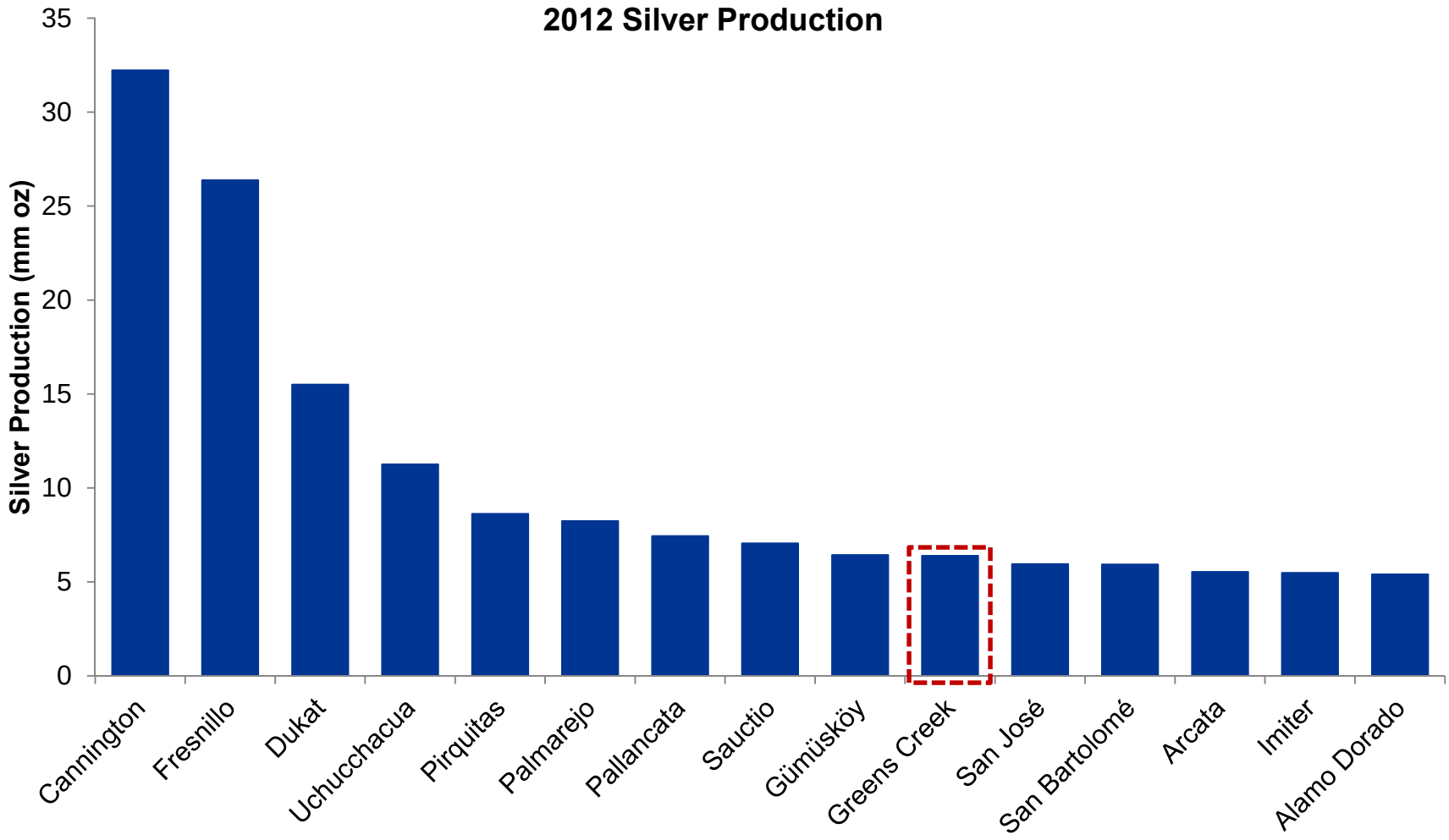
- Mining produced a total of 597.2 mm oz of silver globally in 2003 and nearly 787.0 mm oz in 2012.
- Mexico became the largest single country producer in 2010 and produced 162.2 mm oz in 2012.




