

# **COMPENSATION COMMITTEE CHARTER**

## **HECLA MINING COMPANY**

**August 19, 2014**

### **PURPOSE**

The primary purposes of the Compensation Committee (“Committee”) are (1) to discharge the responsibilities of the Board of Directors (“Board”) relating to compensation of the Company’s Chief Executive Officer (“CEO”) and other executive officers, (2) to develop and oversee the Company’s management compensation policies and programs, and (3) make recommendations to the Board regarding director compensation.

### **MEMBERSHIP**

The Committee shall be comprised of not less than three directors, each of whom satisfies the independence requirements of any applicable laws, regulations and New York Stock Exchange (“NYSE”) listing requirements or in the event the Company is not listed on the NYSE, such other stock exchange listing requirements. Additionally, no director may serve unless he or she (i) is a “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (ii) satisfies the requirements of an “outside director” for purposes of Section 162 (m) of the Internal Revenue Code. The members of the Committee shall be nominated by the Corporate Governance and Directors Nominating Committee and be elected annually by the Board, and may be replaced by the Board at any time, with or without cause. The Board shall designate a chairman from among the members of the Committee and a secretary who may, but need not, be a member of the Committee or of the Board.

### **MEETINGS**

The Committee shall meet at least two times each year or more frequently if the Committee deems it appropriate. The chairman of the Committee (or in his or her absence, a member designated by the Committee members present) will preside at each meeting and, in consultation with the other members of the Committee and management, will set the agenda for each meeting. The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide information as the Committee requests, but the Committee reserves the right in its discretion to meet at any time in executive session. The Committee will keep written minutes of its meetings, which minutes will be available to every member of the Board.

### **DUTIES AND RESPONSIBILITIES**

The following shall be the common recurring duties and responsibilities of the Committee in carrying out its oversight functions. These duties and responsibilities are set forth below as a guide to the Committee with the understanding that the Committee may

alter or supplement them as appropriate under the circumstances to the extent permitted by the Company's bylaws and applicable law or listing standard.

The Committee shall:

1. Review and reassess the Committee Charter ("Charter") as conditions dictate, but not less frequently than annually, and recommend any proposed changes to the Board for approval.
2. Review, on an annual basis, the Committee's effectiveness, including its compliance with this Charter, and provide the Board with any recommendations for changes in procedures or policies governing the Committee. The Committee shall conduct such evaluation and review in such manner as it deems appropriate.
3. Review and discuss with Company management the Compensation Discussion and Analysis (the "CD&A") to be included in the Company's annual proxy statement and determine whether to recommend to the Board that the CD&A be included in the proxy statement, and produce an annual report of the Committee for inclusion in the Company's annual proxy statement in compliance with and to the extent required by the rules and regulations of the Securities and Exchange Commission.
4. Annually review and approve the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and approve the CEO's compensation level based on this evaluation. In determining the long-term incentive component of CEO compensation, the Committee will consider in addition to other relevant factors, the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.
5. Annually review and make recommendations to the Board regarding director compensation for service on the Board and Board committees.
6. Periodically review and approve the goals and objectives relating to compensation of the Company's executive officers, evaluate the performance of the executive officers in light of those goals and objectives, and establish the compensation levels of the executive officers based on this evaluation.
7. Periodically review the Company's compensation and other benefit plans, including any cash-based and equity-based incentive compensation plans in light of the goals and objectives with respect to such plans, and, if the Committee deems it appropriate, adopt new or amend existing plans, or to the extent such adoption or amendment requires Board approval under applicable law, regulations or listing requirements or otherwise determined appropriate by the

Committee, recommend to the Board the adoption of new, or the amendment of existing plans (in all such cases subject to further approval by the Company's shareholders to the extent required by applicable laws, regulations or listing requirements).

