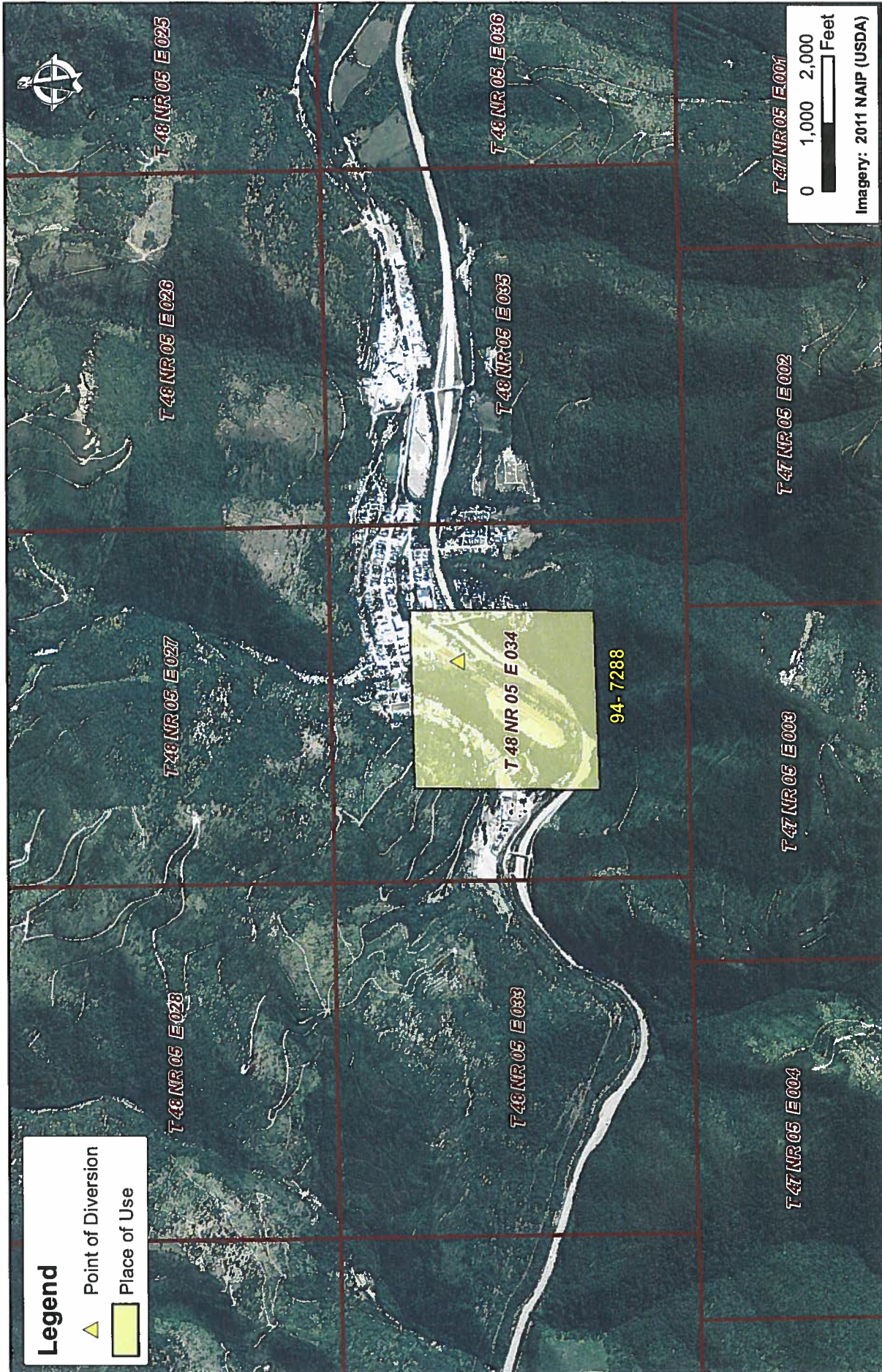




ACTIVE WATER RIGHT (94 - 7288) Shoshone County, ID		Drawn By B. Rollins
		Drafted By A. Robison
		Approved By 11-11-2011
		Date 1" = 2000'
		Scale IDWR_Hecla Rights.mxd
		File Name

Hecla
 6500 N. Mineral Drive, Suite 200
 Coeur d'Alene, ID 83815-9408

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RECEIVED

SEP 16 2008



HECLA LIMITED

September 12, 2008

Folder No. 862-39

HECLA MINING COMPANY
BOX C-8000
COEUR D ALENE ID 83814-1931

Re: Transfer of the Wallace-Mullan Branch and Assignment of Lease and License Agreements

Dear Lessee/Licensee:

The purpose of this letter is to notify you that the Union Pacific Railroad Company (UPRR) has transferred to the State of Idaho, Department of Parks and Recreation, by and through the Idaho Park and Recreation Board (IDPR) and the Coeur d'Alene Tribe (Tribe) all of its rights, title and interests in the Wallace-Mullan Branch of the Union Pacific right of way.

Specifically, the portion between Mullan and Harrison was transferred to IDPR. The portion between Harrison and Plummer within the Reservation was transferred to the Tribe. The portion through Heyburn State Park was transferred to IDPR and the Tribe jointly.

These transfers were completed pursuant to a Consent Decree between UPRR, the United States, the State of Idaho and the Coeur d'Alene Tribe. Consent Decree, United States of America and State of Idaho v. Union Pacific Railroad Company and Coeur d'Alene Tribe v. Union Pacific Railroad Company (Case number 99-0606-N-EJL), U.S. District Court of Idaho, August 25, 2000.

The transfers were also completed pursuant to the Certificate of Interim Trail Use issued by the federal Surface and Transportation Board and the Interim Trail Use/Rail banking Agreement between UPRR, the State of Idaho and the Coeur d'Alene Tribe.

In addition to and consistent with the transfer of its rights, title and interest in the right of way, UPRR has also assigned to IDPR and/or the Tribe its interests in the leases along the right of way in the areas described above.