 Source: The Silver Institute: World Silver Survey 2012, GFMS, Hecla

Appendix 4

# Top 15 Mines Produced 152 mm oz



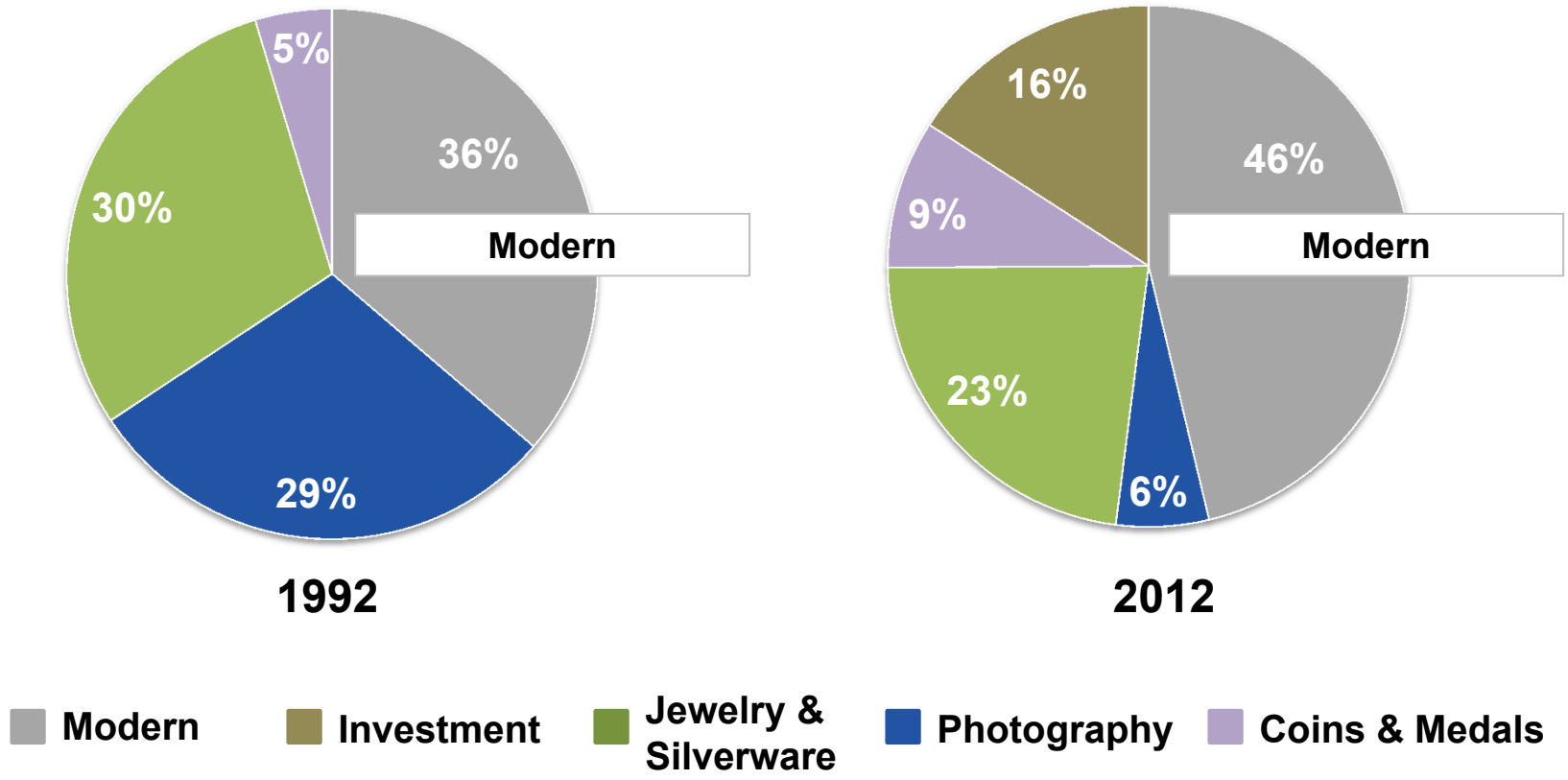



Source: The Silver Institute: World Silver Survey 2012, GFMS, Hecla

Appendix 4

# Increasing Share of Modern Demand

- Modern demand increased from 260 mm oz in 1992 to 465 mm oz in 2012, an increase of 80%, and an annualized increase of 3.0%



