

JUN 30 2015

Exceptions to Forfeiture for Mining Questionnaire- Section 42-223(11), Idaho Code

DEPARTMENT OF
WATER RESOURCES

This questionnaire should be used as a guide to provide evidence supporting an exception to forfeiture. Each answer will need to have corresponding documents and/or affidavits.

List the adjudication claim number(s) in which an exception to forfeiture under Section 42-223(11), Idaho Code is sought:

94-2215. This right along with other water rights on the Lucky Friday is now and has been put to beneficial

use. Therefore there is no need to evaluate the right for forfeiture or for any exception to forfeiture.

- 1) Enter the name of the mine or property in which the water claimed above was historically used. (All of the following questions will refer to the mine or property named below.)

Lucky Friday

- 2) When was the mining, mineral processing or milling at the mine or property suspended?

The property is currently in production.

- 3) Described the reason(s) the mining, mineral processing or milling of minerals at the mine or property was suspended or the mine was closed?

The Lucky Friday mine is currently operating.

- 4) Does the mine or property have one or more valuable minerals as defined in Section 47-1205, Idaho Code? If so, please list the mineral(s).

Silver, lead, zinc

- 5) Please provide a history of the price of the mineral(s) at the mine or property?

- 6) Explain how the property and mineral rights have been maintained for future mineral production at the mine or property?

The Lucky Friday is an operating mine that Hecla owns. This water right is used in conjunction with active

water rights 94-7306 and 94-7320. Fluctuating mine production needs are dependent on economic conditions.

Water needs can be achieved under water license diversion rates for current and future mining operations as

influenced by metals prices and other economic conditions.

Paul L. Glader Environmental Director
Please print name and title of person completing this questionnaire

6/18/15
Date

[Signature]
Signature of person completing this questionnaire

Exceptions to Forfeiture for Mining Questionnaire Attachments

- ♦ Ownership Deeds/Information
- ♦ Historical operation records
- ♦ Historical production records/mineralization reports
- ♦ USGS – Metal Prices in the United States through 2010
- ♦ Example stormwater inspection report
- ♦ Map of historical mine site access routes
- ♦ Stormwater permit example

188528

THIS INDENTURE made this 6th day of August, 1962, between GOLD HUNTER MINING COMPANY, an Idaho corporation with registered office and principal place of business at Wallace, Shoshone County, Idaho, the PARTY OF THE FIRST PART, and DAY MINES, INC., an Idaho corporation with registered office and principal place of business at Wallace, Shoshone County, Idaho, the PARTY OF THE SECOND PART,

WITNESSETH:

That the said Party of the First Part for and in consideration of the sum of ONE DOLLAR (\$1.00) to it in hand paid by the Party of the Second Part, the receipt whereof is hereby acknowledged, and for other good and valuable considerations passing between the parties hereto, the existence of which is hereby admitted, has granted, bargained and sold, and by these presents does grant, bargain and sell unto the said Party of the Second Part, its successors and assigns forever, all of the following described mines, mining claims, millsites, rights of way, easements, water rights, and real estate situate, lying and being in Hunter Mining District, Shoshone County, State of Idaho, in Sections 22, 25, 26, 27, 35 and 36 in Township 48 North, Range 5 E.B.M., and Section 1 in Township 47 North, Range 5 E.B.M., particularly described as follows, to-wit:

Patented Lode Mining Claims

U.S.M.S. Number

Yolande	719
Gold Hunter	612
Away Up	1245
Joe Dandy	1245
Jersey Minor	1459
Northern Light	1832
Spokane	1832
Jap	2563
Hennessy Fraction	2563
Ted	2563
Victor Fraction	2563

Patented Millsites

U.S.M.S. Number

Ryan	732
Thomas Brennan	733
P.M. Hennessy	734
P.T. Kavanagh	735

ALSO, an undivided one-half ($\frac{1}{2}$) interest in and to the MOLLIE No. 3 unpatented lode mining claim, Notice of Location of which is recorded in Book 31 of Quartz Locations at page 78 thereof, in the Office of the Recorder of Shoshone County, Idaho;

ALSO, the YOLANDE FRACTION No. 1 unpatented lode mining claim, Notice of Location of which is recorded in Book J of Quartz Locations at page 96 thereof, in the Office of the Recorder of Shoshone County, Idaho;

ALSO, the YOLANDE FRACTION No. 2 unpatented lode mining claim, Notice of Location of which is recorded in Book J of Quartz Locations at page 97 thereof, in the Office of the Recorder of Shoshone County, Idaho;

ALSO, an undivided one-quarter ($\frac{1}{4}$) interest in and to all ores lying and being within the vertical boundaries of the ELM ORLU, ELM ORLU FRACTION, ELM ORLU No. 2 and ELM ORLU FRACTION No. 2 unpatented lode mining claims, Notices of Location of which are recorded in Book 27 of Quartz Locations at pages 651 to 654, inclusive, thereof, in the Office of the Recorder of Shoshone County, Idaho;

ALSO, the BLACKIE lode mining claim, Notice of Location of which is recorded in Book S of Quartz Locations at page 630 thereof, in the Office of the Recorder of Shoshone County, Idaho;

ALSO, those premises commonly known as the Hunter Ranch situate in said Section Thirty-five (35), more particularly described as follows, to-wit:

PARCEL NO. 1

Beginning at the N $\frac{1}{4}$ Corner of Section 35, thence S. 0° 11' East 1,062.30 feet to intersection of line 6-7 Hunter Ranch; thence N. 89° 55' 30" West 347.32 feet to Corner No. 7 Hunter Ranch; thence N. 1° 55' East 819.94 feet to Corner No. 8 Hunter Ranch; thence N. 87° 51' 30" West 1,471.09 feet to Corner No. 9 Hunter Ranch; thence N. 3° 47' East 185.11 feet to intersection of North line Section 35; thence North 89° 55' 30" East 1,774.27 feet to place of beginning.

PARCEL NO. 2

Beginning at Corner No. 1 from which the Northeast Corner of Section 34, T. 48 North, R. 5 E.B.M. bears N. 46° 44' West 533.93 feet; thence South 6° 00' West 697.10 feet to Corner No. 2; thence South 4° 31' East 717.21 feet to Corner No. 3 identical with Northwest Corner, Mt. View Cemetery; thence South 76° 23' East 1,095.21 feet to Corner No. 4 identical with Northeast Corner of Mt. View Cemetery; thence South 89° 43' East 1,208.88 feet to intersection of East line of Northwest $\frac{1}{4}$ of Section 35, thence N. 0° 11' West 979.40 feet along East line of Northwest $\frac{1}{4}$ of Section 35 to intersection of line 6-7 Hunter Ranch; thence North 89° 53' 30" West 347.32 feet to Corner No. 7; thence North 1° 55' East 819.94 feet to Corner No. 8; thence North 87° 51' 30" West 1,471.09 feet to Corner No. 9; thence South 3° 47' West 317.12 feet to Corner No. 10; thence N. 73° 10' West 462.78 feet to place of beginning.

EXCEPTING THEREFROM a parcel of ground previously conveyed by Gold Hunter Mining Company to Lucky Friday Silver-Lead Mines Company more particularly described in that certain deed dated the 25th day of February, 1959, and recorded in Book 96 of Deeds, at page 421-A, records of Shoshone County, Idaho.

