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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the fourth quarter and 2011 year-end financial results conference call. My name is Fab and I'll be your operator for today. At this time, all participants are in listen-only mode. Later we will conduct a question and answer session. (Operator Instructions) I would now like to turn the conference over to Melanie Hennessey, Vice President of Investor Relations.

Melanie Hennessey - Hecla Mining Co - VP, IR

Thank you, Fab. Hello, everyone and thank you for joining us for Hecla's fourth quarter and year-end 2011 financial and operations results. Our news release which was issued this morning before market open and today's presentation are available on our website. In addition, Hecla issued a release last Thursday announcing the latest reserves and resources and provided an update on our pre-development and exploration initiatives. On today's call, we have Phil Baker, Hecla's President and CEO; Jim Sabala, Senior Vice President and CFO; Larry Radford, Vice President Operations; and Dean McDonald, Vice President Exploration.

Before we get started, I need to remind you that any forward-looking statements made today by the Management team come under the Private Securities Litigation Reform Act. Such statements include projections and goals which are likely to involve risks, detailed in our various SEC filings and in the forward-looking disclaimer included in the earnings release and at the beginning of the presentation. These risks could cause results to differ from projections. In addition, in our filings with the SEC, we are only allowed to disclose mineral deposits that we can economically and legally extract or produce. Investors are cautioned about use of such terms as measured, indicated, and inferred resources, and we urge you to consider the disclosures that we make in our SEC filings. With that I will pass the line over to Phil Baker, Hecla's President and CEO. Phil?

Phil Baker - Hecla Mining Co - President and CEO

Thanks, Melanie. Hello everyone. I'm glad you could all join us today. Jim and Larry and I are here at the Zinc Conference, so we're speaking from a conference room and there's a little bit of an echo and we apologize for that.



I'm going to provide a brief overview and then Larry will provide additional details on the work planned at the Lucky Friday and also we'll talk about Greens Creek's capital program. Jim's going to then speak about our financial results and Dean will provide an update on reserves, resources, exploration, and the pre-development initiatives. I'm going to close out the call with our 2012 guidance and then we'll take questions.

For the year-end fourth quarter results, please see slide 4. First, financially, it was an excellent year and the fourth quarter had very solid financial results. We had record 2011 sales and gross profits with \$478 million and \$265 million respectively. While silver production was less than 2010, the 9.5 million ounces was in line with guidance despite the challenges faced at the Lucky Friday mine over the last year. Costs were \$1.15 per ounce which remains among the lowest in the world and realized silver prices averaged \$35 per ounce, almost all of it margin. Cash from operating activities was \$70 million or \$238 million on a pro forma basis prior to paying the \$168 million for the Basin environmental settlement. Our cash position at the end of the year was \$266 million.

Now, moving to slide 5, we provide some additional 2011 highlights. Hecla had significant challenges but despite this, we had not only achieved excellent financial results but had a number of other accomplishments. Noteworthy are the silver reserves and resources have increased for the sixth year in a row by 4% and 13% respectively to 148 million and 281 million ounces. Also, the largest in Hecla's history.

We executed \$102 million capital expenditure program at our operations in 2011 and significantly advanced our pre-development initiatives, far more than what we had anticipated at the beginning of the year. We finalized and settled the longstanding Coeur d'Alene Basin litigation. We acquired the minority interest in the San Juan Silver property which is now 100% owned for the Amethyst, Equity and Bulldog veins. We introduced a new common stock dividend returning capital to shareholders. Then, of course, subsequent to the end of the year, we had the incident with the Lucky Friday where we had the shaft shut down for this clean down but we have now received approval from MSHA to remove the loose material from the shaft which brings me to slide 6.

I wanted to have us cover up front the Lucky Friday, given all of the announcements that we've had on that over the course of the last month. MSHA you'll recall began a special impact inspection back in December and an order was issued to remove the loose material from the Silver Shaft. We're working with MSHA in order to progress as safely and quickly as possible to bring the Lucky Friday mine back in production. This period of clean down of the shaft, this stand-by period also gives us an opportunity to upgrade the shaft and mine and improve its overall efficiency. Something we would not have been able to do during normal operations. So, that's something that we're really focused on during the course of this year.