- Leases within Heyburn State Park have been assigned to, and will be jointly administered by, the Tribe and IDPR. The contact persons for leases within Heyburn Park are Jason Brown, the Coeur d'Alene Tribe Recreation Management Program Manager, PO Box 408, 850 A St., Plummer ID 83851, (208) 686-1118 and Heyburn Park Manager, Ron Hise, 1291 Chatcolet Road, Plummer, ID 83851; 208-686-1308.
- Leases within the Coeur d'Alene Indian Reservation have been assigned to, and will be administered by, the Tribe. The contact person for these leases is Jason Brown, the Coeur d'Alene Tribe Recreation Management Program Manager, PO Box 408, 850 A St., Plummer ID 83851, (208) 686-1118.

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- Leases outside of the Coeur d'Alene Indian Reservation have been assigned to, and will be administered by, the State of Idaho. The contact person for these leases is Lonnie Johnson, Old Mission/Trail of the CdAs Manager; P.O. Box 30, Cataldo, ID 83810; 208-682-3814.

In the near term, the State of Idaho and/or the Coeur d'Alene Tribe will be contacting you regarding future administration of your lease.

If you have any questions or concerns, please feel free to contact the appropriate contact person provided above.

Respectfully,


Jim Larson
Manager - Real Estate

cc: Jason Brown
Coeur d'Alene Tribe Recreation Program Manager

Lonnie Johnson
Old Mission/Trail of the CdAs Manager

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**SUPPLEMENT TO INDEFINITE TERM LEASE
NO. 224, 525**

THIS SUPPLEMENT TO INDEFINITE TERM LEASE (this "Supplement") is made and entered into as of this 16 day of July, 2004 (the "Effective Date"), by and between Hecla Mining Company, a Delaware corporation ("Lessee"), and Union Pacific Railroad Company, a Delaware corporation ("Lessor").

RECITALS

This Supplement is made with respect to the following facts:

A. Lessee and a predecessor-in-interest of Lessor are parties to that Indefinite Term Lease No. 224, 525 dated January 1, 1977 (the "Lease") providing for the lease of certain real property in the City of Mullan, County of Shoshone, State of Idaho, as more particularly described in the Lease (the "Property").

B. Lessee and Lessor wish to provide for Lessee's access across the right of way owned by Lessor for the purpose of ingress and egress to the Property. Exhibit A to this Supplement illustrates the location at which the parties desire such access to be located (the "Crossing").

AGREEMENT

FOR AND IN CONSIDERATION of the mutual covenants and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Subject to the terms and conditions hereinafter set forth, Lessor grants a nonexclusive license (the "License") to Lessee to use the Crossing for access to the Property. It is expressly stipulated that this License is a strictly private one and is not intended for public use. The Lessee will, without expense to Lessor, take all necessary action to preserve the private character of the License and prevent its use as a public road.

2. The License herein granted is for surface roadway crossing purposes only. Without limitation of the foregoing, this grant does not include the right to install utilities of any nature, including, without limitation, fiber optic, cable television, electrical, gas or liquid distribution, and telephone lines without the express written consent of Lessor.

3. The License is subject and subordinate to all prior rights of Lessor, its successors and assigns, to construct, maintain, repair, renew, use, operate, change, modify or relocate, nonmotorized multi-use trails, railroad tracks and railroad appurtenances, fiber optic facilities, pipe, telephone and electric pole and wire lines, over, under and across the Crossing; it being understood that the rights so reserved by Lessor, its successors and assigns, are retained along with the general right of Lessor, its successors and assigns, to use the Crossing for any purpose not inconsistent with Lessee's use of the License.

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4. The License is made subject to any outstanding leases and other rights, restrictions, encumbrances, reservations or interests of any person which may affect the Crossing, whether recorded or unrecorded.

5. Lessee hereby acknowledges that Lessee is accepting the Crossing in an AS IS condition and that it has not relied on any warranties, promises, understandings or representations, express or implied, of Lessor or its agents or employees. Lessee hereby releases Lessor from all responsibility and liability regarding the condition (including, but not limited to, the condition of the soil, presence of hazardous materials or contaminants and all other physical characteristics), or utility of the Crossing.

6. Lessee shall, at Lessee's own cost, construct and maintain the Crossing as needed for Lessee's use.

7. Lessee shall at all times maintain, at Lessee's sole cost and expense, liability insurance coverage for use of the Crossing as permitted by the License. Lessee shall provide evidence of such insurance coverage promptly upon the request of Lessor.

8. Lessee shall, at its expense, comply with all applicable laws, regulations, rules and orders with respect to the Crossing, regardless of when they become effective, including, without limitation, those relating to health, safety, noise, environmental protection, waste disposal, and water and air quality.

9. Should any discharge, leakage, spillage, emission or pollution of any type occur as a result of Lessee's use of the Crossing or exercise of the rights granted hereunder, Lessee shall, at its expense, be obligated to clean all property affected thereby to the satisfaction of any governmental body having jurisdiction in the matter.

10. Lessee agrees to investigate, release, defend and indemnify Lessor, its officers, employees, agents, successors and assigns from all claims, liability, cost and expense, howsoever the same may be caused, including reasonable attorneys' fees (hereinafter "Loss") for damage to property, or injuries to or death of persons arising out of the construction, reconstruction, maintenance, presence, or use of the Crossing by Lessee, its employees, agents, licensees, invitees, successors or assigns, to the extent that such Loss is caused or contributed to by the negligent acts or omissions, breach of this License or willful misconduct by Lessee, its employees, agents, licensees, invitees, successors or assigns.

11. Lessee shall fully pay for all materials installed on the Crossing and shall pay in full all persons who perform labor thereupon. Lessee shall not permit any mechanics' or materialmen's liens of any kind or nature to be enforced against the Crossing for any work done or materials furnished thereon at Lessee's request. Lessee agrees to defend, indemnify, and hold harmless Lessor, its officers, employees, agents, successors and assigns from all costs of Lessor related to removing and/or defending against any such mechanics' or materialmen's liens.

12. It is possible fiber optic systems may be buried on the Crossing. In the event Lessee performs any work at the Crossing which could damage fiber optic systems, Lessee will

be responsible for determining whether fiber optic systems are present and for making arrangements for protection of the fiber optic system prior to beginning any work.