SUBJECT to that certain lease between Gold Hunter Mines, Inc., and Lucky Friday Silver-Lead Mines Company dated the 23rd day of September, 1952, and subject also to Supplement to above lease between Gold Hunter Mines, Inc., and Lucky Friday Silver-Lead Mines Company, dated the 30th day of June, 1954.

ALSO, all that certain lot, piece or parcel of land 100 feet by 150 feet commonly known as the "Hackett House" about one-half mile east of

RECORDED IN BOOK 20 OF DEEDS AT PAGE 232
Mullan, Shoshone County, Idaho, and more particularly described in that certain deed executed by JOHN A. McDONELL and HENRIETTA McDONELL, his wife, to GOLD HUNTER MINING & SMELTING COMPANY, a corporation, dated December 23, 1901, and recorded January 4, 1902, in Book 20 of Deeds at page 232, in the Office of the Recorder of Shoshone County, Idaho;

ALSO, all that certain tract of land near the Hunter Mill east of Mullan, Shoshone County, Idaho, commonly known as the "McDonell Ranch," more particularly described in that certain deed executed by J. A. McDONELL and HENRIETTA McDONELL, his wife, to GOLD HUNTER MINING & SMELTING COMPANY, a corporation, dated June 13, 1914, and recorded January 8, 1917 in Book 51 of Deeds at page 95 in the Office of the Recorder of Shoshone County, Idaho;

ALSO, all that certain tract of land near the Hunter Mill east of Mullan, Shoshone County, Idaho, commonly known as the "Carney Ranch" more particularly described in that certain deed executed by JAMES CARNEY to GOLD HUNTER MINING & SMELTING COMPANY, a corporation, dated November 1, 1919, and recorded November 5, 1919, in Book 54 of Deeds at page 67 in the Office of the Recorder of Shoshone County, Idaho;

ALSO, all that certain tract or parcel of land situate in the Northwest Quarter of said Section 36 more particularly described in that certain deed executed by JOHN JUTILA and ANNA JUTILA, his wife, to GOLD HUNTER MINING & SMELTING COMPANY, a corporation, dated August 30, 1918, and recorded November 5, 1919, in Book 54 of Deeds at page 68 in the Office of the Recorder of Shoshone County, Idaho;

ALSO, Damsite and right-of-way for flume in Northwest Quarter of said Section 36, and more particularly described in that certain deed executed by JOHN JUTILA and ANNA JUTILA, his wife, to GOLD HUNTER MINING

& SMELTING COMPANY, a corporation, on July 26, 1913, and recorded November 29, 1916, in Book 50 of Deeds at page 581 in the Office of the Recorder of Shoshone County, Idaho;

ALSO, that certain damsite to be used with that certain water right heretofore located, said damsite being situate in the forks of Willow Creek and is more fully described in that certain notice recorded by T. M. BRENNAN, Agent, on October 2, 1913, in Book "R" of Miscellaneous at page 89 in the Office of the Recorder of Shoshone County, Idaho;

ALSO, an undivided one-half ($\frac{1}{2}$) interest in and to that certain water right to water of the South Fork of the Coeur d'Alene River, Hunter Mining District, Shoshone County, Idaho, appropriated by T. J. KAVANAGH, Locator, on September 5, 1888, and recorded on September 8, 1888, in Book "A" of Quartz at page 303 in Hunter Mining District Records, Shoshone County, Idaho, and also recorded on September 15, 1888, in Book "H" of Miscellaneous at page 603 in the records of the Recorder of Shoshone County, Idaho;

ALSO, all right, title and interest in and to that certain easement between Hunter Silver-Lead Mining Company and Gold Hunter Mining Company dated December 4, 1957, recorded in Book 92 of Deeds at page 437, records of Shoshone County, Idaho;

ALSO, all right, title and interest in and to that certain easement between Lucky Friday Silver-Lead Mines Company and Gold Hunter Mining Company dated November 23, 1957, and recorded in Book 92 of Deeds at page 393, records of Shoshone County, Idaho.

ALSO, all right, title and interest in and to those certain agreements between Gold Hunter Mining Company and Lucky Friday Silver-Lead Mines Company dated November 23, 1957, February 25, 1959, and June 30, 1959.

Reference is hereby had and made to the foregoing Mineral Survey Numbers, Location Notices, and records of Shoshone County, Idaho, for a more definite and specific description of all of the property herein conveyed.

ALSO, all right, title and interest of, in and to all buildings, equipment, improvements and fixtures owned and used by the Party of the First Part, situate, lying and being on any of the above described premises and in particular situate, lying and being on those premises commonly known as the Hunter Ranch;

ALSO, all right, title and interest of, in and to any and all property now owned, worked, operated, or controlled by the Party of the First Part wherever the same may be situated.

IT IS THE INTENT AND PURPOSE of the Party of the First Part by this deed, to convey and transfer to DAY MINES, INC., an Idaho corporation, all property, real, personal or mixed, wherever the same may be situated, and which is now or was heretofore owned, operated or controlled by the Party of the First Part, so that the business and mining operations heretofore conducted by the said Party of the First Part, may hereafter be continued as a going concern by DAY MINES, INC., the Party of the Second Part herein.

TOGETHER with all the dips, spurs and angles, and also all the metals, ores, gold and silver-bearing quartz, rock and earth therein, and all the rights, privileges and franchises thereto incident, appendant and appurtenant, or therewith usually had or enjoyed; and also all and singular the tenements, hereditaments, and appurtenances thereunto belonging or in anywise appertaining, and the rents, issues and profits thereof; and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity of the said Party of the First Part, of, in or to the said premises, and every part and parcel thereof, with the appurtenances.

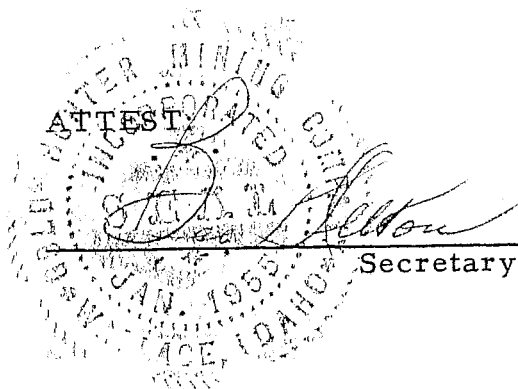
TO HAVE AND TO HOLD, all and singular, the said premises,
together with the appurtenances and privileges thereto incident, unto the said
Party of the Second Part, its successors and assigns forever.

IN WITNESS WHEREOF, the said Party of the First Part has caused
these presents to be signed by its President and Secretary and its corporate
seal to be hereunto affixed.

GOLD HUNTER MINING COMPANY

By

Rollin Farnum
President

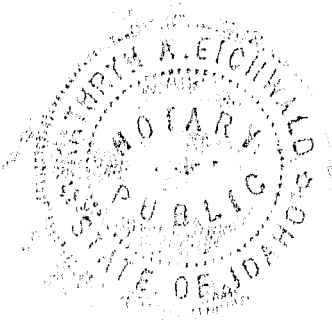


Secretary

STATE OF IDAHO)
: ss.
County of Shoshone)

On this 6th day of August, 1962, before me,
the undersigned, a Notary Public in and for the State of Idaho, personally
appeared ROLLIN FARMIN, personally known to me to be the President of
GOLD HUNTER MINING COMPANY, the corporation that executed the within
and foregoing instrument and acknowledged to me that such corporation
executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
my notarial seal at my office in Wallace, Idaho, the day and year in this
certificate first above written.