With that I'm going to hand things over to Larry who will provide greater detail on this work plan and then the capital projects at Greens Creek, so Larry?

Larry Radford - Hecla Mining Co - VP, Operations

Thank you, Phil. Good morning. Phil mentioned the special impact inspection took place back in December. As a result, MSHA issued the order to close the Silver Shaft and remove any loose material in the one-mile deep shaft. Slide 6 provides an update on the work that is planned for 2012.

When we received the order one of our critical concerns was the ability to access and maintain the pumps at the 5,300 level to keep the mine from flooding during the stand-by period. The pumps were only accessible via the Silver Shaft. Shortly after receiving the order an agreement was reached between Hecla and MSHA with an alternative plan to reach the pumps. Resolution was the construction of a new drift which would be accessible via the #2 shaft and allowing us to maintain the pumps. Development of the new drift commenced in mid-January and is expected to be completed this week.

In addition to the work on the drift, other activities which have been taken place since early January include work on the head frame and termination of MSHA citations. Silver Shaft cleanup is estimated to take the balance of 2012 to complete. One of the first tasks after completion of the drift to access the pumps will be to complete a detailed inspection of the Silver Shaft to confirm the scope of work. With the inspection we expect that we may have an opportunity to schedule some activities concurrently that are currently scheduled sequentially. This might provide an opportunity to improve on the schedule. Nonetheless, the risk exists that additional repair items will be encountered, further extending the schedule.



I will come back to the other points listed on the slide but first I want to show a few slides which better illustrate the work ahead. In addition to the Silver Shaft clean up, the plan includes removal of any unused utilities in the shaft, various repairs of any damaged structural elements, repair of existing shaft structures as needed, installation of a water ring in the upper part of the shaft to control water entry into the shaft in winter, installation of a new power cable, and the installation of a metal apparatus between the east and west half of the shaft which will provide a physical barrier between the two halves.

The diagram to the right on slide 7 shows the existing conveyance in the lighter lines to the east and the new work deck in darker colored lines to the west. The new work deck is expected to enable access to the west side of the shaft. The diagram on the right also shows the vent line and unused utility being placed into the existing conveyance. The diagram on the left provides another view of the work deck in more detail which shows three platforms that fold out to the north from which we can access any part of the shaft. These additions should ultimately allow Hecla to install additional hoist in the west side of the shaft capable of hoisting men and materials. This addition would allow the two existing conveyances to be dedicated solely to hoisting rock.

Work on the shaft cleaning is expected to commence in the next few weeks. Once the shaft clean up has been completed down to the 4,900 level, work on the 5,900 haulage way bypass is expected to commence. In addition, to work on the Silver Shaft, other significant surface and underground capital programs are in various stages of planning and execution. Additional projects include tailings dam construction, and upgraded reagent addition system, and replacement of the administration building. In addition to the investment at the Lucky Friday mine, Hecla is making a significant investment at the Greens Creek mine.

Moving to slide 8, we have listed a number of key capital projects planned for 2012. About 70% of the projects are targeted at increasing production and reducing risk. About 30% of the capital is targeted at increasing mine life. The largest project targeted is the development of the southern extension of the 200 South budgeted at \$18 million. The southern expansion of the 200 South was discovered in 2010, exploration and development planning was completed in 2011, and development work began in 2012. This project has the potential to add mine life to the current Greens Creek estimated life of 10 years potentially up to 30% more life. As the ore body is deep, the ore body will be most efficiently mined, if mining is concurrent with other ore bodies. As such, this project was started in 2012 to allow sufficient time for exploration, complete definition and development of the ore body, and concurrent mining.

The second largest project is the replacement and addition of mobile equipment at \$14 million. This equipment is budgeted to replace machines at the end of their useful life and add more machines needed to potentially bring the mine to a higher production level. A few additional and larger projects at Greens Creek are expected to include the tailings dam expansion at \$10 million, the rehabilitation of the east ore access and ventilation upgrade at \$6 million -- which should provide access to the east ore body, and the Hawk Inlet camp expansion at \$5 million which is expected to create space needed to facilitate exploration development projects and additional production. Jim will now continue with a review of our financial performance.