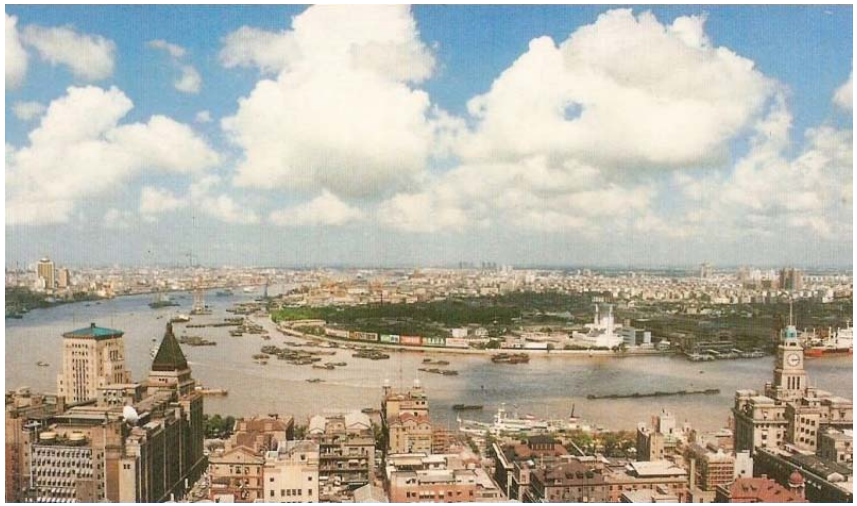

 Source - GFMS

Appendix 4

# Silver is a Lifestyle Metal

## Shanghai, China

### 1990



### 2010

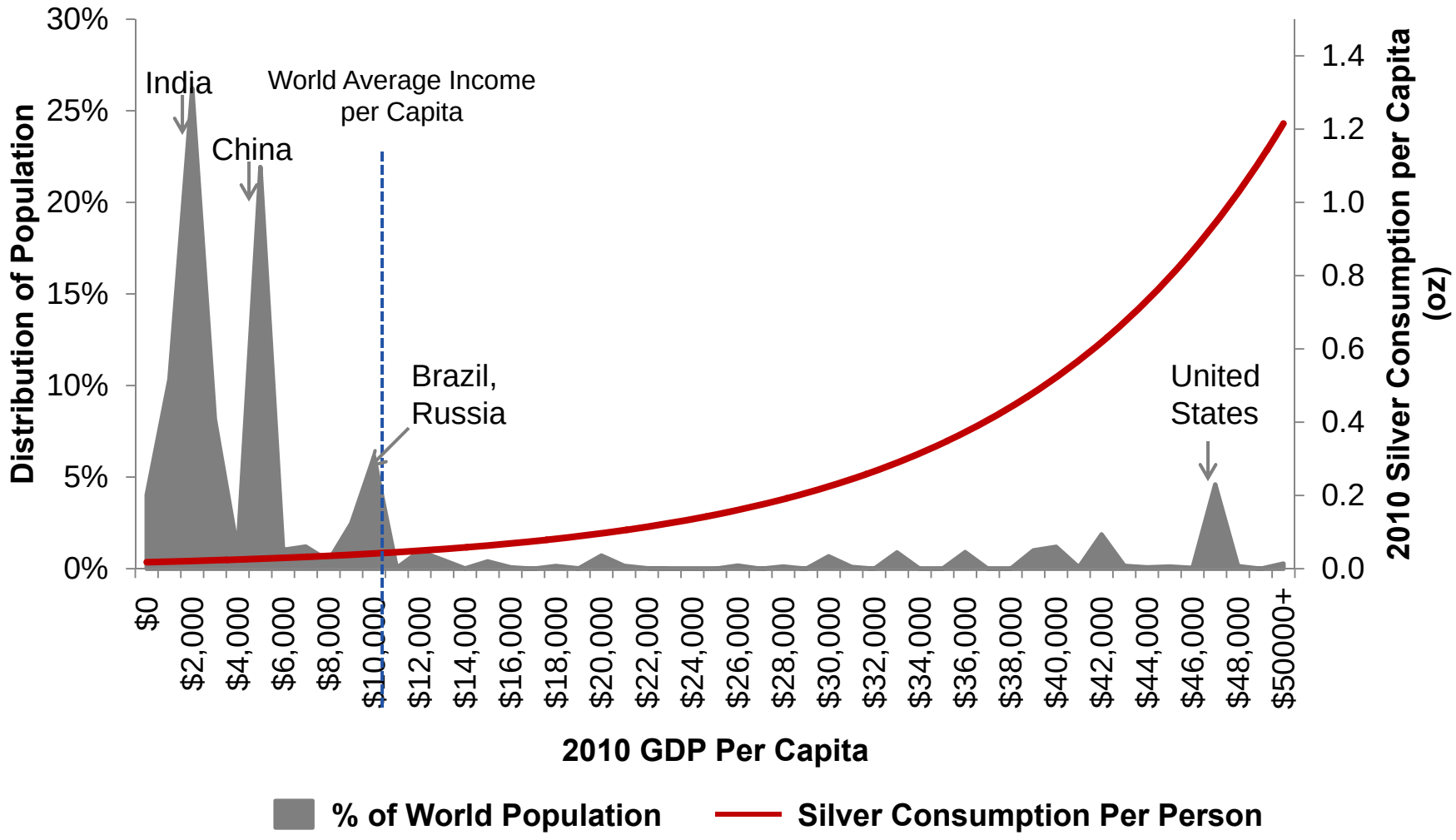



- Silver is not an infrastructure material such as cement, steel, copper; its use is further downstream and is partly tied to discretionary spending