R. A. Eichenhardt
Notary Public in and for the State of Idaho
Residing at Wallace.

State of Idaho
County of Shoshone

This instrument was recorded at the request of
Day Mines, Inc. at 4:30 P.M.
on August 14, 1962

ANNA K. BATTICK, County Recorder

Fee \$ 4.00

By Sandra Bentley Deputy

Return to: Day Mines, Inc.
P.O. Box 1010
Wallace, Idaho

AGREEMENT

1
2 THIS AGREEMENT, entered into this 25th day of February, 1959, between
3 GOLD HUNTER MINING COMPANY, (Gold Hunter), an Idaho corporation,
4 and LUCKY FRIDAY SILVER-LEAD MINES COMPANY, (Lucky Friday), an Idaho
5 corporation, WITNESSETH:
6

7 WHEREAS, the parties hereto entered into an agreement in writing on
8 November 23, 1957, pursuant to which Gold Hunter conveyed to Lucky Friday
9 an undivided one-half interest in certain water rights on the South Fork
10 of the Coeur d'Alene River easterly from the Village of Mullan, Shoshone
11 County, Idaho, and an undivided one-half interest in the diversion works
12 at the point from which water is diverted from said stream, and also an un-
13 divided one-half interest in the wood flume which then extended from said
14 diversion works to the west end line of Lucky Friday's "Good Friday" lode
15 claim, M.S. 3028, which said agreement is recorded in the office of the
16 County Recorder of Shoshone County, Idaho, in Book K of Bonds and Agree-
17 ments at Page 233 thereof, and which said deed is recorded in the office of
18 said County Recorder in Book 95 of Deeds at Page 486 thereof, reference to
19 both of which said recorded instruments is hereby made; and
20
21

22 WHEREAS, pursuant to said agreement Lucky Friday has heretofore removed
23 a section of said wood flume which extended a distance of approximately
24 550 feet across Lucky Friday's mine yard and dump to the west end line of
25 said Good Friday lode claim, and has replaced said section of wood flume
26 with a 30-inch diameter galvanized corrugated 14-gauge culvert pipe; and
27

28 WHEREAS, Lucky Friday is desirous of acquiring from Gold Hunter, for
29 a millsite and/or other purposes, the tract of land hereinafter described
30 which adjoins Lucky Friday's said Good Friday lode claim on the west;
31
32

ck 816 3/6/59
NOW, THEREFORE, in consideration of the premises and of the sum
of One Thousand (\$1,000.00) Dollars, the receipt of which Gold Hunter
hereby acknowledges, and in consideration of the covenants hereinafter
set out and by Lucky Friday to be faithfully kept and performed, Gold
Hunter hereby agrees to sell and convey by quitclaim deed to Lucky Friday
the surface of and all surface rights upon the following described tract
of land, to-wit:

Beginning at Corner No. 1, a point on the north
right-of-way line of the Northern Pacific Railway
Company, from which the southeast corner of the
Northeast quarter (NE1/4) of the Northwest(NW1/4)
of Section 35, T. 48 N., R. 5 E.B.M. bears South
22° 21' 08" East 264.26 feet; thence South 79° 19'
18" West 175.00 feet along said right-of-way line
of the Northern Pacific Railway Company to Corner
No. 2, thence North 360.00 feet to Corner No. 3,
thence East 272.47 feet to Corner No. 4, thence
South 97.62 feet to Corner No. 5, thence South
89° 30' West 100.50 feet to Corner No. 6, thence
South 229.00 feet to Corner No. 1, the place of be-
ginning, containing 1.584 acres more or less.

Corners numbered 1, 5 and 6 are common with the
southwest, northeast and northwest corners respec-
tively of a Dump Site Lease dated September 23, 1952,
from Gold Hunter Mines, Inc., to Lucky Friday Silver-
Lead Mines Company.

and hereby further agrees to convey by quitclaim deed to Lucky Friday
an undivided one-half interest in that section of the aforesaid wood flume
which extends from the west end line of Lucky Friday's said Good Friday
lode claim to the west side line of the tract of land hereinabove described.

As a further part of the consideration for this agreement and for the
conveyance hereinabove mentioned, Lucky Friday shall at its own expense,
and as soon as weather conditions shall permit, remove the section of wood
flume herein last above mentioned and shall at its own expense replace said
section of wood flume with a 30-inch diameter galvanized corrugated 14-gauge

1 culvert pipe , such pipe to be laid on approximately the same grade as
2 that of the wood flume which is to be removed, and at its west end said
3 culvert pipe shall be connected with the wood flume which extends there-
4 from to the vicinity of the Gold Hunter mill, and upon the completion of
5 the installation of said culvert pipe an undivided one-half interest therein
6 shall be conveyed by Lucky Friday to Gold Hunter.
7

8 IT IS HEREBY FURTHER AGREED that from and after the completion of
9 the installation of said last mentioned section of culvert pipe all covenants
10 and conditions contained in the aforesaid agreement of November 23, 1957,
11 relating to the maintenance and repair of and/or improvements in the flume
12 and/or pipe mentioned in said agreement shall apply to the section of
13 culvert pipe which is to be installed under the terms of this agreement as
14 fully as if each and all of said covenants and conditions were herein set
15 out in full.
16

17 IN WITNESS WHEREOF, the Parties hereto have caused this Agreement
18 to be executed in their respective corporate names and under their respective
19 corporate seals by their respective duly authorized officers the day and
20 year first above written.
21

22
23 GOLD HUNTER MINING COMPANY

24 By

Henry L. Day
President

25 ATTEST:

26 *[Signature]*
27 Secretary

28 LUCKY FRIDAY SILVER-LEAD MINES COMPANY

29 By

[Signature]
President

30 ATTEST:

31 *[Signature]*
32 Secretary

1 STATE OF IDAHO)
2 ss.
3 County of Shoshone)

4 On this 25th day of February, 1959, before me, the undersigned, a Notary
5 Public in and for the State of Idaho, personally appeared Henry L. Day and
6 R. W. Anno, known to me and to me known to be the President and Secretary,
7 respectively, of Gold Hunter Mining Company, one of the corporations whose
8 name is subscribed to the foregoing instrument, and severally acknowledged
9 to me that said corporation executed the same.