Jim Sabala - Hecla Mining Co - SVP, CFO

Thank you, Larry. Metals prices increased across all four metals that we produced in 2011 compared to 2010 resulting in excellent financial performance. On slide 9, we present realized metals prices for the year and you can see a significant increase in our realized silver price which is up by 56%, realized gold price which is up by 25% over 2010. In addition, zinc and lead prices were also up by 4% and 7%, respectively over full year 2010.

Consequently on slide 10, you can see that we continue to experience among the lowest cash cost per ounce in the industry, achieving excellent margins. Our per ounce cash costs were \$1.50, excuse me, \$1.15 for the year -- that's \$1.15 and \$2.28 for the quarter. Cash costs are up marginally compared to the same period last year due to higher production costs, higher profit-sharing at the Lucky Friday, and higher treatment and freight costs at both operations. The higher profit-sharing and treatment costs are due to higher metals prices, however the benefits of higher metals prices far outstrip the costs associated therewith and our margin of \$34.15 per ounce of silver produced up from \$24.16 per ounce in 2010.

Moving to slide 11. Net income applicable to common shareholders more than tripled to \$151.2 million for the full year 2011 compared to \$49 million for 2010. Net income in 2011 was \$0.54 per common basic share compared to \$0.14 in 2010. Earnings after adjustments applicable to



common shareholders were \$131 million or \$0.47 per basic share for the full year 2011. The key adjusted items include a \$38 million gain on our long-term base metal hedging program, \$5 million of environmental accruals, and \$2.6 million on provisional price losses net of short-term hedges, less the \$10 million income tax effect of these adjustments.

On slide 12, you will see that Hecla reported cash provided by operating activities of \$69.9 million in 2011. That's even after paying \$168 million for the Coeur d'Alene Basin settlement early in the fourth quarter. Without this payment cash provided by operations would have been \$238 million, a 20% increase over 2010's levels.

We finished the year as noted on slide 13 with \$266 million in cash and no significant debt. To put 2011 into perspective, Hecla was able to fund the largest capital program in the Company's history, fund a historic 20-year environmental settlement, and still finish the year with cash and treasury of \$266 million. The Company has no significant debt outstanding and \$100 million available from its undrawn line of credit giving us total liquidity of \$366 million. Therefore, we expect that it will be sufficient to continue the capital projects, pre-development initiatives, and exploration activities that we have planned for 2012. More importantly, the investments we are making in our operating mines, the advancement of pre-development and exploration programs, and the settlement of the legacy liability put Hecla in the strongest position it has ever been.

On slide 14, we note our strong -- as a result of our strong financial position, our Board of Directors approved a new minimum annual dividend on our common stock of \$0.01 per share annually which when declared will be paid quarterly and is in addition to the silver price-link dividend. As a result the Board declared a quarterly common stock dividend of \$0.0125 per share of common stock for the fourth quarter which is based on the \$0.0025 minimum payment and the \$0.01 silver price-link dividend on an average realized silver price of \$31.61 per ounce in the fourth quarter pursuant to Hecla's silver price-link dividend policy. With that I'd now like to turn the call over to Dean. Dean?

Dean McDonald - Hecla Mining Co - VP, Exploration

Thank you, Jim. During 2011, \$27 million was spent on Hecla's forward district-sized land positions, including \$7.9 million in the fourth quarter. This work resulted in the expansion of our reserves and resources as shown in slide 15 and advanced a number of key exploration and pre-development projects. In 2011, Hecla was able to replace production and increase silver reserves to 148 million ounces, however the most positive news is the 13% increase in resources to 281 million silver ounces. Gold resources increased by 32% to over 597,000 ounces, and lead and zinc resources increased 21% and 26% respectively. This is the sixth straight year that reserves and resources have been increased at Hecla and is the largest reserve and resource in our history.