8. Administer and exercise all powers allocated to it under the Company's compensation and other benefit plans, including any cash-based and equity-based incentive compensation plans, including the powers to (a) grant restricted stock units, stock options and other stock-based awards, (b) establish performance goals and determine whether such goals have been attained, (c) adopt policies under such plans, and (d) make other grants or awards of benefits or compensation under such plans.
9. Review, approve and when appropriate submit to the Board for its approval (a) any other proposed plan or arrangement offering or providing any incentive, retirement or other compensation, benefits or perquisites to one or more of the Company's executive officers (other than any plan or arrangement offering benefits that do not discriminate in scope, terms or operation in favor of executive officers and that are generally available to all salaried employees), and (b) any significant amendment or change to any such plan or arrangement.
10. Review and approve (a) any proposed employment, severance or change-in-control agreement between the Company and an executive officer or proposed executive officer, and (b) any proposed extension or significant amendment thereto.
11. Review and make recommendations to the Board from time to time with respect to the adoption of executive officer and non-employee director stock ownership guidelines and monitor compliance with any adopted stock ownership guidelines.
12. Review, approve and submit to the Board for approval the implementation or revision of any clawback policy allowing the Company to recoup compensation paid to executive officers and other employees.
13. Review and make recommendations to the Board regarding matters to be presented to a vote of the Company's shareholders that relate to executive compensation, including non-binding shareholder votes on executive compensation and the frequency of such non-binding votes, and the actions to be taken in response to such votes.
14. Review the potential risk to the Company from its compensation programs and policies, including any incentive plans, and whether such programs and policies incentivize unnecessary and excessive risk taking.

15. Determine the Company's policy with respect to the application of Section 162(m) of the Internal Revenue Code, and when compensation may be paid by the Company that may not be deductible for federal income tax purposes.
16. Establish a peer group of comparable companies and a target competitive positioning or range for the Company's executive compensation program and individual elements.
17. Periodically review the succession plans relating to senior executive officer positions and make recommendations to the Board with respect to succession planning. In connection with succession planning, the Committee will periodically review with the CEO the topic of management development.
18. Make regular reports to the Board.
19. Perform such other activities as the Board of Directors may from time to time deem necessary or appropriate.

## **DELEGATION**

The Committee shall have the ability to form and delegate authority to subcommittees, comprised of one or more members of the Committee, or to management, as necessary or appropriate. Each subcommittee shall have the full power and authority of the Committee within the authority delegated to the subcommittee or member(s).

## **OUTSIDE ADVISORS**

The Committee may, in its sole discretion, retain, obtain the advice of or terminate a compensation consultant, independent legal counsel or other adviser ("Advisers"). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such Advisers retained by the Committee. The Company must provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any such Adviser retained by the Committee.

Prior to selecting any Adviser, and on an annual basis for Advisers from whom the Committee obtains advice on a regular basis, the Committee shall take into consideration all factors relevant to the Adviser's independence from management, including the independence factors listed below. The Committee is required to conduct this independence assessment with respect to any Adviser that provides advice to the Committee. The independence factors that the Committee must consider, in addition to any other factors the Committee deems relevant, are: (1) whether the adviser's firm provides other services to the Company; (2) the amount of fees from the Company

received by the adviser's firm relative to other fees received by the adviser's firm; (3) conflict-of-interest policies of the adviser's firm; (4) any business or personal relationships between the adviser and members of the Committee; (5) any stock of the Company owned by the adviser; and (6) any relationships, business or personal, between the adviser, adviser's firm, and the executive officers of the Company.

In addition to conducting the independence assessment discussed above, the Committee shall also determine whether the work of any compensation consultant has raised any conflict of interest and review the proposed disclosure in the Company's proxy statement of the nature of the conflict and how the conflict is being addressed. The independence factors listed above are among the factors that shall be considered by the Committee in determining whether a conflict of interest exists.

### **AMENDMENT**

This Charter and any provision contained herein may be amended or repealed by the Board at any time.

APPROVED: Board of Directors

DATE: August 19, 2014