10 IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial
11 seal the day and year in this certificate above written.
12

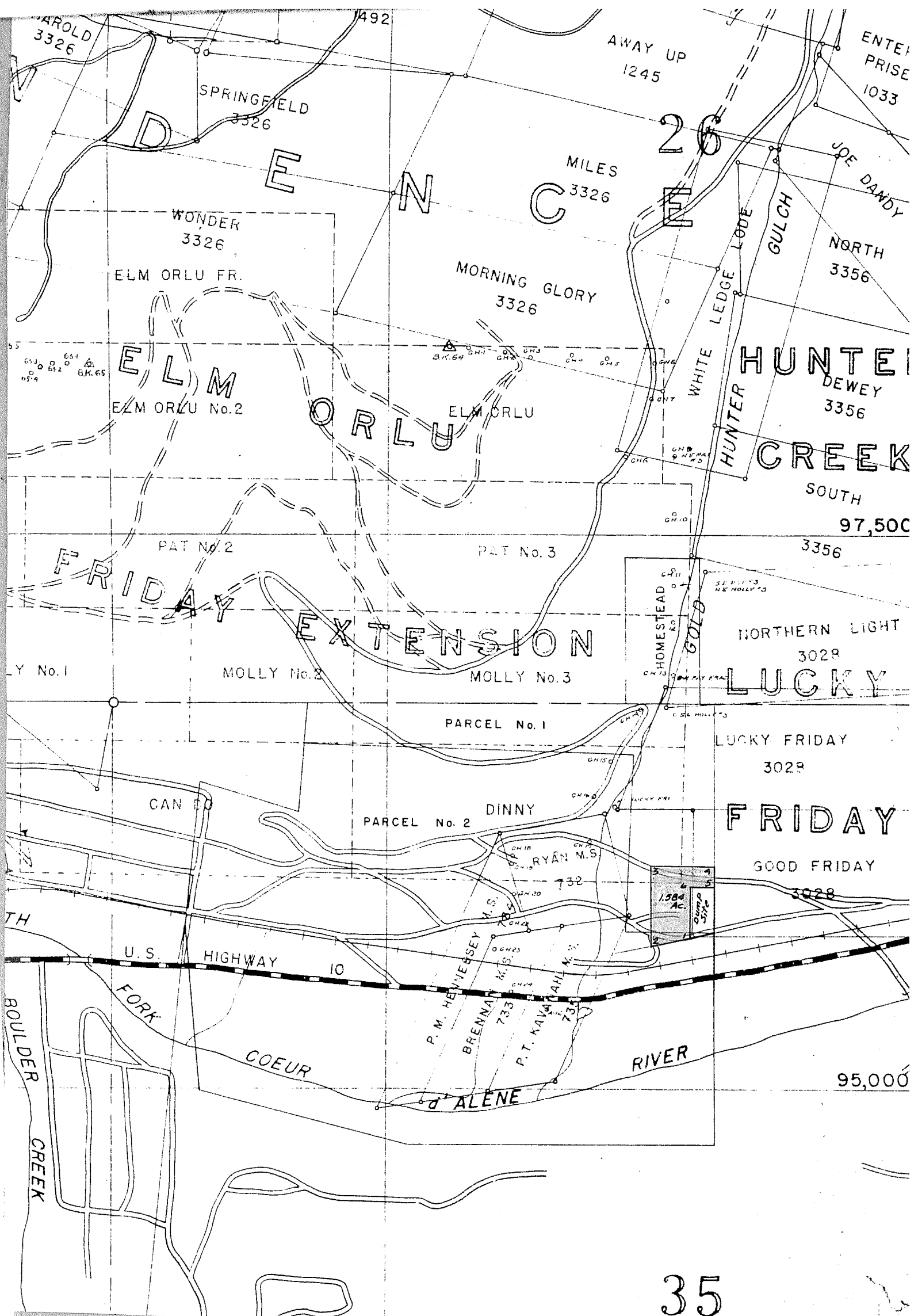
13 Kathryn A. Eickwald
14 Notary Public in and for the State of Idaho;
15 Residing in Wallace, Idaho
16

17 STATE OF IDAHO)
18 ss.
19 County of Shoshone)

20 On this 25th day of February, 1959, before me, the undersigned, a
21 Notary Public in and for the State of Idaho, personally appeared L. J.
22 Randall and Beatrice French, known to me and to me known to be the Presi-
23 dent and Assistant Secretary respectively, of Lucky Friday Silver-Lead
24 Mines Company, one of the corporations whose name is subscribed to the
25 foregoing instrument, and severally acknowledged to me that said corporation
26 executed the same.

27 IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial
28 seal the day and year in this certificate above written.
29