Drilling of the Noonday vein which is part of the Star mine complex and located two miles northwest of the Lucky Friday mine, has significantly expanded the resource east into a more silver-rich area as shown in the longitudinal on slide 16 where the contours represent NSR value by vein thickness. With further exploration, there's an opportunity to expand the resource to the east and at depth. The central portion of the resource is drilled in detail and convert to a reserve once an economic study is completed. Drilling and remodeling of parts of the Star mine complex has defined resources and new exploration targets above and below the current underground water level. A preliminary economic assessment of the Star Upper Country is expected to be completed at the end of the first quarter.

At the San Juan Silver property in Creede, Colorado, figures shown in slide 17 provided 3D view of the Equity underground infrastructure and the location of the recent and proposed drilling of the Equity vein. Initial drilling of the Equity vein from underground shown in the left diagram on slide 17 has defined high-grade gold-silver bearing veins and breccias. A detailed list of these intersections is provided in the exploration press release issued last Thursday. The proposed 2012 underground drill program on the Equity vein is shown in the right figure on slide 17. Also, shown in the figure are significant deep intersections from recent surface drilling, including a 0.3 ounces per ton gold and 31 ounces per ton silver over 2.5 feet, and 0.02 ounces per ton gold and 13 ounces per ton silver over 7 feet. These intersections are located 1,200 feet downdip along the Equity structure from the recent high-grade underground intersections. It is early in the program but the Equity vein may represent a mineralized structure with more than 1,400 feet of vertical continuity and a considerable strike length.

Slide 18 is a series of longitudinal views of the Andrea vein that shows contours reflecting the gold equivalent grades by horizontal width. You can see the evolution of the Andrea vein since it was a small near-surface resource in 2010. Exploration resumed late in 2010 when a high-grade extension of the vein was discovered to the southeast. Exploration and in-fill drilling in the last quarter have defined two distinct high-grade zones

along the 1.7 kilometer strike length of the vein that has been incorporated into the year-end resource. Drilling will continue in an attempt to expand or identify new high-grade zones along the mineralized vein that is open along strike. Further metallurgical studies could improve recoveries and enhance the known resources. Metallurgical test work, hydrological studies, and preliminary mineability design are in progress on the Andrea vein.

Due to the close proximity of the Hugh Zone to the newly defined resource on the Andrea, mining options of the Hugh Zone are being refined and should form the basis for a scoping study expected to be completed in the third quarter. The 2012 exploration program on slide 19 is expected to focus on all of our district-size properties, but in particular, on the 200 South, 5250 South, and Gallagher Zones at Greens Creek, further expansion of the Star mine complex resource, in particular the Noonday, Moffat, and North Star veins, defining the mineralization on the Equity and Amethyst veins at the San Juan Silver property and expanding resources in the Andrea, Antonella vein area at San Sebastian. And with that I'll pass you back to Phil for further remarks.

Phil Baker - Hecla Mining Co - President and CEO

Thanks, Dean. Finally, on slide 20, this shows our guidance with silver production of approximately 7 million ounces, cash cost guidance is expected to be between \$1 and \$2 per ounce at current metals prices. We expect our largest capital investment yet in our operations with approximately \$140 million for the year along with exploration of about \$28 million and pre-development at approximately \$11 million. We believe this is the time to make this level of expenditures. By making it now, we extend the mine lives, we reduce the risk of operations, or we improve the mines returns, and with our strong balance sheet and at these prices, sufficient cash flow to fund all capital requirements, exploration, pre-development, dividends, G&A and other expenses -- we have the flexibility to take these projects forward. At lower prices, we could certainly use some of our cash or line of credit or we could reduce the level of spending if needed.

Our bottom line is this, despite the challenges of the Lucky Friday, we're not standing still. We believe our investment in the mines will make them better. We believe our pre-development will result in new operations, and we believe our exploration will result in new discoveries. All of this will add long-term value. With that, operator, I'd like to open the line for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

John Bridges, JPMorgan.