- We expect Chinese modern demand to increase to approximately 120 mm oz by 2015, assuming an annual growth of 9.8% (based on historical 20 year annualized growth rate)

 Pictures from *twistedsifter.com*

Appendix 4

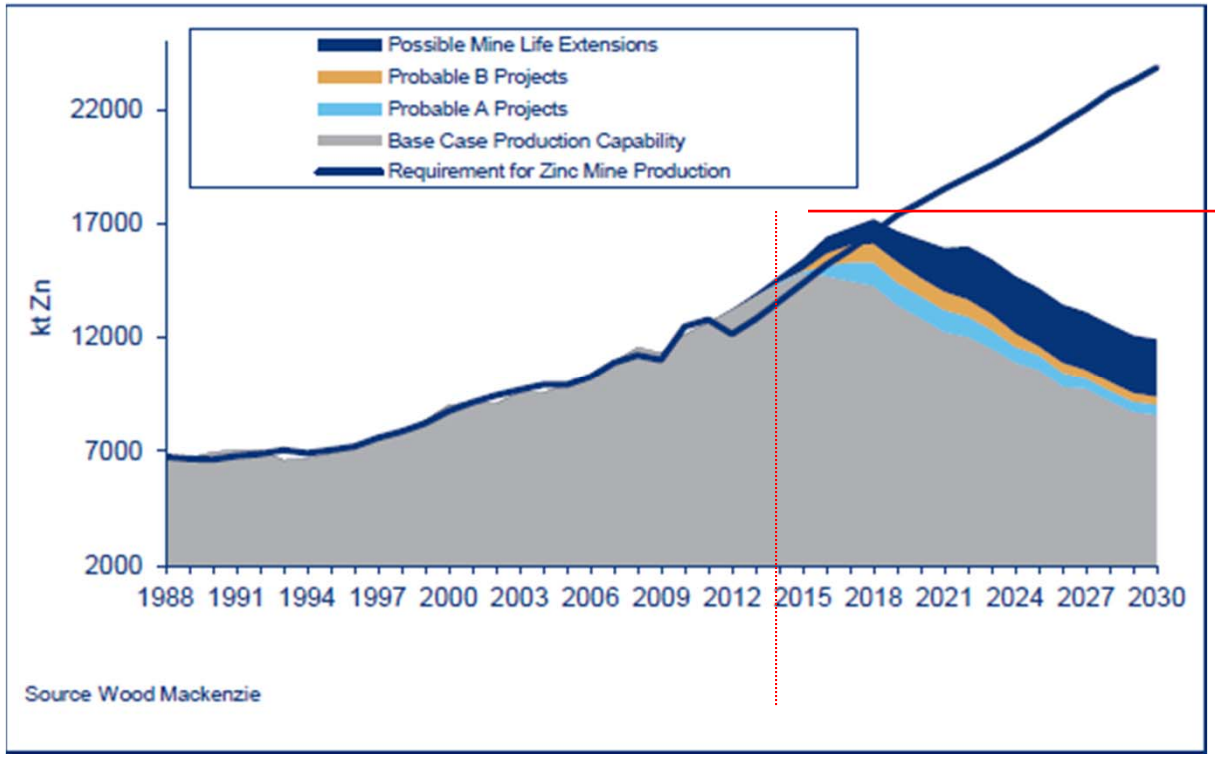
# Modern Silver Demand Increases with Increasing Income