13. If Lessee defaults in the performance of any covenant or agreement contained in this Supplement and such default continues for a period of thirty (30) days after written notice from Lessor to Lessee specifying such default, Lessor may, at its option immediately terminate the License by written notice to Lessee. Any such default under this Supplement shall constitute a default under the Lease. The remedy set forth in this Section shall be in addition to and not in limitation of, any other remedies that Lessor may have at law or in equity.

14. Any waiver by Lessor of any default or defaults shall not constitute a waiver of the right to terminate this License for any subsequent default or defaults, nor shall any such waiver in any way affect Lessor's ability to enforce any provision of this Supplement.

15. If Lessee does not use the rights granted by this Supplement for one (1) year, Lessor may, at its option, forthwith immediately terminate the License by written notice to Lessee. If the Lease terminates or is terminated for any reason, the License granted by this Supplement shall automatically terminate without notice. Termination of the License for any reason shall not affect any of the rights or obligations of the parties hereto which may have accrued, or liability, accrued or otherwise, which may have arisen prior thereto.

16. All the covenants and provisions of this Supplement shall be binding upon the heirs, legal representatives, successors and assigns of Lessee. No assignment by Lessee of this Supplement shall be binding upon Lessor without the written consent of Lessor in each instance.

17. This Supplement shall be governed according to the laws of the State of Idaho.

18. To the maximum extent possible, each provision of this Supplement shall be interpreted in such manner as to be effective and valid under the applicable law, but if any provision of this Supplement shall be prohibited by, or held to be invalid under, applicable law, such provision shall be ineffective solely to the extent of such prohibition or invalidity, and this shall not invalidate the remainder of such provision or any other provisions of this Supplement.

19. This Supplement is the full and complete agreement between the Lessor and Lessee with respect to all matters relating to the License and the Crossing, and supersedes any and all other agreements between the parties hereto relating to the License and the Crossing.

20. Except as modified by this Supplement, the Lease shall not be amended or modified hereby. As modified by this Supplement, the Lease shall continue in full force and effect.

21. All notices, demands and requests required or permitted to be given under this Supplement must be in writing and shall be deemed to have been properly given whether by personal delivery, or depositing the same in the United States mail, certified mail, return receipt requested. The addresses for the parties are:

Union Pacific Railroad Company
Attn: General Manager – Real Estate
1800 Farnam
Omaha, Nebraska 68102

If to Lessee:

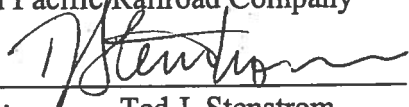
Hecla Mining Company
Attn: LAND DEPARTMENT
6500 N. MINERAL DR. # 200
Coeur d' Alene, ID 83815-9408

Either party may change its address for notices hereunder by notice given to the other party in accordance with the provisions hereof.

IN WITNESS WHEREOF, the undersigned have signed and sealed this Agreement as of the day and year first above written.

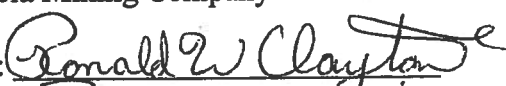
LESSOR

Union Pacific Railroad Company

By: 
Name: Ted J. Stenstrom
Title: Director of Real Estate

LESSEE

Hecla Mining Company

By: 
Name: Ronald W. Clayton
Title: UP North American Operations

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EXHIBIT A

NUMBER
A104795

AGREEMENT NUMBER

BN
No. 224,525

INDEFINITE TERM LEASE

Re: Previous Lease (NP) #94766
dated 12-20-66 expired 12-31-76

THIS LEASE made this 1st day of January, 19 77,
between BURLINGTON NORTHERN INC., a Delaware corporation, hereinafter called "Lessor", and
HECLA MINING COMPANY, a Washington corporation,
whose post office address is P.O. Box 320, Wallace, Idaho 83873

, hereinafter called "Lessee".

WITNESSETH:

In consideration of the covenants hereinafter contained to be kept and performed by Lessee, Lessor hereby
leases to Lessee upon the terms and conditions hereinafter set forth the following described premises situate in the
City of Mullan, County of Shoshone, State of Idaho:

All that part of the premises of the said Lessor as shown hatched blue on the print
hereto attached, marked Exhibit "A" dated January 17, 1977, and made a part hereof.

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SAVING AND RESERVING to Lessor, its successors and assigns, the right to construct, maintain and
operate a railroad track or tracks or to construct, maintain and use or permit others to construct, maintain and use
buildings or other structures for railroad purposes located or to be located upon any part of the above-described
premises not occupied by the buildings and structures hereinafter mentioned; to construct, maintain and use or
permit to be constructed, maintained and used by others any existing or additional pipe, telephone, telegraph or
power transmission line, or water or sewer system, or other such facilities, over, on or beneath the said premises; to
make any change in grade or location of its railroad or any of its tracks, or to rearrange its station facilities, or to
use the said premises or any part thereof for railroad purposes; to allow the placement of signs and signboards for
commercial or other purposes upon the leased premises so long as the placement of such signs or signboards does
not interfere with the operation of Lessee's business on said premises; and further saving and reserving to Lessor or
its agent the right to enter thereon for any one or more of such purposes without payment to Lessee of any sum
for damage of any nature which may be caused thereby.

Lessee hereby leases said premises from Lessor for the indefinite term hereof subject to the covenants and
promises following, which Lessee agrees to observe and perform, to-wit:

1. Lessee shall use and occupy said premises for the sole and exclusive purpose of constructing,
maintaining, and operating thereon a pump house and settling grounds for mine tailings.

No other buildings, structures, additions, alterations or improvements shall be erected or made on the premises by
Lessee or at the direction of Lessee, save with the express permission of Lessor in writing and at the sole cost of
Lessee.

2. Lessee shall pay annually, in advance, as rental for said premises the sum of Five Hundred and
no/100 Dollars (\$500.00).

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The billing or acceptance by Lessor of any advance rental hereunder shall not imply any definite term to this lease nor will it serve to extend this lease for the period of time covered by such rental payment or otherwise operate to restrict either party hereto from terminating this lease in accordance with the provisions of paragraph 15.