John Bridges - JPMorgan Chase & Co. - Analyst

Just wondered, you've got costs from Greens Creek at about \$2 which is a bit higher than we were looking for. What's driving that? Is that conservative expectations for base metals or something else?

Phil Baker - Hecla Mining Co - President and CEO

Look, we have our costs would be between \$1 and \$2 per ounce for Greens Creek and certainly we, like everyone else, have seen increases in underlying costs as there's been this pressure on personnel, pressure on materials, the cost of materials, so we're not immune from that. We certainly think there's an element of conservatism but certainly not much. We'll do what we can to beat those numbers. I'll let Larry add anything he might have to that.

Larry Radford - Hecla Mining Co - VP, Operations

I don't really have anything to add.

Phil Baker - Hecla Mining Co - President and CEO

Jim, go ahead.

Jim Sabala - Hecla Mining Co - SVP, CFO

One thing I'd add John is you kind of get into the rule of small numbers there. Our by-product credits are very good about paying for our silver production at Greens Creek and when we talk about an increase of \$1, really that's only \$7 million on a property that, including treatment, has gross spend of about \$300 million, so bottom line is it continues to be a very efficient operation. We will have some inflation next year as Phil indicated during -- due to labors and consumables and we'll have a few more people on site because of the work that we're doing there, but overall, it's the same general profile going forward.

John Bridges - JPMorgan Chase & Co. - Analyst

Okay, what lead and zinc prices are built into that forecast?

Phil Baker - Hecla Mining Co - President and CEO

Basically, where we are now. Sort of \$0.90.

John Bridges - JPMorgan Chase & Co. - Analyst

Okay, and then one for Dean. That's a very pretty red patch on Noonday, but it looks as if it's all off one drill hole. Is that right?

Dean McDonald - Hecla Mining Co - VP, Exploration

No, actually, John there's probably six or seven holes in that area now and really what we're seeing is just the evolution in the vein going from more zinc-rich to lead and silver, but there's the basis for that higher contour is about five or six drill holes now.

John Bridges - JPMorgan Chase & Co. - Analyst

Are they all in the center of that thing or are they spread around?

Dean McDonald - Hecla Mining Co - VP, Exploration

They're spread around.

Phil Baker - Hecla Mining Co - President and CEO

But Dean, those are drilled on what centers?



Dean McDonald - Hecla Mining Co - VP, Exploration

In that part of the resource, it's about between 80 foot and 100 foot intervals.

John Bridges - JPMorgan Chase & Co. - Analyst

Okay, that makes me feel a bit more comfortable. And then just finally, your contractual relationships with respect to the concentrate and other issues at Lucky Friday. Has that been accepted by the counter-parties as force majeure or is there anything out there that could develop?

Phil Baker - Hecla Mining Co - President and CEO

I think everything is in good shape with the smelters that are taking the Lucky Friday material. Jim, anything to add?

Jim Sabala - Hecla Mining Co - SVP, CFO

No, when we sent them a notice straightaway and we acknowledged that they thoroughly understood our material at Lucky Friday goes to tech and they're good miners so they understand these things.

John Bridges - JPMorgan Chase & Co. - Analyst

Okay. That's good. Well done, guys. Congratulations.

Operator

John Tumazos, Very Independent Research.

John Tumazos - Very Independent Research - Analyst

Congratulations on good progress.

Phil Baker - Hecla Mining Co - President and CEO

Thanks, John.

John Tumazos - Very Independent Research - Analyst

With a little bit of current against you, but you're doing great. I have questions on four of the slides and first on the slide number 7 which is the engineering diagram, I might have been a little slow when you explained it. Could you walk through that again?

Phil Baker - Hecla Mining Co - President and CEO

I'll let Larry do that, but just to set the stage, the two diagrams you see are actually basically the same thing. On the left, that diagram is of the Galloway that has the three work decks. The diagram on the right has that same Galloway on the left side of that diagram, and then on the right side of that diagram is the existing conveyances that we have that we use to operate the Silver Shaft, so with that, Larry?



