



# Hecla Mining Company

Delivering Growth

BMO Capital Markets

2009 Global Metals & Mining Conference

# Cautionary Statements

## Cautionary Note Regarding Forward Looking Statements

Statements made which are not historical facts, such as anticipated payments, litigation outcome, 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, and 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, exploration risks and results, political risks, project development risks, labor issues and ability to raise financing. Refer to the company's Form 10-Q and 10-K 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.

## 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 "measured," "indicated," and "inferred resources" that the SEC guidelines strictly prohibit us from including in our filing with the SEC. U.S. investors are cautioned not to assume that any or all of measured, indicated or inferred resources are economically or legally mineable or that these resources will ever be converted into reserves. 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 <http://www.sec.gov>.

# Competitive Advantage & Strengths

- Expertise in underground mining
  - Specialized skill set, uniform training and similar equipment
- Secure mines in the US
  - Low political risk
- Long-life mines
  - Mining at Lucky Friday since 1942; Greens Creek since 1989
- Low cost operations
  - High-grade, robust deposits

▲ Greens Creek Mine, Alaska

◆ Vancouver, BC

◆ Coeur d'Alene, Idaho

▲ Lucky Friday Mine, Idaho

▲ \* *San Juan Silver, Colorado*

▲ \* *San Sebastian, Mexico*

# Corporate Strategy

- Organic growth of silver reserves & resources
  - Lucky Friday resources up 55%
  - Greens Creek acquisition increases silver reserves 200%
- Increase silver production
  - 55% increase in 2008 silver production vs. 2007
- Reduce debt; trim costs





# Recent Accomplishments

- Acquired majority interest in the Greens Creek mine
- Record resource additions through drilling
- Produced 8.7 mm oz silver; consolidated LF land interests
- Restructured the acquisition debt
- Added new advanced project
- Divested Venezuelan assets



# Refinancing the Greens Creek Acquisition

- Reached new agreement with lenders in February '09
- 2009 payments moved into 2010 and 2011
  - Feb. equity deal - \$75 mm
  - Bridge loan paid - \$40 mm
  - Cash position - \$50 mm
  - Next term payment - 03/2010



# Financial Position as of Feb 2009

*All amounts are in Million*

Proforma\*

Cash and cash equivalents	\$50
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Term debt	\$113
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Common shares outstanding	217
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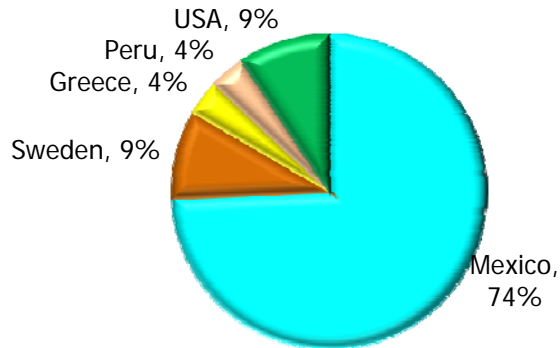
Common shares, fully diluted	265
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# Secure Mines in the US; Minimal Risk