3. Lessor reserves the right to change the rental stipulated herein at any time while this lease remains in effect.

4. (a) Lessee shall pay all taxes, license fees and other charges (see paragraph 4 (b) below) for payment of special assessments for public improvements) which may become due or which may be assessed against said premises, against Lessee, against the business conducted on said premises or against any and all improvements placed thereon during or for the period of the actual term hereof, even though such taxes, license fees or other charges may not become due and payable until after expiration or cancellation of this lease. Lessee shall reimburse Lessor for any such taxes, license fees or other charges which may be paid by Lessor promptly upon the presentation by Lessor of bills for the amount thereof, and in default of such reimbursement, all sums so paid by Lessor shall be deemed to be and shall be treated as additional rental and recoverable as such hereunder.

(b) In the event the premises hereby demised, or any part thereof, shall be subject to any special assessment for any public improvement or improvements and said assessment is in the amount of Five Hundred Dollars (\$500.00) or less, Lessee shall reimburse Lessor in full, promptly upon the presentation by Lessor of bills for the amount thereof. In the event the amount of said assessment exceeds Five Hundred Dollars (\$500.00), the rental herein reserved and stipulated to be paid by Lessee shall be automatically increased by an amount equal to **twelve** percent (**12** %) per annum of the total amount of said assessment.

5. Lessee shall not place, or permit to be placed, or to remain, any material, structure, pole or other obstruction within 8½ feet laterally of the center line or within 23 feet vertically from the top of the rail of any track; provided that if by statute or order of competent public authority greater clearances shall be required than those provided for in this paragraph 5, then Lessee shall strictly comply with such statute or order. However, vertical or lateral clearances which are less than those hereinbefore required to be observed but are in compliance with statutory requirements will not be or be deemed to be a violation of this clause. Lessee agrees to indemnify Lessor and save it harmless from and against any and all claims, demands, expenses, costs and judgments arising or growing out of loss of or damage to property or injury to or death of persons occurring directly or indirectly by reason of any breach of the foregoing or any other covenant contained in this agreement.

Should either or both the lateral and vertical clearances hereinbefore required to be observed be permitted to be reduced by order of competent public authority, Lessee hereby agrees to strictly comply with the terms of any such order and indemnify and hold harmless Lessor from and against any and all claims, demands, expenses, costs and judgments arising or growing out of loss of or damage to property or injury to or death of persons occurring directly or indirectly by reason of or as a result of any such reduced clearance.

Lessor's operations over the track with knowledge of an unauthorized reduced clearance shall not be or be deemed to be a waiver of the foregoing covenants of Lessee contained in this clause or of Lessor's right to recover for such damages to property or injury to or death of persons that may result therefrom.

6. Lessee, at Lessee's sole cost and expense, shall install and maintain adequate facilities for fire protection in all buildings and structures upon said premises. Lessee also, at Lessee's sole cost and expense, shall observe and comply with all the rules, regulations and orders of any duly constituted authority and of any board of fire underwriters having jurisdiction of said premises and all provisions of any fire insurance policy covering said premises.

7. Lessee shall not permit the existence of any nuisance on said premises; shall maintain and keep the same in proper, clean, safe and sanitary condition and free and clear of any explosive, flammable or combustible material which would increase or tend to increase the risk of fire, except for such material as may be necessary to Lessee's business; and further, Lessee shall keep, observe and comply with all federal, state and local regulations, ordinances and laws, and with the regulations of any duly constituted legal authority having jurisdiction of the premises, and at Lessee's sole cost shall make any and all improvements, alterations, repairs and additions and install all appliances required on said premises by or under any such regulations, ordinances or laws. If, as a result of Lessee's occupancy of the premises and its operations hereunder, any such regulation, ordinance or law is violated, Lessee shall protect, save harmless, defend and indemnify Lessor from and against any penalties, fines, costs and expenses, including legal fees and court costs incurred by Lessor, caused by, resulting from, or connected with such violation or violations. Lessee shall not place or permit to be placed any advertising matter upon any part of said premises or upon any improvements thereon except such as is necessary to advertise Lessee's own business.

8. Lessee shall comply with all applicable laws and ordinances and all rules, regulations and requirements of any governmental authority promulgated thereunder controlling environmental standards and conditions on the premises. If, as a result of Lessee's occupancy of the premises and its operations hereunder, any such law, ordinance, rule, regulation or requirement is violated, Lessee shall protect, save harmless, defend and indemnify Lessor from and against any penalties, fines, costs and expenses, including legal fees and court costs incurred by Lessor, caused by, resulting from or connected with such violation or violations.

9. Lessee, at Lessee's sole cost and expense, shall keep the premises hereby demised in good condition and shall make all repairs and renewals that from time to time may be necessary to keep any improvements which may be located thereon in good condition and repair and ready and fit for occupancy.

10. (a) It is understood by the parties that said premises are in dangerous proximity to the tracks of Lessor and that property on said premises will be in danger of injury or destruction by fire incident to the operation, maintenance or improvement of the railway, and Lessee accepts this lease subject to such dangers. It is therefore

agreed, as one of the material considerations of this lease without which the same would not be granted, that Lessee assumes all risk of loss, damage or destruction by fire to buildings or contents or to any other property brought upon or in proximity to said premises by Lessee, or by any other person with the consent or knowledge of Lessee, without regard to whether such fire be the result of negligence or misconduct of any person in the employ or service of Lessor or of defective appliances, engines or machinery, except to the premises of Lessor and to rolling stock belonging to Lessor or to others, and to shipments of third parties in the course of transportation. Lessee hereby indemnifies and agrees to protect Lessor from all such loss, damage or destruction to property, including claims and causes of action asserted against Lessor by any insurer of said property.

(b) Lessee also agrees to indemnify and hold harmless Lessor for loss, damage, injury or death from any act or omission of Lessee, Lessee's invitees, licensees, employees, or agents, to the person or property of the parties hereto and their employees, and to the person or property of any other person or corporation while on or near said premises; and if any claim or liability, other than from fire, shall arise from the joint or concurring negligence of both parties hereto, it shall be borne by them equally.