30 Kathryn A. Eickwald
31 Notary Public in and for the State of Idaho;
32 Residing in Wallace, Idaho



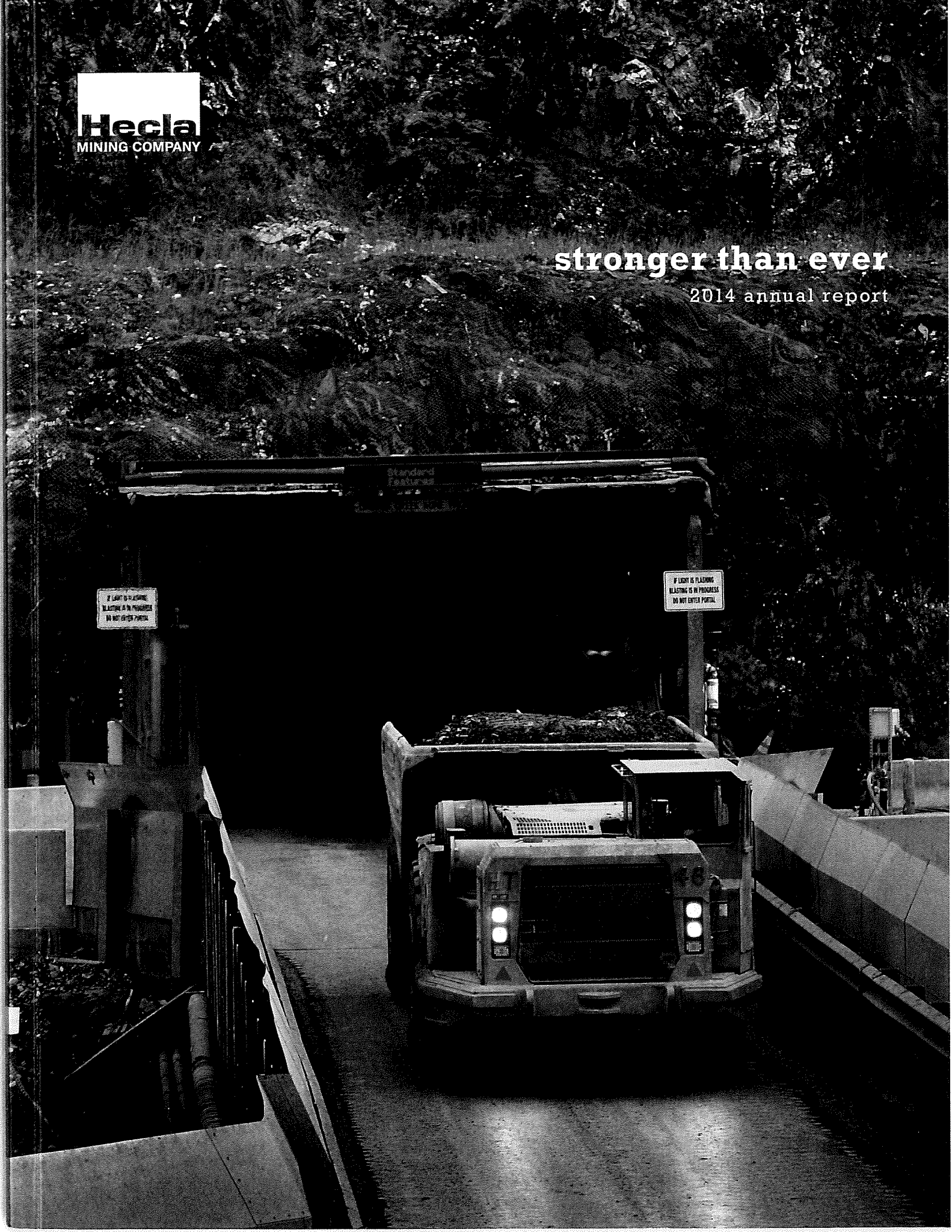


stronger than ever

2014 annual report

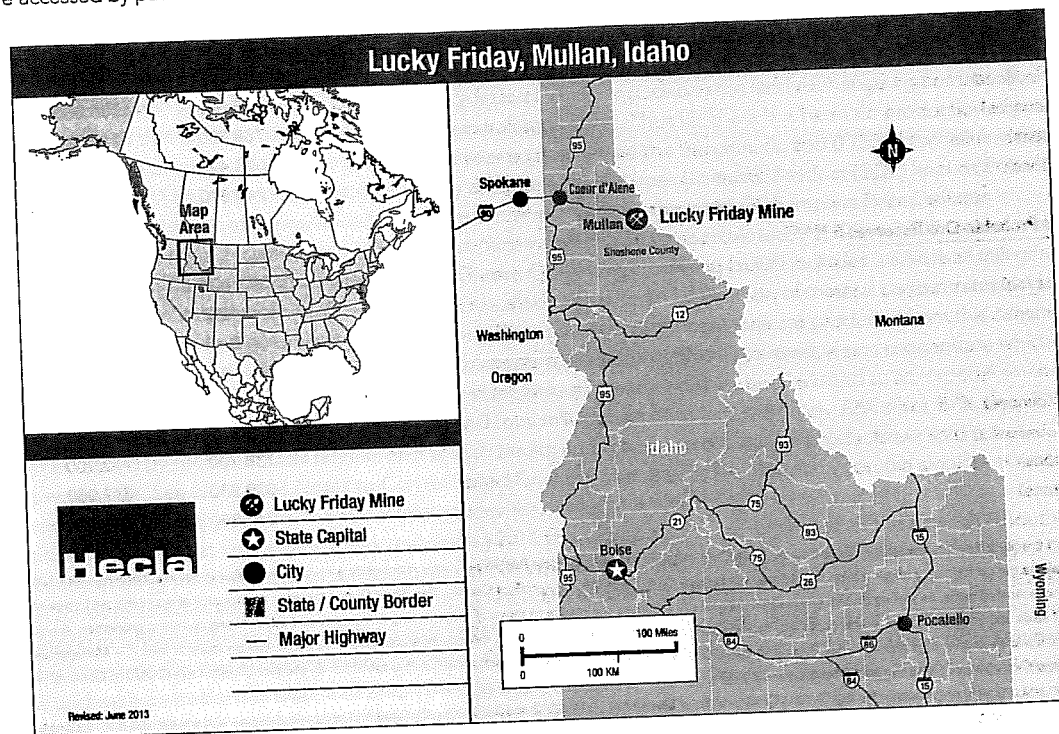
IF LIGHT IS FLASHING
BLASTING IS IN PROGRESS
DO NOT ENTER PORTAL

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BLASTING IS IN PROGRESS
DO NOT ENTER PORTAL



THE LUCKY FRIDAY UNIT

Since 1958, we have owned and operated the Lucky Friday mine, a deep underground silver, lead and zinc mine located in the Coeur d'Alene Mining District in northern Idaho. Lucky Friday is one-quarter mile east of Mullan, Idaho, and is adjacent to U.S. Interstate 90. The mine site and various surface facilities are accessed by paved roads from U.S. Interstate 90. Below is a map illustrating the location and access to the Lucky Friday unit:



There have been two ore-bearing structures mined at the Lucky Friday unit. The first, mined through 2001, was the Lucky Friday vein, a fissure vein typical of many in the Coeur d'Alene Mining District. The ore body is located in the Revett Formation, which is known to provide excellent host rocks for a number of ore bodies in the Coeur d'Alene Mining District. The Lucky Friday vein strikes northeasterly and dips steeply to the south with an average width of six to seven feet. Its principal ore minerals are galena and tetrahedrite with minor amounts of sphalerite and chalcopyrite. The ore occurs as a single continuous ore body in and along the Lucky Friday vein. The major part of the ore body has extended from 1,200 feet to 6,020 feet below surface.

The second ore-bearing structure, known as the Lucky Friday Expansion Area, or Gold Hunter, has been mined since 1997 pursuant to an operating agreement with Silver Hunter Mining Company ("Silver Hunter"), our wholly owned subsidiary. During 1991, we discovered several mineralized structures containing some high-grade silver ores in an area known as the Gold Hunter property, approximately 5,000 feet northwest of the then existing Lucky Friday workings. This discovery led to the development of the Gold Hunter property on the 4900 level. At approximately 4,900 feet below surface, the Gold Hunter veins are hosted in a 200-foot thick siliceous lens within the Wallace Formation that transitions to the St. Regis Formation below 5,900 feet. The veins are sub-parallel, and are numbered consecutively from the hanging wall of the favorable horizon to the footwall. The strike of the vein system is west-northwest with a dip of 85 degrees to the south. The 30-vein, which has demonstrated to contain higher silver grades, represents approximately 67% of our current proven and probable ore reserve tonnages, while the remaining 33% of our reserves are contained in various intermediate veins having lower silver grades than 30-vein. While the veins share many characteristics with the Lucky Friday vein, the Gold Hunter area possesses some mineralogical and rock mechanics differences that make it more favorable to mine at this time. On November 6, 2008, we, through Silver Hunter, completed the acquisition of substantially all of the assets of Independence Lead Mines Company, which held an interest in the Gold Hunter property. The acquisition included all future interests or royalty obligations to Independence and the mining claims pertaining to the operating agreement with Hecla Limited that was assigned to Silver Hunter.

The principal mining method at the Lucky Friday unit is ramp access, cut and fill. This method utilizes rubber-tired equipment to access the veins through ramps developed outside of the ore body. Once a cut is taken along the strike of the vein, it is backfilled with cemented tailings and the next cut is accessed, either above or below, from the ramp system.

Ore at the Lucky Friday is processed using a conventional lead/zinc flotation flowsheet, with process control guided by a real-time, on-line analyzer. Run of mine ore is crushed in a conventional three stage crushing plant consisting of a primary jaw crusher, and a secondary crushing circuit, and tertiary cone crushing stage. Crushed ore is ground in a ball mill, and the ground slurry reports to the lead flotation circuit. The lead circuit tailings report to the zinc flotation circuit. Lead and zinc concentrates are thickened and filtered, and final concentrate products are shipped to smelters for final processing. Current processing capacity of the Lucky Friday facility is approximately 1,000 tons per day. As discussed further below, production at Lucky Friday was temporarily suspended during 2012 and then ramped up during 2013 to historical levels. Lucky Friday reached full production in late September 2013, averaging 837 tons milled per day. In 2014, production increased to 847 tons per day, and total mill recovery was approximately 95% silver, 94% lead, and 78% zinc. All lead and zinc concentrate production during 2014 was shipped to Teck Cominco Limited's smelter in Trail, British Columbia, Canada.