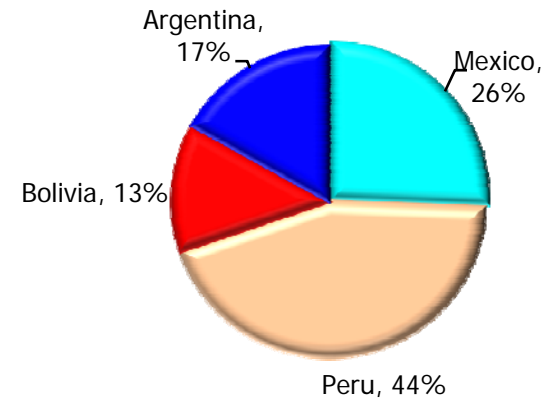
**Hecla**



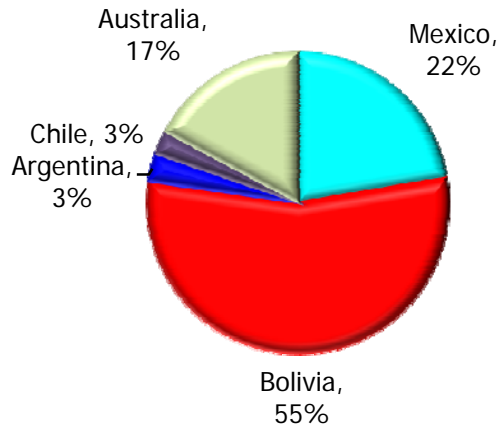
**Silver Wheaton**



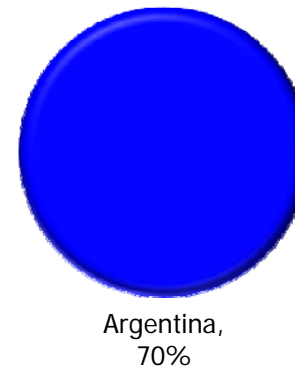
**Pan American Silver**



**Coeur**



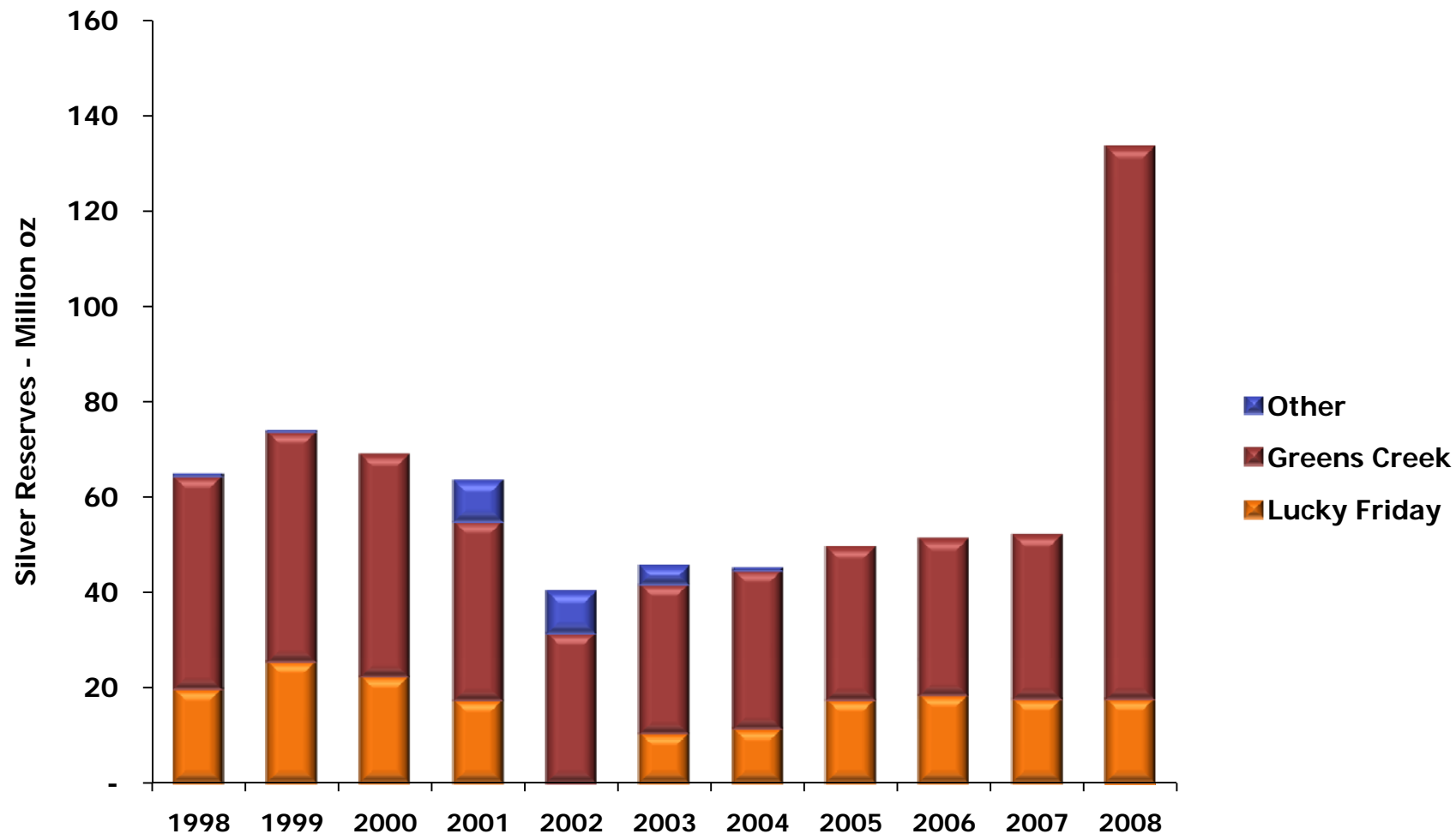
**Silver Standard**



Source – Hecla, Public Filings



# 132 Million Ounces in Silver Reserves



# A Phenomenal Year at Lucky Friday

## Silver ('000 oz)

	<u>2008</u>	<u>2007</u>	<u>% Chg</u>
<b>Reserves</b>			
Lucky Friday	21,847	17,390	26%
Greens Creek	<u>110,583</u>	<u>34,498</u>	<u>221%</u>
	<b>132,430</b>	<b>51,888</b>	<b>155%</b>

➤ Reserves up 26%

➤ Resources up 55%

<b>Mineralized Material</b>			
Lucky Friday	94,208	60,746	55%
Greens Creek	<u>3,238</u>	<u>583</u>	<u>455%</u>
	<b>97,447</b>	<b>61,330</b>	<b>59%</b>

➤ Higher confidence level for LF resources

<b>Other Resources</b>			
Lucky Friday	45,219	52,241	-13%
Greens Creek	27,738	9,790	183%
San Sebastian	<u>9,140</u>	<u>9,186</u>	<u>-1%</u>
	<b>82,097</b>	<b>71,217</b>	<b>15%</b>

➤ Impressive grades and thick widths at depth in LF mine

<b>Total Change</b>	<b>311,973</b>	<b>184,434</b>	<b>69%</b>
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# Factors Driving Higher Cash Costs in 2008

- Lower by-product base metal credits; lead-zinc prices drop 47% & 33% in Q4
- High treatment and refining charges
  - Expect relief in 2009 charges
- Record fuel prices in mid-2008; generated power costs soar at Greens Creek
  - Expect additional grid power at Greens Creek
- High costs for other consumables; cement – steel – reagents
- Lower equipment utilization with tightening environmental compliance
  - Diesel particulate matter (DPM's)