Larry Radford - Hecla Mining Co - VP, Operations

The right hand diagram really is the one that gives you the best feel for what's going to be in the shaft as we're cleaning the shaft down. On the right side and with the lighter lines, you can see the existing conveyance, on top is the skip, and then on the bottom is at least the cage after we modify it. It will be slightly modified for the clean down.

On the left of that diagram on the right is in the darker lines is the Galloway or work deck that will be inserted into the shaft to clean the western side. There's two work decks on the Galloway, and so it might be a little bit difficult to see but there's some very light lines that have an arrow to them indicating that the vent deck and this is put in here to illustrate how unused utilities will be transferred from the west side of the shaft to the existing cage and then hoisted out, which is one of the more -- it will be one of the more complicated maneuvers so that's what this--

John Tumazos - Very Independent Research - Analyst

So the point of the sketch is to show us I guess scaffolding is the wrong word and Galloway is the right word, the temporary access device to permit the shaft maintenance? And the difficulty you're going through?

Phil Baker - Hecla Mining Co - President and CEO

That's right. So we're giving you the details of the work that we'll be doing for the next year.

John Tumazos - Very Independent Research - Analyst

And you have to do this the whole length of the shaft?

Phil Baker - Hecla Mining Co - President and CEO

Yes. We will start from the top. We'll clean down and then as we come to unused utilities, we will take those out. We want to put this thing in a position, bratis down, we want to put the shaft in a position to be able to put in a chippy hoist to go into the western compartment of the shaft so that we can move men and materials and that's not anything that we're doing in 2012. That's something we'll do at some point in the future. All we're doing is putting ourselves in a position to do that upgrade to the shaft.

John Tumazos - Very Independent Research - Analyst

Thank you. My next question involves slide 16, 17, and 18 where it looks like the underground exploration in each case involves a development where you're tunneling into the deposit, so that if you were to say you wanted to have revenue, at Star, San Juan, or San Sebastian, could you ship directly from Noonday/Star to your existing mills? Would San Juan require a mill only because you're already doing the underground opening and as they are a custom mill and a shipping distance of San Sebastian in Mexico?

Phil Baker - Hecla Mining Co - President and CEO

So with respect to the Star, first realize that there is underground development that we have rehabilitated and we'll do more rehabilitation. So in terms of accessing that material, it is not going to be an initial development of new tunnels, so the question of once we have done the preliminary assessment and we had determined that we have a economic ore body that we can mine and we've completed our mine planning, then we would look for where we might place that material and we would anticipate that we could place it into the Lucky Friday metallurgically. But when the Lucky Friday reopens, we will probably not have any excess capacity, so what we will look for is the opportunity to mill that if not at the Lucky Friday then at one of the other mills in the area and there's three mills that are underutilized in the Silver Valley. So that's the Star.

With respect to San Juan, it is going to require a new mill to be constructed but we do on the Equity have this ramping system that is 8,000 feet long. It is a production ramp, I think it's like 14 by 15. It is in a position where if we have success with the exploration we're doing, we could move that forward relatively quickly but the critical path is going to be developing a new mill and really moving the Bulldog forward because that's going to be the place where you get the tonnage that would support a mill.

And then with respect to San Sebastian, yes, there are mills in the area. We in fact had a mill that was about 100 kilometers away and we shipped the upper material of the Francine vein there and that's certainly an option that we would look at to bring that into production. However, we are also doing the work to build our own mill at site.

John Tumazos - *Very Independent Research - Analyst*

Thank you.

Operator

Anthony Sorrentino, Sorrentino Metals.

Anthony Sorrentino - *Sorrentino Metals - Analyst*

Hello, everyone. Would you review the process necessary to receive approval from MSHA to resume mining at Lucky Friday in 2013?

Phil Baker - *Hecla Mining Co - President and CEO*

I'll let Larry respond to that, but it is fundamentally the completion of the plans that we give them and the termination of citations and orders that they've issued within the mine.