Underground exploration activities have been suspended at the Lucky Friday unit since 2013, with a plan to resume exploration once deeper drill stations become available with the advance of the #4 Shaft (discussed below). Definition drilling from the 6500 level #4 shaft drill platform completed 22 holes, for a total footage of 27,157 feet, during 2014. This drilling was all within the central portion of the vein system and in-fill drilled for upgrades in the quality of the mineralized material and other resources between the 6600 and 7900 levels.

Based on current estimates of reserves, mineralized material, and other resources, the currently expected mine life at the Lucky Friday is approximately 28 years. Information with respect to the Lucky Friday unit's production, average Cash Cost, After By-product Credits, Per Silver Ounce and proven and probable ore reserves for the past three years is set forth in the table below.

Production	Years Ended December 31,		
	2014	2013	2012
Ore milled (tons)	309,070	174,331	—
Silver (ounces)	3,239,151	1,459,000	—
Lead (tons)	20,104	10,260	—
Zinc (tons)	8,159	3,793	—
Average Cost per Ounce of Silver Produced ⁽¹⁾			
Cash Cost, After By-product Credits, Per Silver Ounce	\$ 9.44	\$ 19.21	\$ —
Proven Ore Reserves ^(2,3,4,5,6)			
Total tons	3,839,600	3,707,800	2,206,600
Silver (ounces per ton)	13.7	12.1	12.1
Lead (percent)	8.3	7.3	7.4
Zinc (percent)	2.6	2.3	2.7
Contained silver (ounces)	52,556,000	44,891,500	26,778,900
Contained lead (tons)	318,610	270,150	163,350
Contained zinc (tons)	98,230	86,360	58,560
Probable Ore Reserves ^(2,3,4,5,6)			
Total tons	2,043,200	2,698,000	1,931,700
Silver (ounces per ton)	12.9	12.0	14.8
Lead (percent)	7.4	7.2	8.7
Zinc (percent)	2.2	2.6	3.2
Contained silver (ounces)	26,346,100	32,351,800	28,676,000
Contained lead (tons)	151,590	193,110	167,390
Contained zinc (tons)	44,910	69,180	62,300
Total Proven and Probable Ore Reserves ^(2,3,4,5,6)			
Total tons	5,882,800	6,405,800	4,138,300
Silver (ounces per ton)	13.4	12.1	13.4
Lead (percent)	8.0	7.2	8.0
Zinc (percent)	2.4	2.4	2.9
Contained silver (ounces)	78,902,100	77,243,300	55,454,900
Contained lead (tons)	470,200	463,260	330,740
Contained zinc (tons)	143,140	155,540	120,860

(1) Includes by-product credits from lead and zinc production. Cash Cost, After By-product Credits, Per Silver Ounce represents a measurement that is not in accordance with GAAP that management uses to monitor and evaluate the performance of our mining operations. We believe Cash Costs, After By-product Credits, Per Silver Ounce provides an indicator of economic performance and efficiency at each location and on a consolidated basis, as well as providing a meaningful basis to compare our results to those of other mining companies and other mining operating properties. A reconciliation of this non-GAAP measure to cost of sales and other direct production costs and depreciation, depletion and amortization, the most comparable GAAP measure, can be found in Item 7. — *Management's Discussion and Analysis of Financial Condition and Results of Operations*, under *Reconciliation of Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) to Costs of Sales and Other Direct Production Costs and Depreciation, Depletion and Amortization (GAAP)*.

(2) Proven and probable ore reserves are calculated and reviewed in-house and are subject to periodic audit by others, although audits are not performed on an annual basis. Cutoff grade assumptions vary by ore body and are developed based on reserve metals price assumptions, anticipated mill recoveries and smelter payables and cash operating costs. Due to multiple ore metals, and complex combinations of ore types, metal ratios and metallurgical performances at the Lucky Friday, the cutoff grade is expressed in terms of net smelter return ("NSR"), rather than metal grade. The cutoff grade at the Lucky Friday ranges from \$129 per ton NSR to \$149 per ton NSR. Our estimates of proven and probable reserves are based on the following metals prices:

	December 31,		
	2014	2013	2012
Silver (per ounce)	\$ 17.25	\$ 20.00	\$ 26.50
Lead (per pound)	\$ 0.95	\$ 0.90	\$ 0.85
Zinc (per pound)	\$ 0.90	\$ 0.80	\$ 0.85

(3) Reserves are in-place materials that incorporate estimates of the amount of waste that must be mined along with the ore and expected mining recovery. Total mill recoveries are expected to be 95% for silver, 95% for lead and 90% for zinc.

(4) The change in reserves in 2014 from 2013 was because of lower silver prices and depletion of the deposit through production, partially offset by inclusion of definition drilling information from 2014. The changes in reserves in 2013 versus 2012 were due to inclusion of definition drilling information from 2013 and the advance of mine design and planning at the lower and upper limits of the mine, partially offset by depletion of the deposit through production and lower metals price assumptions.

(5) Lucky Friday ore reserve estimates were prepared by Terry DeVoe, Chief Geologist, and Joshua Pritts, Resource Geologist, at the Lucky Friday unit and reviewed by Keith Blair, Senior Resource Geologist at Hecla Limited and Dean McDonald, Senior Vice President of Exploration.

(6) An independent audit by Roscoe Postle Associates Inc. was completed in 2013 for the 2012 reserve model at the Lucky Friday mine.

At the end of 2011, MSHA began a special impact inspection which resulted in an order to remove built-up cementitious material from the Silver Shaft, the primary access way from surface. In response, we submitted a plan to MSHA and received approval to remove the built-up cementitious material, and that work commenced in the first quarter of 2012. Once the shaft cleanup was complete down to the 4900 level, work on a haulage way bypassing the area at 5900 level impacted by a rock burst commenced. Work on the Silver Shaft and the haulage way was completed in the first

quarter of 2013. Underground access was temporarily limited as this work was being performed, and production was suspended from late 2011 until early 2013, as a result. Limited production commenced in the first quarter of 2013 and the mine has been at full production since September 2013.

During 2008, we initiated engineering, procurement and development activities relating to construction of #4 Shaft, which, upon completion, would provide access from the 4900 level down to the 8800 level. The project was temporarily placed on hold in the fourth quarter of 2008 due to then prevailing metals prices. However, detailed engineering, long lead time procurement, and other early-stage activities for the internal shaft project resumed in 2009. #4 Shaft sinking activities were temporarily suspended until the rehabilitation work in the Silver Shaft, discussed above, was completed in early 2013. Activities relating to the #4 Shaft project as of December 31, 2014 have included engineering, detailed shaft design, excavation of the hoist room and off shaft development access to shaft facilities, installation of the hoist and head works, placement and receipt of orders for major equipment purchases, advancement of a geotechnical drill hole, 2,828 feet of vertical excavation, and other construction activities. Upon completion, #4 Shaft should allow us to mine mineralized material below our current workings and provide deeper platforms for exploration. Construction of #4 Shaft is expected to be completed in 2016, and capital expenditures for the project are anticipated to total approximately \$215 million, including approximately \$165 million spent on the project through December 31, 2014. However, there are a number of factors that could affect completion of the project, including a significant decline in metals prices, a reduction in available cash or credit, increased regulatory burden, or a significant increase in operating or capital costs. An increase in the capital cost could potentially require us to suspend or change the scope of the project or access additional capital through debt financing, the sale of securities, or other external sources. This additional financing could be costly or unavailable.