# Cost Containment and Opportunity

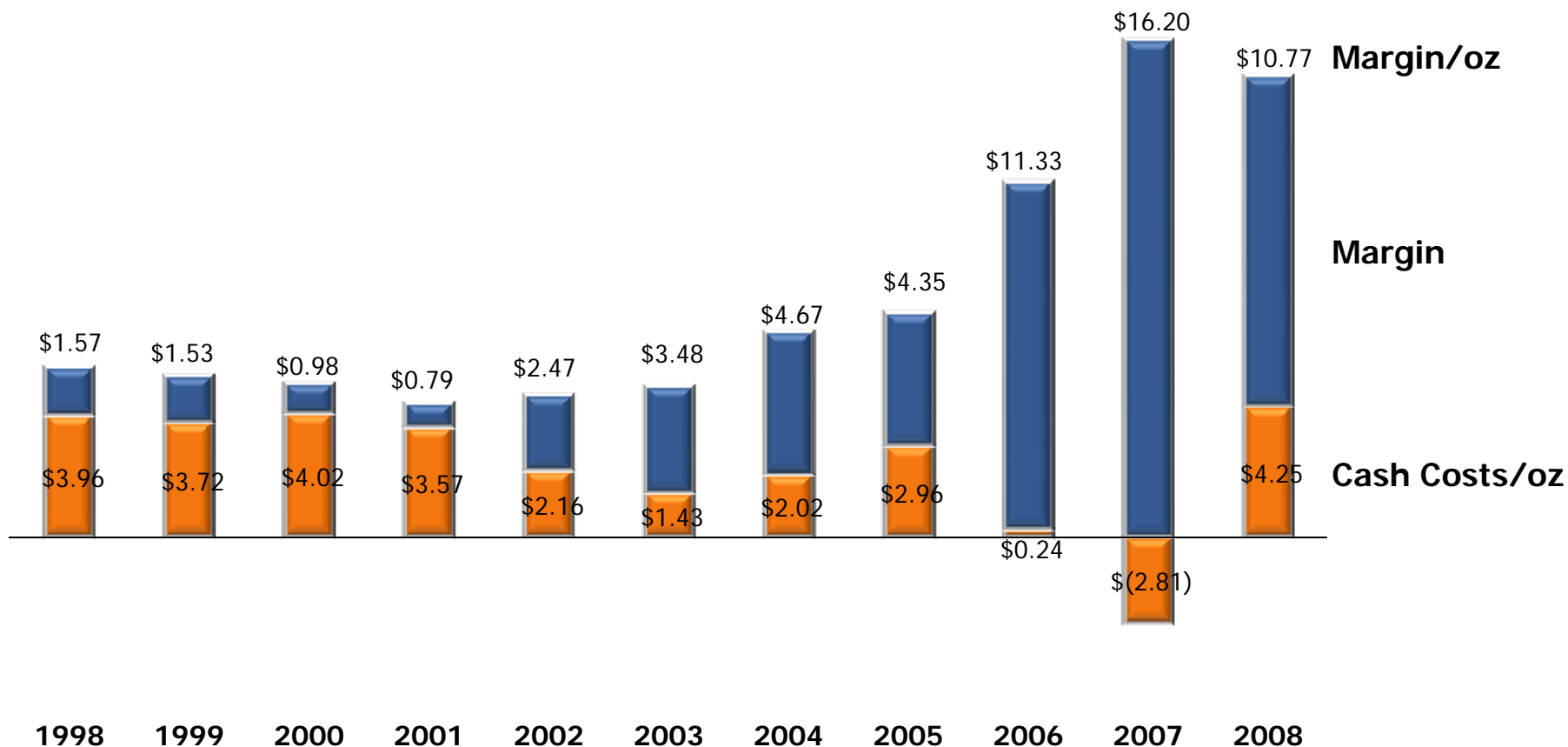
- Identify and implement cost-cutting program
  - Have cut 10% of workforce
  - External analysis of business units and practices
- Prices for consumables begin to ease
- Additional grid power for Greens Creek in 2009
- Capital programs nearing completion
- Reduce exploration





# Hecla Has High Operating Margins

*US\$/oz Ag*



# Greens Creek Mine Acquisition

- Used \$320 mm cash from balance sheet, borrowed \$380 mm to acquire GC from Rio in 2008
- Impact transaction, an upgrading of our assets, accretive on most metrics
- Reduce debt to \$161 mm at YE '08 with equity raises of \$185 mm & begin restructuring credit agreement
- Reduce debt to \$113 mm in Q1/09




# Hecla with Greens Creek (Alaska)

- Underground higher-grade, silver-zinc-gold-lead mine
- World's fifth largest silver mine
- Superior history of reserve replacement
- Represents  $\frac{3}{4}$  of Hecla's production
- + 7 mm oz silver in 2009 and 60,000 oz gold, zinc, lead
- Reserves of 111 mm oz silver



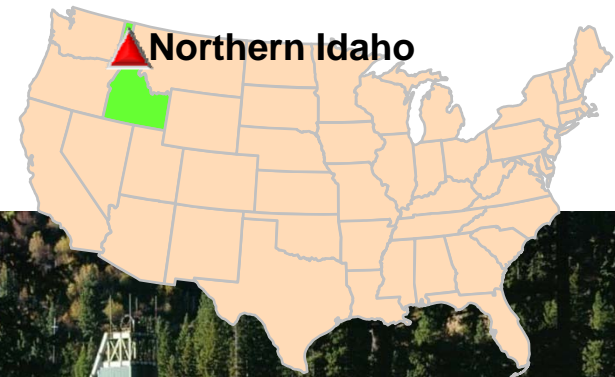
# Greens Creek - Underexplored

- Produced >150 mm oz Ag
  - A rare, precious metal enriched base metal deposit
  - Contains >1.5 mm oz Au
  - Large land package, under-explored
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- Recent studies have outlined previously unrecognized extensions of the key mineralized horizon (**red-trace**)