11. It is agreed that the provisions of paragraphs 5 and 10 are for the equal protection of any other railroad company or companies, including National Railroad Passenger Corporation (Amtrak), heretofore or hereafter granted the joint use of Lessor's property, of which said premises are a part.

12. (a) Without the written consent of Lessor, Lessee shall not assign this lease or any interest therein, or sublet, and no heir, executor, administrator, receiver, master, sheriff, trustee in bankruptcy, or other assignee by operation of law shall assign or sublet without such written consent.

(b) In the event of assignment of this lease, Lessor, having no advice to the contrary, shall at such time credit all unearned rental hereunder to the assignee. Any other disposition of unearned rental will be made by Lessor only upon the joint written request of both Lessee and Lessee's assignee at the time of submitting said assignment to Lessor for its consent.

13. If, because of any act or omission of Lessee, any mechanic's lien or other lien, charge or order for the payment of money shall be filed against Lessor or any portion of the demised premises, Lessee shall, at its own cost and expense, cause the same to be discharged of record within thirty (30) days after written notice from Lessor to Lessee of the filing thereof; and Lessee shall indemnify and save harmless Lessor against and from all costs, liabilities, suits, penalties, claims and demands, including legal fees and court costs, resulting therefrom.

14. Each and all of the covenants and promises made by Lessee herein are material considerations herefor, and upon the breach or non-performance by Lessee of any of the said covenants or promises, Lessor, at its option, may re-enter said premises, or any part thereof in the name of the whole, upon ten (10) days' written notice to Lessee, and may have, repossess and enjoy the same as of its former estate, and may terminate this lease and all rights hereby granted. A waiver by Lessor of a default shall not be deemed a waiver of any subsequent default of Lessee. If the default shall consist of nonpayment of rental or taxes, or other charges, at the time of termination of this lease in accordance with the provisions of this clause, such nonpayment of rental and taxes shall, until paid, constitute a lien upon said structures, improvements and property owned by Lessee and the lien may be foreclosed according to law. Lessee shall not remove said structures, improvements or property until said rental, taxes or other charges are paid, unless directed to do so by Lessor.

15. Notwithstanding any requirement herein for payment of rental in advance for a period in excess of one month, it is further agreed that either party may terminate this lease at any time for any reason upon giving the other party not less than thirty (30) days' written notice of such termination; provided, however, that rent shall be paid by said Lessee to the date of termination fixed by said notice. Upon the date of termination of this lease, Lessee shall, at its own sole cost and expense, remove or cause to be removed all buildings, structures, foundations, footings, materials, signs or signboards, debris or other articles or facilities owned or used by Lessee or placed on, above or below the surface of the premises by Lessee or by any person, firm or corporation or former Lessee. Lessee agrees to restore and level the premises to a condition satisfactory to Lessor.

It is expressly understood by Lessee that until such time as the premises are surrendered to Lessor free and clear of all buildings, structures, foundations, footings, materials, signs or signboards, debris or other articles or facilities not belonging to Lessor and the premises are restored to a neat and orderly condition satisfactory to Lessor, Lessee shall be liable to Lessor for such rental, including taxes, as Lessor may from time to time determine. Lessee shall also be liable to Lessor for any and all losses and/or damages which Lessor may sustain or become liable for resulting from the failure of Lessee to restore the premises to a neat and orderly condition. Lessor may at its own sole election appropriate any property or improvements remaining on the demised premises for its own use without compensation to Lessee, or may dispose of any such property or improvements without any liability whatsoever to Lessee and charge Lessee for all cost and expense incidental to such removal.

16. All notices hereunder to be given by Lessor to Lessee may be effectually given by letter from Lessor or its agent or attorney forwarded by Certified Mail—Return Receipt Requested, postage prepaid, addressed to Lessee at Lessee's post office address above stated or at such address as Lessee may later give Lessor in writing.

17. All notices hereunder to be given by Lessee to Lessor may be effectually given by letter from Lessee or Lessee's agent or attorney forwarded by Certified Mail—Return Receipt Requested, postage prepaid, addressed to Lessor's Industrial Development and Property Management Department at 176 East Fifth Street, St. Paul, Minnesota 55101.

18. Nothing herein contained shall imply or import a covenant on the part of Lessor for quiet enjoyment.

19. Lessee accepts the leased premises subject to any and all existing permits, licenses, leases, easements, railroad facilities, pipelines, telephone, telegraph, communication, power and signal lines or any other similar facilities, together with any future installations thereof provided such future installations do not unreasonably interfere with Lessee's use of the leased premises.

20. The invalidity or unenforceability of any provision of this lease shall not affect or impair any other provision.

Subject to the foregoing provisions, this lease and all of the covenants and promises thereof shall inure to the benefit of and be binding upon the parties hereto and their executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this lease, in duplicate, the day and year first hereinabove written.

In Presence of:

AJ. Daily

BURLINGTON NORTHERN INC.

By A. W. Howell
General Manager Leases

Louis McKee

HECLA MINING COMPANY

By John M. Munn

W. E. Pundlich

Title Vice Pres

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DEC 19 2011

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AGREEMENT OF MERGER OF "HECLA MINING COMPANY", CHANGING ITS NAME FROM "HECLA MINING COMPANY" TO "HECLA LIMITED", FILED IN THIS OFFICE ON THE EIGHTH DAY OF NOVEMBER, A.D. 2006, AT 2:19 O'CLOCK P.M.

2005211 8100

070005644



Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 5323934

DATE: 01-03-07

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AGREEMENT AND PLAN OF REORGANIZATION

This AGREEMENT AND PLAN OF REORGANIZATION ("Agreement"), dated as of November 8, 2006, is among Hecla Mining Company, a Delaware corporation (the "Company"), Hecla Holdings Inc., a Delaware corporation and a direct, wholly-owned subsidiary of the Company ("Holdings"), and Hecla Merger Sub Inc., a Delaware corporation and a direct, wholly-owned subsidiary of Holdings ("Merger Sub").