During 2014, Lucky Friday began implementing an Environmental Management System and completed installation of remote stream gauging stations. These stations assist in performing daily monitoring activities in nearby receiving waters as required by our effluent discharge permit. Additionally, we have completed reclamation activities on the 26 acre Pond 4 borrow site and achieved final stabilization of the site prior to onset of winter conditions. Lastly, Lucky Friday has developed a design for closure of tailings pond 3 which will be submitted to Idaho Department of Water Resources for review in early 2015 with subsequent construction planned. At December 31, 2014, an asset retirement obligation of approximately \$1.1 million had been recorded for reclamation and closure costs.

The net book value of the Lucky Friday unit property and its associated plant, equipment and mineral interests was approximately \$349.8 million as of December 31, 2014. The age of the facilities at Lucky Friday ranges from the 1950s to 2014.

At December 31, 2014, there were 307 employees at Lucky Friday. The United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial, and Service Workers International Union is the bargaining agent for the Lucky Friday's 239 hourly employees. The current labor agreement expires on April 30, 2016. As a result of the requirement to remove built-up cementitious material from the Silver Shaft, which limited underground access and temporarily suspended production, Hecla Limited laid off 121 employees in January 2012, with approximately 25 of those employees accepting temporary positions at other Hecla operations. Lucky Friday completed the recall/rehire of the laid off employees in January 2013.

Avista Corporation supplies electrical power to the Lucky Friday unit.

THE CASA BERARDI UNIT

In 2013, as a result of our acquisition of Aurizon Mines Ltd. ("Aurizon"), we acquired the Casa Berardi mine, located 95 kilometers north of La Sarre in the Abitibi Region of Western Quebec, Canada. The mining site is reached via a 38 kilometers all season gravel road which connects with the provincial and national paved roads grid. The property is limited to the west by the Quebec/Ontario border and covers parts of Casa Berardi, Dieppe, Raymond, D'Estrees, and Puiseaux townships. The project area extends east-west for more than 37 kilometers and reaches 3.5 kilometers in width. The Casa Berardi mine gold deposits are located along a 5 kilometer east-west mineralized corridor.

The Casa Berardi mine is located in the northern part of the Abitibi sub-province, a subdivision of the Superior province, within the Canadian Shield. The Casa Berardi area belongs to the Harricana-Turgeon Belt, which is a part of the North Volcanic Zone. The regional geology is characterized by a mixed assemblage of mafic volcanics, flysch-type sedimentary iron formations, and graphitic mudrocks that are limited by a large granodioritic to granitic batholith. Structurally, the area is enclosed in the Casa Berardi Tectonic Zone, a 15 kilometers wide corridor that can be traced over 200 kilometers. A network of east-west to east-southeast and west-northwest ductile high strain zones mainly follows the lithological contacts.

Casa Berardi can be classified as an Archean sedimentary-hosted orogenic gold deposit. Mineralization is found in large low-sulphide quartz veins developed against the Casa Berardi fault, and in disseminated sulfides and stockworks lenses associated with strongly carbonate-sericite altered ductile deformation zones obliquely oriented to the Casa Berardi fault, and extending a few hundred metres on both sides of the fault following northwest and northeast orientations. Gold mineralization emplacement was coeval with the fault's evolution and shows a strong structural control and vertical extension, even if other factors such as the nature of some host rocks and lithological contacts seem to have favored gold deposition.

The Casa Berardi Fault is defined by a stratigraphic contact between a graphite-rich sediment sequence at the base of the Taibi domain, a northern continuous intermediary fragmental volcanic unit, and a southern polymictic conglomerate unit. The mineralization system is composed of large, low-sulphide quartz veins and low-grade stockworks and carbonate-mica replacement zones forming in the West Mine and Principale area. On the north side of the Fault, a thick sequence of very homogeneous wacke belonging to the Taibi Group is affected by an amphibolites metamorphic grade. One kilometer further north is the easterly elongated Recher batholith, which is part of the north-western boundary of the Abitibi greenstone belt.

Aurizon acquired the claims, leases and infrastructure comprising the Casa Berardi mine project in 1998 from TVX Gold Inc. Aurizon engaged in exploration programs beginning in 1998, and production began in late 2006.

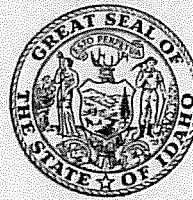
The nearest commercial airport to the Casa Berardi mine is located at Rouyn-Noranda. La Sarre can be reached from Rouyn-Noranda via provincial roads 101 and 111. The 38 kilometer all-season gravel road to the mine site branches off from the paved Route des Conquérants road, which runs north from its intersection with road 393 north of La Sarre and passes through the village of Villebois. The branch is approximately 21 kilometers north of Villebois. A gravel road links the East Mine and the West Mine (which roughly represent the east-west boundaries of the mine), and a number of forestry roads provide access to the rest of the project area, from east and west.

Hecla acquired Aurizon on June 1, 2013 for approximately CAD\$740.8 million (US\$714.5 million), and has operated the Casa Berardi mine since the acquisition. The net book value of the Casa Berardi unit property and its associated plant, equipment and mineral interests was approximately \$749.7 million as of December 31, 2014. As of December 31, 2014, we have recorded a \$6.2 million asset retirement obligation for reclamation and closure costs. We maintained a letter of credit as financial guarantee for future reclamation and closure work.

Hecla's wholly owned subsidiary, Hecla Quebec Inc., owns a 100% interest in the mineral titles and mining leases that comprise the Casa Berardi mine. The Casa Berardi mine is composed of 296 contiguous designated claims, covering a total area of approximately 36,660 acres, and two mining

HECLA
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**65th Annual Report
of the
MINING INDUSTRY
OF IDAHO
for
1965**



O. T. HANSEN - - - *Inspector of Mines*
**VANNER J. HEGBLOOM - - - - *Deputy
Inspector of Mines***
GARRETTA REYNOLDS - - - - *Secretary*

Pres. and Mgr.; M. W. Onstine, Sec., both Spokane, Wash.; Pat Powers, Agt., Pinehurst, Idaho. INC.: March 27, 1931. CAPITAL: 10,000,000 non-assessable shares, par value 5c; 9,122,082 shares issued. 20,000,000 Class A common shares, par value 5c; 18,198,251 shares issued. PROPERTY: 1 patented and 4 unpatented claims; Evolution dist., Osburn. ORE: Lead, silver, zinc. REMARKS: Company's claims are under lease to the Silver Dollar Mining Company as part of the Unity Agreement with Hecla Mining Company and Sunshine Mining Company.