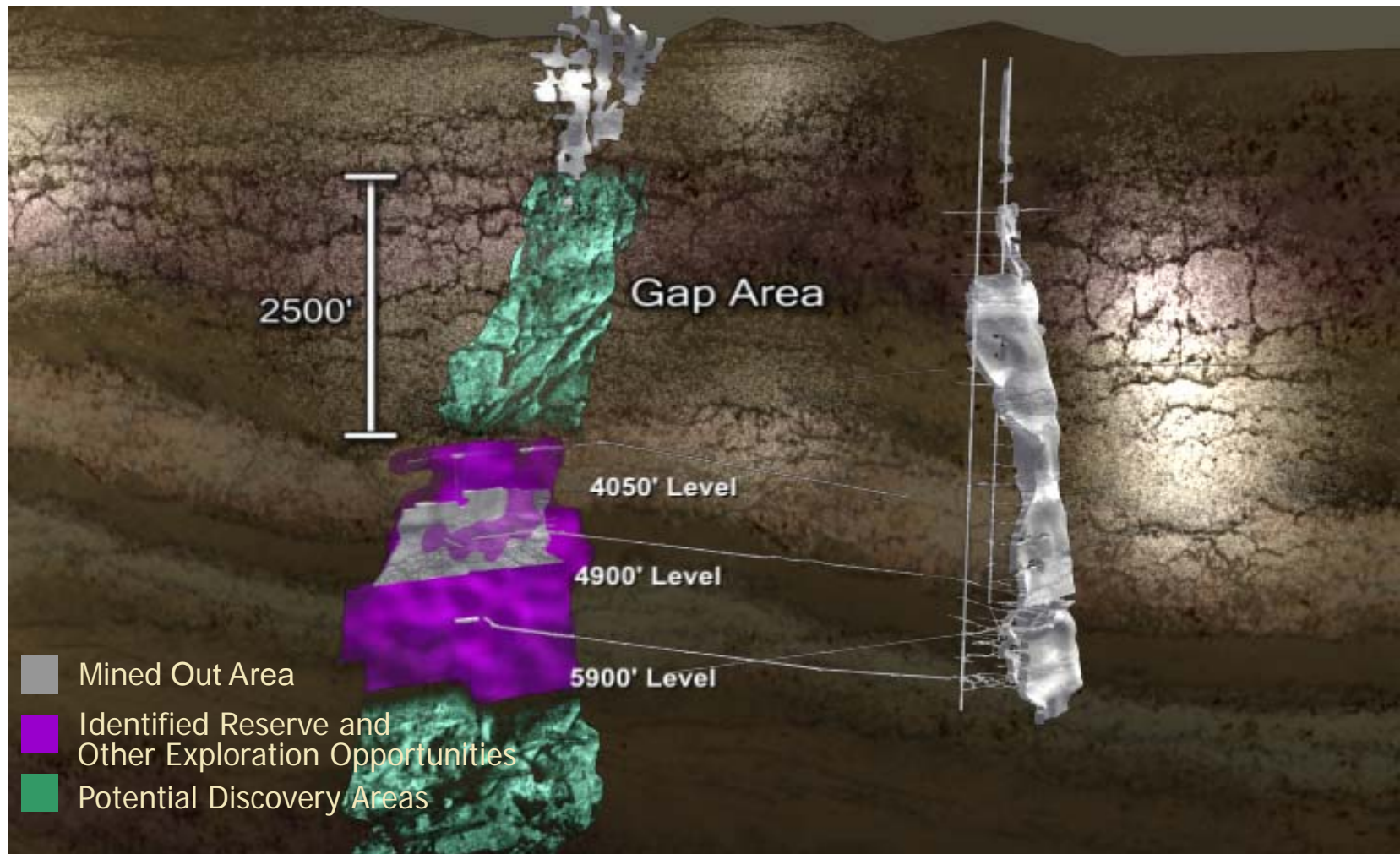


# Lucky Friday Mine – Big Ounces at Depth

- Operating since 1942
  - Long-life, future at depth is superb
- Underground silver-lead-zinc mine
- Under-explored property
- >2.75 mm oz Ag plus lead-zinc in 2009
- 22 mm oz silver reserve
- ¼ mile from Interstate 90