Larry Radford - *Hecla Mining Co - VP, Operations*

Yes, that's exactly what it is. During the course of the year, we'll be terminating citations and gaining access through the areas one at a time. That work should be done concurrently with the Silver Shaft clean down using Number 2 shaft as an access. The mine has not been completely inspected yet so that process also has to continue and be completed. And the other key activity that happened during the year is the construction of the 5,900 bypass College Way which we've covered on other calls I believe, but that will also be done concurrently with the Silver Shaft clean down.

Phil Baker - *Hecla Mining Co - President and CEO*

So once we get to the 4,900 level, we will be able to access the mine in a more robust way than what we can do just through the 2 shaft and so things like that development of the bypass will happen much more rapidly at that point.

Anthony Sorrentino - *Sorrentino Metals - Analyst*

Okay, fine. Will the \$90 million in capital spending at Greens Creek all be capitalized?



Phil Baker - Hecla Mining Co - President and CEO

Yes, that is specifically expenditures that will be capitalized, and the purpose of that expenditure at least as Larry said a large portion of it is for the development of this 200 South that we think will extend the mine life and maybe we'll see a little bit higher grade material, that's certainly in the case of silver, so we'll see better returns out of that material and so we're quite excited about the potential from that development.

Anthony Sorrentino - Sorrentino Metals - Analyst

Okay, very good. Thank you very much.

Operator

(Operator Instructions)

Tom Adams, International Management.

Tom Adams - International Management - Analyst

Good morning, everybody. Phil, I met you in San Francisco and my question is regarding additional payments on the Coeur d'Alene settlement. What do you project will be the effect on your excellent cash position this year in 2012 with additional payments?

Phil Baker - Hecla Mining Co - President and CEO

Well, the payment that we have to make this year is \$25 million plus whatever warrant proceeds that we receive, and what we're anticipating is at these sorts of prices that we'll see a pretty flat cash position to taking care of all of the things that we've announced, all of the capital programs, all of the exploration. It will be a relatively flat cash position. If prices decline, then clearly we would have to dip into our cash but with \$260 million we're in pretty good position to be able to handle that.

Tom Adams - International Management - Analyst

That's an excellent answer. Now also how many more years will you be making these payments for?

Phil Baker - Hecla Mining Co - President and CEO

So we'll have another payment a year from October, so we'll have one in October of this year, we'll have another one in October of 2013, and then we will have the proceeds from the exercise of the warrants, that is a 2014 event and I think June, July time frame, August time frame.

Tom Adams - International Management - Analyst

Thank you very much.

Phil Baker - Hecla Mining Co - President and CEO

We don't see any impediment on our growth plans and our development plans at the mines from the settlement of the litigation. That's why we agreed to do that last year.



Operator

Trevor Turnbull, Scotia Capital.

Trevor Turnbull - Scotia Capital - Analyst

Hi, Phil. I saw in the budget for Greens Creek you do have money allocated for the tailings there and I just wondered if you could give us a sense of what kind of permits that you might have to acquire or do you have everything in hand to go ahead and do that?

Phil Baker - Hecla Mining Co - President and CEO

Trevor, we're in the midst of the EIS process for the expansion of the tailings facility and it's a multi-year process and we're anticipating the finalization of the work that you do prior to the public comment in the next few months and then we'll have that public comment period and how quickly the project goes forward will be a function of that process. We feel very good about it from the standpoint that our record has been extraordinary at Greens Creek, our environmental record. And we have lots of support in the community and we think that what we're proposing is a sensible way to deposit tailings, dispose of tailings. So Larry, anything you want to add to that?

Larry Radford - Hecla Mining Co - VP, Operations

Yes, the draft EIS should be issued at the end of March.

Trevor Turnbull - Scotia Capital - Analyst

So then how long would your capacity last once this goes through and this stage is executed on?

Phil Baker - Hecla Mining Co - President and CEO

There is volume capacity that I guess would take us to about 2018, but when you consider the weather conditions at Greens Creek, then we are limited 2016, so it is important that we move this project forward.

Trevor Turnbull - Scotia Capital - Analyst

Perfect, thanks, Phil.

Operator

Chris Lichtenheldt, UBS Securities.