RECITALS

WHEREAS, as of the close of business on November 6, 2006, the authorized capital stock of the Company consisted of (i) 400,000,000 shares of common stock, par value \$0.25 per share ("Company Common Stock"), of which 119,516,124 shares were issued and outstanding, 3,096,963 shares were reserved for issuance under the Option Plans (as defined below) and upon exercise of outstanding Options (as defined below), and 57,333 shares were held in treasury, and (ii) 5,000,000 shares of preferred stock, par value \$0.25 per share ("Company Preferred Stock"), of which 157,816 shares were issued and outstanding.

WHEREAS, as of the date hereof, the authorized capital stock of Holdings consists of (i) 400,000,000 shares of common stock, par value \$0.25 per share (the "Holdings Common Stock"), of which 1,000 shares are issued and outstanding and no shares are held in treasury, and (ii) 5,000,000 shares of preferred stock, par value \$0.25 per share (the "Holdings Preferred Stock"), of which no shares are issued and outstanding.

WHEREAS, as of the date hereof, the authorized capital stock of Merger Sub consists of 1,000 shares of common stock, par value \$0.25 per share ("Merger Sub Common Stock"), of which 1,000 shares are issued and outstanding and no shares are held in treasury.

WHEREAS, the designations, rights, powers and preferences, and the qualifications, limitations and restrictions thereof, of the Holdings Preferred Stock and the Holdings Common Stock are the same as those of the Company Preferred Stock and the Company Common Stock, respectively.

WHEREAS, the Certificate of Incorporation and the Bylaws of Holdings immediately after the Effective Time (as hereinafter defined) will contain provisions identical to the Certificate of Incorporation and the Bylaws of the Company immediately before the Effective Time (other than with respect to matters excepted by Section 251(g) of the General Corporation Law of the State of Delaware (the "DGCL")).

WHEREAS, the directors of the Company immediately prior to the Merger (as hereinafter defined) will be the directors of Holdings as of the Effective Time.

WHEREAS, the officers of the Company immediately prior to the Merger will be the officers of Holdings as of the Effective Time.

WHEREAS, Holdings and Merger Sub are newly formed Delaware corporations organized for the purpose of participating in the transactions herein contemplated.

WHEREAS, the Company desires to create a new holding company structure by merging Merger Sub with and into the Company with the Company being the surviving corporation and converting each outstanding share of Company Common Stock into one share of Holdings Common Stock, and each outstanding share of Company Preferred Stock into one share of Holdings Preferred Stock, all in accordance with the terms of this Agreement.

WHEREAS, the Boards of Directors of Holdings, Merger Sub and the Company have approved this Agreement and the merger of Merger Sub with and into the Company upon the terms and subject to the conditions set forth in this Agreement (the "Merger").

WHEREAS, pursuant to authority granted by the Board of Directors of the Company, the Company will, immediately prior to the Effective Time, contribute to the capital of Holdings any shares of Company Common Stock then held by the Company in its treasury.

WHEREAS, the parties intend, by executing this Agreement, to adopt a plan of reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended (the "Code"), and to cause the Merger to qualify as a reorganization under the provisions of Section 368(a) of the Code.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained in this Agreement, and intending to be legally bound hereby, the Company, Holdings and Merger Sub hereby agree as follows:

ARTICLE I. THE MERGER

Section 1.1 The Merger. In accordance with Section 251(g) of the DGCL and subject to and upon the terms and conditions of this Agreement, Merger Sub shall, at the Effective Time, be merged with and into the Company, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the surviving corporation. The Company as the surviving corporation after the Merger is hereinafter sometimes referred to as the "Surviving Corporation." At the Effective Time, the effect of the Merger shall be as provided in Section 259 of the DGCL.

Section 1.2 Effective Time. The Merger shall become effective upon the filing of a copy of this Agreement or a Certificate of Merger relating hereto with the Secretary of State of the State of Delaware (the time of such filing being referred to herein as the "Effective Time").

Section 1.3 Amended Certificate of Incorporation of the Surviving Corporation. From and after the Effective Time, the Certificate of Incorporation of the Company, as in effect immediately prior to the Effective Time, shall be amended as set forth below, and as so amended, shall thereafter continue in full force and effect as the certificate of incorporation of the Surviving Corporation until thereafter amended as provided by law, and as so amended, shall constitute the Amended Certificate of Incorporation of the Surviving Corporation.

(a) Article I shall be amended in its entirety to read as follows:

“The name of the Corporation shall be HECLA LIMITED”.

(b) Article IV thereof shall be amended so that the first paragraph reads in its entirety as follows:

“The aggregate number of all classes of shares which the Corporation shall have the authority to issue is one thousand (1,000) shares of common stock, par value \$0.25 per share (the “Common Stock”).”

(c) Article XI shall be restated so as to read in its entirety as follows:

“Any act or transaction by or involving the Corporation, other than the election or removal of directors of the Corporation, that requires for its adoption under the General Corporation Law of the State of Delaware or this certificate of incorporation the approval of the stockholders of the Corporation shall, pursuant to Section 251(g) of the General Corporation Law of the State of Delaware, require, in addition, the approval of the stockholders of Hecla Holdings Inc., a Delaware corporation, or any successor thereto by merger, by the same vote that is required by the General Corporation Law of the State of Delaware and/or this certificate of incorporation.”

Section 1.4 Bylaws. From and after the Effective Time, the Bylaws of the Company, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation until thereafter amended as provided therein or by applicable law.

Section 1.5 Directors. The directors of the Company immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation and will hold office from the Effective Time until their successors are duly elected or appointed and qualified in the manner provided in the Certificate of Incorporation and the Bylaws of the Surviving Corporation or as otherwise provided by law.

Section 1.6 Officers. The officers of the Company immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation and will hold office from the Effective Time until their successors are duly elected or appointed and qualified in the manner provided in the Certificate of Incorporation and the Bylaws of the Surviving Corporation or as otherwise provided by law.

Section 1.7 Additional Actions. Subject to the terms of this Agreement, the parties hereto shall take all such reasonable and lawful action as may be necessary or appropriate in order to effectuate the Merger and to comply with the requirements of Section 251(g) of the DGCL. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm, of record or otherwise, in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either of Merger Sub or the Company acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of each of Merger Sub and the Company, all such deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of Merger Sub and the Company or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Agreement.