HECLA MINING COMPANY

OFFICE: Box 320, Wallace, Idaho. OFFICERS: L. J. Randall, Pres. and Agent; W. J. Grismer, Sec.; W. H. Love, Mgr., all of Wallace. INC.: Washington corp., filed in Idaho September 26, 1898. CAPITAL: 2,500,000 shares par value 25c; 2,351,567 shares issued. PROPERTY: Hecla group, 100 patented and 23 unpatented claims; Star Unit Area, Star Mine; 33 patented and 21 unpatented claims; Star Unit Area; Morning Mines, 26 patented and 14 unpatented claims; Lucky Friday, 4 patented and 4 unpatented claims; Lelande, Hunter and Placer Center dists., Burke. PLANT: MINE: Complete surface plant. ORE: Lead, silver, copper and zinc. MEN EMPLOYED: Average, 362. REMARKS: Hecla owns a 30% interest in production from the Star Mine located at Burke, Idaho, and from the adjoining Morning Mine leased from American Smelting and Refining Company. The Morning Mine is operated through the Star Mine and the two mines have been unitized into the Star Unit Area. Hecla operates the Star Unit Area, and the net profits after royalty are divided 30% to Hecla and 70% to the Bunker Hill Company.

MERGER OF LUCK FRIDAY INTO HECLA MINING COMPANY

Lucky Friday Silver-Lead Mines Company was merged into Hecla on April 1, 1964, effective for accounting purposes as of January 1, 1964.

HUNTER CREEK MINING COMPANY

OFFICE: P.O. Box 178, Spokane, Wash. OFFICERS: Laurence Howe, Pres. and Mgr., Portland, Oregon; M. W. Onstine, Sec. and Mgr., Spokane, Wash.; Pat Power, Agt., Pinehurst. INC.: April 16, 1945. CAPITAL: 3,500,000 non-assessable shares, part value 10c; 3,421,000 shares issued. PROPERTY: Hunter group, 10 unpatented claims; Hunter dist., Mullan. ORE: Silver, lead, zinc. REMARKS: Hecla Mining Company now owns the Lucky Friday Company claims. The Lucky Friday Mining Co. and Hunter Creek Mining Co. each own an undivided one-half interest in the unpatented mining claims. Assessment work is being done underground and on the surface.

IDAHO SILVER, INC.

OFFICE: P.O. Box 1088, Wallace, Idaho. OFFICERS: F. E. Scott, Pres., Mgr., and Agt.; Jack E. Scott, Sec., both of Wallace. INC.: October 19, 1964. CAPITAL: 10,000,000 non-assessable shares, par value \$1; 2,200,000 shares issued. PROPERTY: 65 unpatented claims, Hunter dist., Wallace. ORES: Silver and lead. REMARKS: Idle except for development work.

LINCOLN MINING COMPANY

OFFICE: Scott Bldg., Wallace. OFFICERS: C. J. Hamilton, Pres. and Mgr., Coeur d'Alene, and H. F. Magnuson, Sec., Wallace. INC.: July 9, 1923. CAPITAL: 2,000,000 non-assessable shares, par value 10c; 1,248,926 shares issued. PROPERTY: Under lease to Silver Dollar Mining Company on long-term basis. REMARKS: Lincoln Mining Company continues to participate on a royalty basis from production of the Rotbart Area by virtue of its lease agreement with the Silver Dollar Mining Co. The mine is operated by the Sunshine Mining Co. During the year 1963, the company



1965

SIXTY-EIGHTH

ANNUAL REPORT

OF THE DIRECTORS OF

HECLA MINING COMPANY

FOR THE YEAR ENDED

December 31, 1965

OPERATIONS

A description of the Company's mining operations is set forth as follows:

LUCKY FRIDAY MINE

Coeur d'Alene District — Idaho

Hecla owns 100% of the Lucky Friday mine which produced 181,074 tons of ore assaying 17.8 ounces of silver, 11.3% lead and 1.0% zinc. On December 31, 1965 ore reserves were computed at 607,000 tons as compared to 671,000 tons as of the beginning of the year.

Stope preparation work was completed on the 3250' level, preparatory development work on the 3450' level has been started, and the vein on this level will be intersected and developed during 1966. The Lucky Friday shaft was deepened 219 feet to a point 155 feet below the 3650' level.

An agreement was signed with Day Mines, Inc. to develop the Hunter Ranch property which adjoins the Lucky Friday property to the west. Development is to be done from the Lucky Friday shaft on at least two levels with Hecla and Day Mines sharing production and expense equally. Work was started on the 2800' level and as of December 31, 1965, 480 feet of lateral heading had been driven in the Hunter Ranch property.

As previously reported, Atlas Mining Company, in November, 1962, attempted to locate several mining claims upon ground which was located by the predecessors of Lucky Friday Silver-Lead Mines Company (now merged with Hecla) as long ago as 1889, and for which a U.S. patent was issued in 1926. These attempted mining locations by Atlas were over ground which contains the Lucky Friday ore body and represent an endeavor to appropriate that ore body and mine. The case is now being litigated. In the opinion of counsel the Company's title to the claims is good and will be upheld by the courts.

STAR UNIT AREA

Coeur d'Alene District — Idaho

Hecla owns a 30% interest in production from the Star mine and from the adjoining Morning mine leased from American Smelting and Refining Company. The two mines are operated by Hecla through common facilities as the Star Unit Area. Operating profits after Morning lease royalties are divided 30% to Hecla and 70% to The Bunker Hill Company.

During the year 72,059 tons of ore were mined for the account of Hecla, assaying 2.80 ounces of silver, 4.69% lead, and 10.24% zinc. Hecla's share of ore reserves increased 70,000 tons to 342,000 tons.

During February, 1966 Hecla purchased the Morning mine from American Smelting and Refining Company in exchange for 25,230 shares of Hecla stock. Effective February 1, 1966 Hecla will receive 100% of the Morning lease royalty income which previously had been paid by the Star Unit Area owners to American Smelting and Refining Company.

In the opinion of Hecla's management, royalty income to be derived from present ore reserves of the Morning mine, which can be reached with existing operating facilities, is expected to at least equal the purchase price paid for the property. Royalty income over and above cost is contingent upon economic mining of deep level ore reserves, and present plans (which would not have been considered feasible without purchase of the Morning property) call for major underground installations to facilitate extraction of ore from deep levels of the Star-Morning Unit.

SUNSHINE UNIT AREA

Coeur d'Alene District — Idaho

Hecla owns a 33.25% interest in production from the Sunshine Unit Area which is operated by the Sunshine Mining Company. The other participants in the area are Sunshine Mining Company and Silver Dollar Mining Company.

During 1965 the Sunshine Unit Area produced 168,763 tons of ore, assaying 38.8 ounces of silver per ton, of which Hecla's share was 56,114 tons. Tons of ore developed exceeded tons of ore mined and Hecla's share of ore reserves increased from 160,000 tons at the beginning of the year to 223,000 tons at the end of the year.

Lateral development and drilling along the Chester fault-vein on the 4600' level disclosed ore over a total length of 670 feet, as compared to a length of 687 feet of ore developed along the same vein on the 4400' level. In addition, development in the "Hook" area on 4600' level has indicated commercial ore in several short ore shoots. Development of this area is continuing on both the 4400' and 4600' levels. Deepening of the No. 10 shaft below the 4600' level was started late in the year to provide for development of the 4800' and the 5000' levels.

CHESTER MINING COMPANY

Coeur d'Alene District — Idaho

Hecla owns a 54.2% stock interest in Chester Mining Company. Chester receives a royalty on ores mined from the "Chester Area" (a strip of ground 400 feet wide and approximately 1,500 feet in length adjoining the Sunshine Unit Area) which is leased to the owners of the Sunshine Unit Area. Hecla does not participate as a shareholder