Chris Lichtenheldt - UBS - Analyst

Good afternoon, everyone. First just wanted to ask, can you give us a sense of the grade at Greens Creek that you're assuming for 2012?

Phil Baker - Hecla Mining Co - President and CEO

Yes we can. Give us a second to look it up. It is a slight increase in grade. We're going to look that up.

Chris Lichtenheldt - UBS - Analyst

And even if it just directionally you could let me know what's happening with base metals and stuff because I too thought the cost might be a little bit lower even when factoring in inflation so it might be a function of what I had here for grades et cetera. Maybe next I'll just ask then while we wait the \$90 million that you have for Greens Creek, there's some \$30-odd million you didn't break down in your slide. Is that really just a whole bunch of smaller things or is there some other sizeable chunks in there that you could describe?

Phil Baker - Hecla Mining Co - President and CEO

Yes, I mean, it is, gosh, we've got 100 projects that are a \$1 million or less on Greens Creek --

Chris Lichtenheldt - UBS - Analyst

Okay.

Phil Baker - Hecla Mining Co - President and CEO

It's a lot of little projects but we think they're important to move them forward. Larry, do you have that?

Larry Radford - Hecla Mining Co - VP, Operations

Yes, I mentioned most of the projects are targeted at reducing risk, there's several hundred projects that are quite small, underneath \$2 million, and then there are the big projects I mentioned earlier which are by and large targeted at adding mine life.

Chris Lichtenheldt - UBS - Analyst

And there's no real risk that these projects will slowdown throughput?

Larry Radford - Hecla Mining Co - VP, Operations

We're not expecting any risk, the deep or the southern extension of the 200 South is a single heading so we're not anticipating that.

Phil Baker - Hecla Mining Co - President and CEO

Chris, there certainly is that sort of risk. The logistical issues at Greens Creek, as you know, are pretty daunting and so there's lots of things that we're concerned with, so it's going to be a balancing act between taking these capital projects forward and maintaining the tonnage that we're looking for and/or the grade. So we will do that balancing effort and we're confident that we can get it done but it's not without risk.

Chris Lichtenheldt - UBS - Analyst

Okay.

Larry Radford - Hecla Mining Co - VP, Operations

As far as the grade question, it is increasing throughout the year, throughout the quarters and it averages 11.6-ounce per ton of silver.

Chris Lichtenheldt - UBS - Analyst

11.6. And are the by products going up as well? Or down?

Larry Radford - Hecla Mining Co - VP, Operations

They're going down.

Chris Lichtenheldt - UBS - Analyst

Okay, that makes sense. Maybe just last on the CapEx. If you look at the mine plan you anticipate now with your new reserve for the next 10 years or so, how many more years would you expect that there could be these large CapEx years for additional access points, et cetera? Or some general sense of maintenance CapEx if you could?

Phil Baker - Hecla Mining Co - President and CEO

We'll have variability in our CapEx as we go forward and one of the things that we have continued to find at Greens Creek is these new zones, so it's hard for me to say what it might be. What I will say is if we find nothing else and we -- if you're in a mode where you're going to say you don't have anything then we'll certainly crank it down, but that's not what we're anticipating. In fact it's just the opposite, and the reason why we're doing some of these things is we are seeing things that are causing us to think we'll be mining well beyond the existing mine life. And one of the things that we ultimately will have to determine is there an opportunity to go deeper at Greens Creek and how would you access that. So there could be some significant infrastructure to do that, and then if you think about the Lucky Friday after this year, we'll be moving the Number 4 shaft forward again.

Chris Lichtenheldt - UBS - Analyst

Right. Okay. That's good enough for me now, thanks.

Operator

And there are no further questions in the queue. I would now like to turn the call back over to Phil Baker for closing comments.

Phil Baker - Hecla Mining Co - President and CEO

Thanks very much for joining the call and if you have any questions please feel free to give Melanie a call, and I'll be back in the office tomorrow and I can answer questions then, as well. Thanks very much.

Operator

Thank you very much, this concludes today's conference. Thank you for your participation. You may now disconnect. Have a great day.



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