Section 1.8 Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of Holdings, Merger Sub, the Company or the holder of any of the following securities:

(a) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive one duly issued, fully paid and nonassessable share of Holdings Common Stock.

(b) Each share of Company Preferred Stock issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive one duly issued, fully paid and nonassessable share of Holdings Preferred Stock.

(c) Each share of Merger Sub Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into and thereafter represent one duly issued, fully paid and nonassessable share of common stock, par value \$0.25 per share, of the Surviving Corporation.

(d) Each share of Holdings Common Stock owned by the Company immediately prior to the Merger shall automatically be canceled and retired and shall cease to exist.

(e) From and after the Effective Time, holders of certificates formerly evidencing Company Common Stock and Company Preferred Stock shall cease to have any rights as stockholders of the Company, except as provided by law; provided, however, that such holders shall have the rights set forth in Section 1.9 herein.

Section 1.9 No Surrender of Certificates; Stock Transfer Books. At the Effective Time, the designations, rights, powers and preferences, and qualifications, limitations and restrictions thereof, of the capital stock of Holdings will, in each case, be identical with those of the Company immediately prior to the Effective Time. Accordingly, until thereafter surrendered for transfer or exchange in the ordinary course, each outstanding certificate that, immediately prior to the Effective Time, evidenced Company Common Stock and Company Preferred Stock shall, from the Effective Time, be deemed and treated for all corporate purposes to evidence the ownership of the same number of shares of Holdings Common Stock and Holdings Preferred Stock, respectively.

Section 1.10 Plan of Reorganization. This Agreement is intended to constitute a "plan of reorganization" within the meaning of Treasury Regulation Section 1.368-2(g). Each party hereto shall use its commercially reasonable efforts to cause the Merger to qualify, and will not knowingly take any actions or cause any actions to be taken which could reasonably be expected to prevent the Merger from qualifying, as a reorganization within the meaning of Section 368(a) of the Code.

ARTICLE II. ACTIONS TO BE TAKEN IN CONNECTION WITH THE MERGER

Section 2.1 Assumption of Options. At the Effective Time, all unexercised and unexpired options to purchase Company Common Stock ("Options") then outstanding, under the Hecla Mining Company 1995 Stock Incentive Plan (the "1995 Plan") and Hecla Mining Company Key Employee Deferred Compensation Plan (the "2002 Plan" and, together with the 1995 Plan, the "Option Plans"), and any other plans of the Company in existence as of the Effective Time, which allows the purchase or grant of Company Common Stock, whether or not then exercisable, will be assumed by Holdings. Each Option so assumed by Holdings under this Agreement will continue to have, and be subject to, the same terms and conditions as set forth in the applicable Option Plan and any agreements thereunder immediately prior to the Effective Time (including, without limitation, the vesting schedule (without acceleration thereof by virtue of the Merger and the transactions contemplated hereby) and per share exercise price, except that each Option will be exercisable (or will become exercisable in accordance with its terms) for that number of shares of Holdings Common Stock equal to the number of shares of Company Common Stock that were subject to such Option immediately prior to the Effective Time. The conversion of any Options which are "incentive stock options" within the meaning of Section 422 of the Code into options to purchase Holdings Common Stock shall be made in a manner consistent with Section 424(a) of the Code so as not to constitute a "modification" of such Options within the meaning of Section 424 of the Code.

Section 2.2 Assumption of Option Plans, Stock Incentive Plans and Other Agreements. Holdings and the Company hereby agree that they will, at or promptly following the Effective Time, execute, acknowledge and deliver an assignment and assumption agreement (the "Assignment and Assumption Agreement") pursuant to which, from and after the Effective Time, the Company will assign to Holdings, and Holdings will assume and agree to perform, all obligations of the Company pursuant to: (i) Option Plans; (ii) any other employee and executive compensation plans pursuant to which the Company is obligated to, or may issue equity securities to its directors, officers, or employees (collectively, all such plans are listed on Schedule A hereto and are referred to as "Stock Incentive Plans"); (iii) each stock option agreement and/or similar agreement entered into pursuant to the Option Plans or the Stock Incentive Plans, and each outstanding Option granted thereunder; and (iv) the other agreements (the "Other Agreements") listed on Schedule A hereto. At the Effective Time, the Option Plans, Stock Incentive Plans and the Other Agreements shall each be automatically amended as necessary to provide that references to the Company in such agreements shall be read to refer to Holdings.

Section 2.3 Reservation of Shares. On or prior to the Effective Time, Holdings will reserve sufficient shares of Holdings Common Stock to provide for the issuance of Holdings Common Stock under the Option Plans and the Stock Incentive Plans, including upon exercise of the Options outstanding under the Option Plans.

ARTICLE III. CONDITIONS OF MERGER

Section 3.1 Conditions Precedent. The obligations of the parties to this Agreement to consummate the Merger and the transactions contemplated by this Agreement shall be subject to fulfillment or waiver by the parties hereto at or prior to the Effective Time of each of the following conditions:

(a) No order, statute, rule, regulation, executive order, injunction, stay, decree, judgment or restraining order that is in effect shall have been enacted, entered, promulgated or enforced by any court or governmental or regulatory authority or instrumentality which prohibits or makes illegal the consummation of the Merger or the transactions contemplated hereby.

(b) The Board of Directors of the Company shall have received evidence in form and substance reasonably satisfactory to it indicating that holders of Company Common Stock and Company Preferred Stock will not recognize gain or loss for United States federal income tax purposes as a result of the merger.

(c) All third party consents and approvals required, or deemed by the Board of Directors of the Company advisable, to be obtained under any note, bond, mortgage, deed of trust, security interest, indenture, lease, license, contract, agreement, exchange membership, exchange allocation, plan or instrument or obligation to which the Company

or any subsidiary or affiliate of the Company is a party, or by which the Company or any subsidiary or affiliate of the Company, or any property of the Company or any subsidiary or affiliate of the Company may be bound, in connection with the Merger and the transactions contemplated thereby, shall have been obtained by the Company or its subsidiary or affiliate, as the case may be.