# Lucky Friday: Excellent Exploration Potential



# Richer At Depth (Ag Grade X Width)

2007

2008

3800 feet  
vertical

+25% increase in  
Ag/vertical foot  
below 6300L

6300 Level

Grade X width Ag

2200 feet across

Drilling has  
added-value



# A World Class Silver Camp

## Hecla Land Position



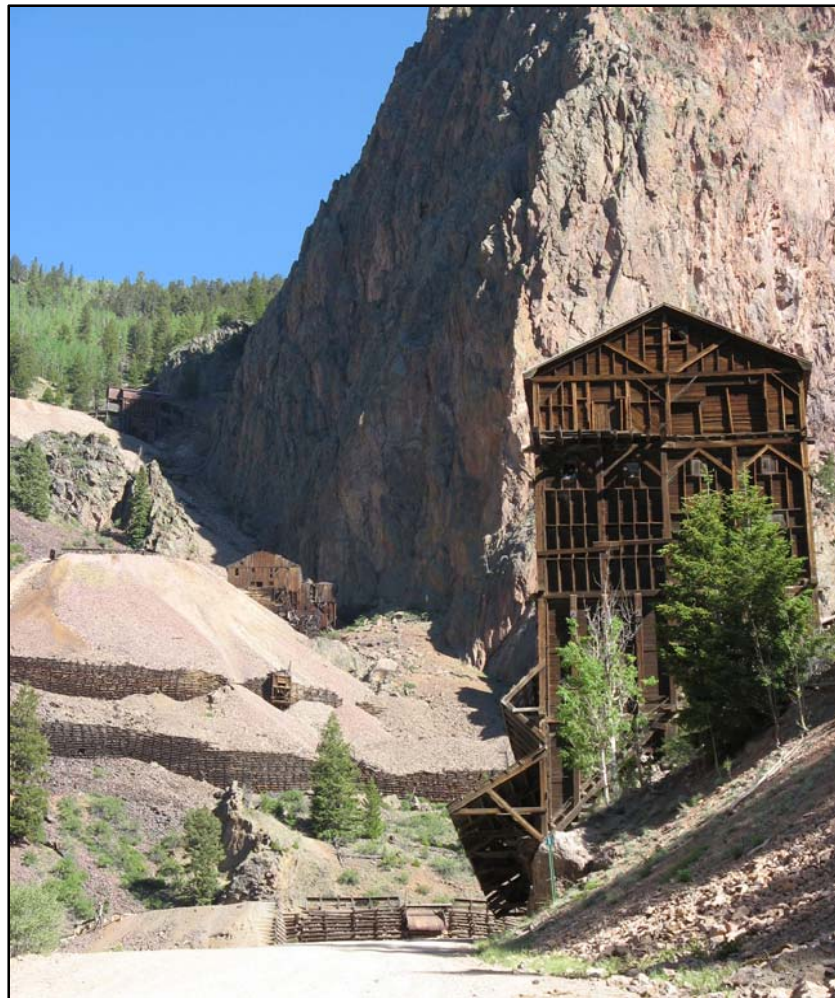
## The Silver Valley, North Idaho

- 1.2 billion oz silver produced
- 300 million oz silver from Hecla's land position
- Significant vertical continuity in the district (+7500 feet)
- Large 25 sq. mile claims area
- Under-explored district



# San Juan Silver JV (Colorado)

- Past production 84 mm oz Ag
- Potential >100 mm oz Ag
- Excellent exploration potential
- 13.2 mm oz Ag resource on one vein with 2008 drilling
- Ongoing resource study