Appendix 5

# Zinc Supply - Mining

- Forecasted mine production vs. forecasted market demand
- Demand is expected to exceed mine production around 2018




**Major Mine Shutdowns**

| Mine | Annual Capacity (MT) |
|---|---|
| Perseverance | 115K |
| Brunswick | 240K |
| Century | 510K |
| Lisheen | 175K |

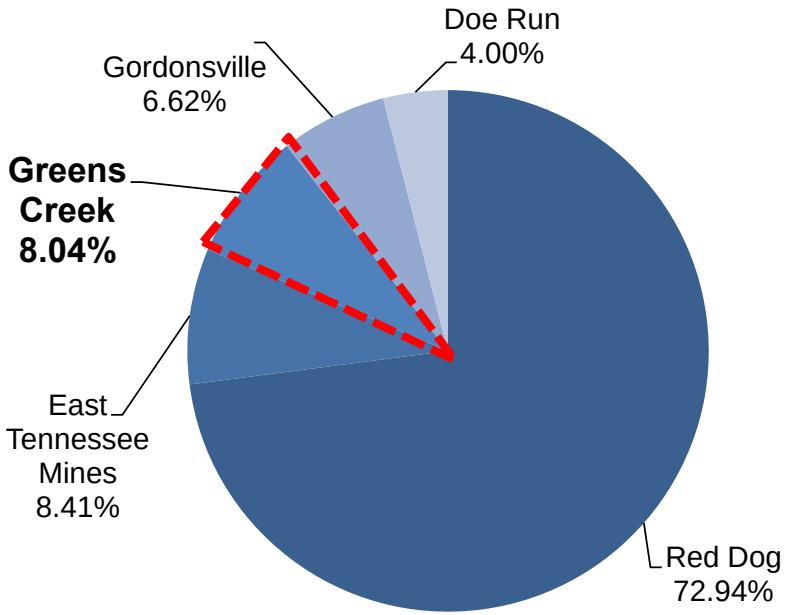
Source: Wood Mackenzie June 2013

Appendix 5

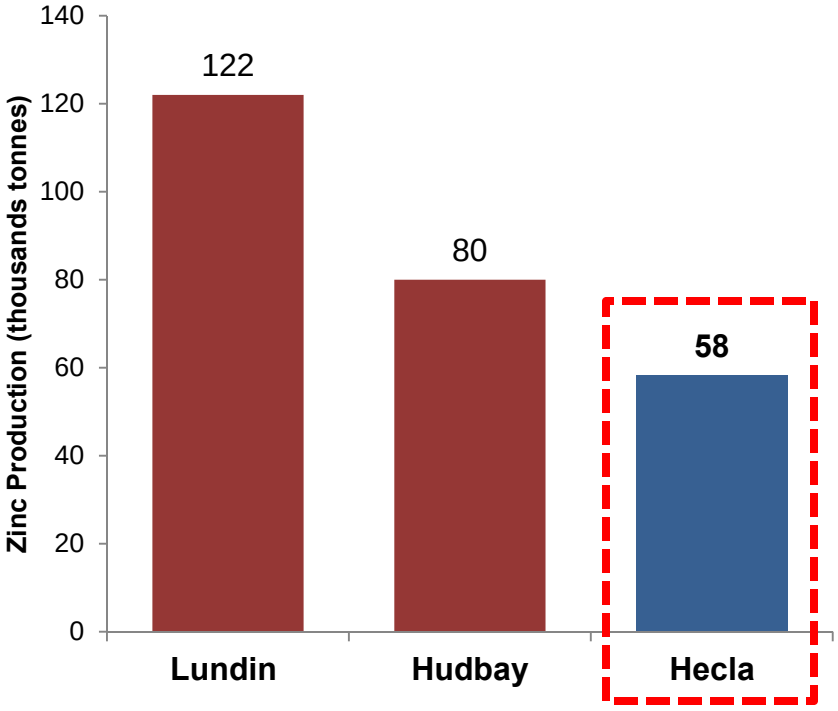
# Zinc Supply - US Production

- Greens Creek is the 3rd largest zinc producer in the US

## % of USA Zinc Production 2012




## Comparison of 2012 Zinc Production




Source: Wood Mackenzie 2013