ARTICLE IV. COVENANTS

Section 4.1 Election of Directors. Effective as of the Effective Time, the Company, in its capacity as the sole stockholder of Holdings, will, if necessary to comply with Section 251(g) of the DGCL, cause the board of directors of the Holdings to effect such amendments to the bylaws of Holdings as are necessary to increase the number of directors of Holdings to equal the number of directors of the Company immediately prior to the Effective Time, remove each of the then directors of Holdings, and elect each person who is then a member of the board of directors of the Company as a director of Holdings, each of whom shall serve until his successor shall have been elected and qualified in accordance with the Certificate of Incorporation of Holdings.

Section 4.2 The Option Plans and the Stock Incentive Plans. The Company and Holdings will take or cause to be taken all actions necessary or desirable in order for Holdings to assume the Option Plans and the Stock Incentive Plans, each stock option or similar agreement entered into pursuant thereto, and each Option granted thereunder, all to the extent deemed appropriate by the Company and Holdings and permitted under applicable law.

Section 4.3 Insurance. Holdings shall procure insurance or cause the execution of the insurance policies of the Company such that, upon consummation of the Merger, Holdings shall have insurance coverage that is substantially identical to the insurance coverage held by the Company immediately prior to the Merger.

Section 4.4 Assumption of Agreements. The Company and Holdings will take or cause to be taken all actions necessary or desirable in order for Holdings to assume and perform the obligations of the Company under the Other Agreements, all to the extent deemed appropriate by the Company and Holdings and permitted under applicable law.

Section 4.5 Contribution of Treasury Stock. Immediately prior to the Effective Time, the Company will contribute to the capital of Holdings any shares of Company Common Stock then held in the treasury of the Company.

ARTICLE V. TERMINATION AND AMENDMENT

Section 5.1 Termination. This Agreement may be terminated and the Merger contemplated hereby may be abandoned at any time prior to the Effective Time by action of the Board of Directors of the Company or the Board of Directors of Merger Sub if such Board of

SCANNED
11/07/2017

Directors should determine that for any reason the completion of the transactions provided for herein would be inadvisable or not in the best interest of such corporation or its stockholders. In the event of such termination and abandonment, this Agreement shall become void and neither the Company nor Merger Sub nor their respective stockholders, directors or officers shall have any liability with respect to such termination and abandonment.

Section 5.2 Amendment. At any time prior to the Effective Time, this Agreement may, to the extent permitted by the DGCL, be supplemented, amended or modified by the mutual consent of the Boards of Directors of the parties to this Agreement.

ARTICLE VI. MISCELLANEOUS PROVISIONS

Section 6.1 Governing Law. This Agreement shall be governed by and construed and enforced under the laws of the State of Delaware.

Section 6.2 Counterparts. This Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original but all of which shall constitute one and the same agreement.

Section 6.3 Entire Agreement. This Agreement, including the Schedules attached hereto, together with the Assignment and Assumption Agreement constitute the entire agreement and supersede all other agreements and undertakings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof. This Agreement may not be amended or supplemented except by a written document executed by the parties to this Agreement.

Section 6.4 Severability. The provisions of this Agreement are severable, and in the event any provision hereof is determined to be invalid or unenforceable, such invalidity or unenforceability shall not in any way affect the validity or enforceability of the remaining provisions hereof.

IN WITNESS WHEREOF, the Company, Holdings and Merger Sub have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

HECLA MINING COMPANY

By: /s/ Phillips S. Baker, Jr.
Phillips S. Baker, Jr.
President and CEO

HECLA HOLDINGS INC.

By: /s/ Philip C. Wolf
Philip C. Wolf
Vice President

HECLA MERGER SUB INC.

By: /s/ Lewis E. Walde
Lewis E. Walde
Vice President

CERTIFICATE OF THE SECRETARY
OF
HECLA MERGER SUB INC.

I, Philip C. Wolf, the Secretary of Hecla Merger Sub Inc., a Delaware corporation (the "Corporation"), hereby certify that the Agreement and Plan of Reorganization (the "Agreement") to which this certificate is attached, after having been duly approved by the Board of Directors of the Corporation, was then submitted to the sole stockholder of the Corporation, which stockholder adopted and approved the Agreement by its written consent thereto given in accordance with Section 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the 8th day of November 2006.

HECLA MERGER SUB INC.

By: /s/ Philip C. Wolf
Philip C. Wolf
Secretary

CERTIFICATE OF THE SECRETARY
OF
HECLA MINING COMPANY

I, Philip C. Wolf, the Secretary of Hecla Mining Company, a Delaware corporation (the "Corporation"), hereby certify that the Agreement and Plan of Reorganization to which this certificate is attached has been adopted by the Board of Directors of the Corporation pursuant to Section 251(g) of the General Corporation Law of the State of Delaware and that the conditions specified in the first sentence of such subsection have been satisfied.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the 8th day of November 2006.

HECLA MINING COMPANY

By: /s/ Philip C. Wolf
Philip C. Wolf
Secretary

SCHEDULE A
Agreements to be Assumed by Hecla Holdings Inc.

Stock and Stock Incentive Plans

Hecla Mining Company Key Employee Deferred Compensation Plan

Non-Qualified Stock Option Agreement (under the Key Employee Deferred Compensation Plan)

Hecla Mining Company 1995 Stock Incentive Plan

Hecla Mining Company Stock Plan for Nonemployee Directors

Other Agreements

Hecla Mining Company Retirement Plan

Hecla Mining Company Capital Accumulation Plan (401(k) Plan)

Employment Agreements with the following individuals:

- a. Phillips S. Baker, Jr.
- b. Ronald W. Clayton
- c. Vicki Veltkamp
- d. Lewis E. Walde
- e. Michael H. Callahan
- f. Philip C. Wolf
- g. Dean McDonald
- h. Jay S. Layman
- i. Scott Hartman
- j. Michael D. Dexter
- k. Don Gray
- l. Rich Appling
- m. George Lytle

Performance Pay Compensation Plan (Short-Term Plan)

Executive and Senior Management Long-Term Performance Incentive Plan

Supplemental Excess Retirement Plan