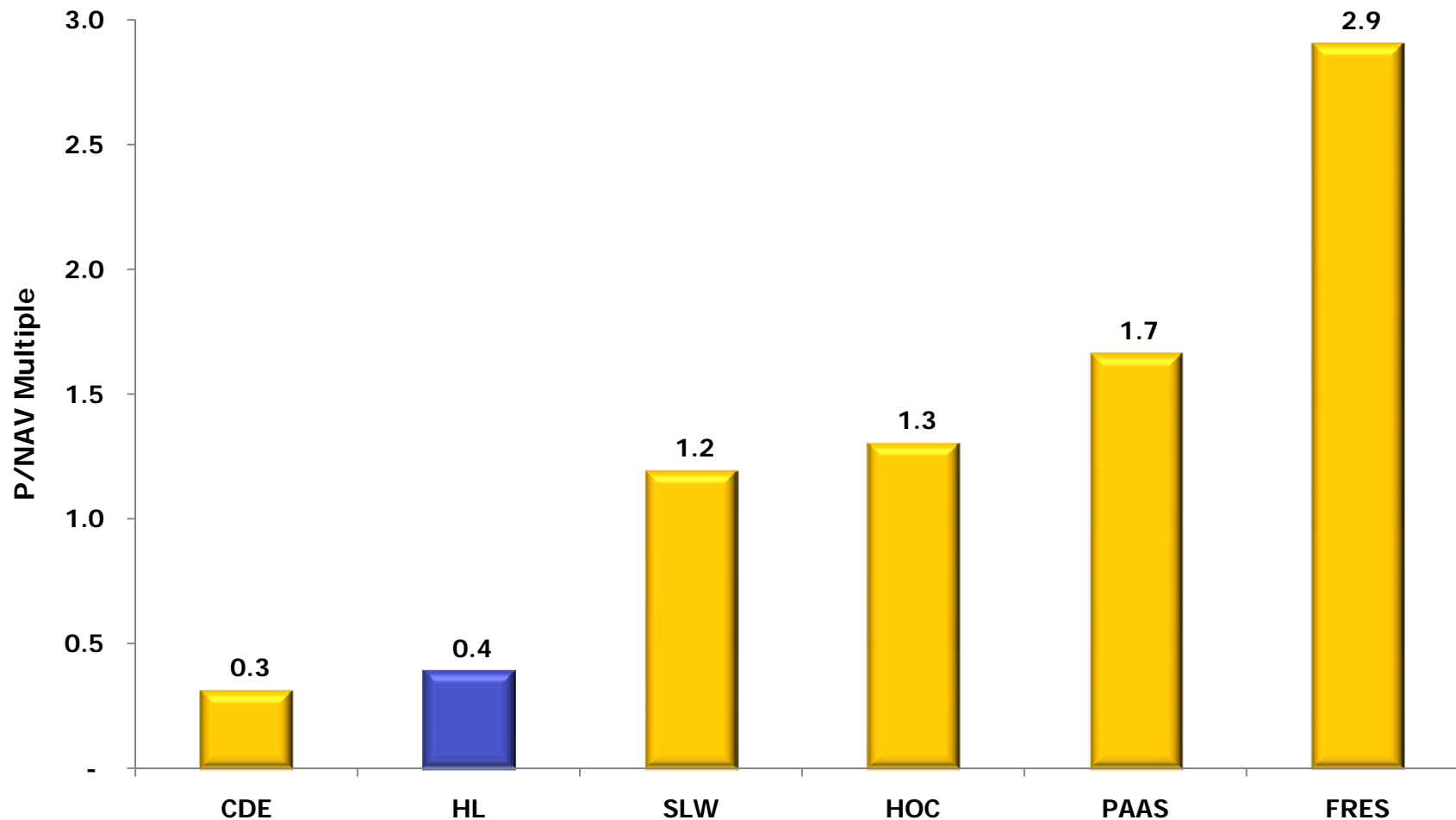


# San Sebastian Project (Mexico)

- On-trend with major mines and deposits in central Mexico
- District-size land position
- Systematic multi-year exploration approach



# P/NAV Multiples



# Niche Silver Producer Delivering Growth

- Low cost US production, secure reserves
- Operational strengths, similar mines (skills)
- Implement cost-cutting program
- Multi-year capital program nearly complete
- Minimal currency risk, no metals hedging
- Attractive valuation





# Hecla Mining Company

Delivering Growth

(VISUAL GENESIS)