HECLA MINING CO/DE/
Form PRE 14A
March 21, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

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Check the appropriate box:

[X] Preliminary Proxy Statement
[ ] **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
[ ] Definitive Proxy Statement
[ ] Definitive Additional Materials
[ ] Soliciting Material Pursuant to §240.14a-12

Hecla Mining Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.
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1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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1) Amount Previously Paid:

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NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 2017 Annual Meeting of Shareholders (“Annual Meeting”) of Hecla Mining Company (“we,” “our,” “us,” “Hecla,” or the “Company”) will be held at the _____________________, located at _______________________, on Thursday, May 25, 2017, at 10:00 a.m., Pacific Daylight Time, for the following purposes:

1. Elect two nominees to the Board of Directors, to serve for a three-year term or until their respective successors are elected;
2. Ratify the Audit Committee’s appointment of BDO USA, LLP as our independent registered public accounting firm for 2017;
3. Approve, on an advisory basis, the compensation of our named executive officers;
4. Approve, on an advisory basis, the frequency of our executive compensation approval vote;
5. Approve our Amended and Restated Hecla Mining Company Stock Plan for Nonemployee Directors, including to increase to 3,000,000, the number of shares of common stock available for issuance under such Plan;
6. Approve an amendment to our Certificate of Incorporation increasing the number of authorized shares of our common stock from 500,000,000 to 750,000,000;
7. Approve amendments to the Company’s Certificate of Incorporation and Bylaws to remove certain 80% supermajority voting provisions;
8. Approve amendments to the Company’s Certificate of Incorporation and Bylaws to permit shareholders to call special meetings of shareholders under certain circumstances; and
9. Transact such other business as may properly come before the meeting.

The Board of Directors (“Board”) has fixed the close of business on March 27, 2017 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting and at any adjournment or postponement thereof (“Record Date”).

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On or about April 10, 2017, we began mailing to our shareholders of record as of the Record Date, either a Notice of Internet Availability of Proxy Materials ("Notice") containing instructions on how to access this Proxy Statement and our 2016 Annual Report ("Proxy Materials") online, or a printed copy of these Proxy Materials.

By Order of the Board of Directors

Michael B. White
Corporate Secretary
April 10, 2017

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on May 25, 2017.

This Proxy Statement and our 2016 Annual Report are available at http://www.hecla-mining.com

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A Message from our Independent Chairman

Dear Fellow Shareholder:

It is the responsibility of the Board to maintain sound corporate governance practices and to oversee the Company's strategic and operational activities in a manner that protects and creates long-term shareholder value. Your Board is committed to fulfilling these duties and to keeping the interests of our shareholders and employees at the center of our priorities.

Corporate Strategy

Hecla's Board operates under the premise that we are elected by you, the shareholders, to oversee the long-term success of our Company. We are the ultimate decision-making body of the Company, except for those matters reserved to or shared with our shareholders, and we play a critical role in strategic planning. Management is responsible for the day-to-day operations and management of the Company.

We oversee and evaluate a very capable management team that is focused on the growth of the Company. Over the years, we have had to weather the financial markets and lower metal prices, but we believe the Company made significant progress during those difficult times, which has allowed us to prosper as the environment for mining companies improved in 2016. In both good times and bad times, Hecla remains committed to the strategic approach to creating shareholder value - consistent, long-lived production that increases and improves over time. This means we need long-life assets to profit from higher metals prices, strong geological understanding to increase reserves, and operating expertise to reduce costs and lower risks.

Governance

The Board, directly and through its Corporate Governance and Directors Nominating Committee (Governance Committee), seeks to maintain corporate governance practices that are aligned with our strategic, financial and operational goals. We do this by conducting processes at least annually to evaluate, optimize and update governance and practice guidelines.

Your Board is committed to keeping up with good corporate governance practices. In February 2017, the Board approved an amendment to its Corporate Governance Guidelines to include a director resignation policy. The policy provides that any director who is not elected by a majority of votes cast shall tender his or her resignation to the Governance Committee, which will then recommend to the Board whether to accept or reject the resignation offer, and

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the Board will act on the Governance Committee's recommendation within ninety (90) days following certification of the election results. Any director who tenders his or her resignation pursuant to this provision will not participate in the proceedings of either the Governance Committee or the Board with respect to his or her own resignation offer.

Shareholder Outreach

One of our priorities is listening to the views of our shareholders and considering them as we make decisions in the boardroom. We accomplish this through ongoing outreach and engagement with our shareholders. Through management, we engage with shareholders on a variety of topics. Based on this engagement, we have made significant enhancements to the Company's governance and compensation programs over the last several years.

Board Composition and Refreshment

Shareholders continue to express a genuine and legitimate interest in finding effective ways to ensure that boards of directors are comprised of the right people, with the right skills and qualifications, to effectively represent their interests. The issue of Board composition and refreshment is a priority of our shareholders, and we agree that refreshing the Board with new perspectives and new ideas is critical to a forward-looking and strategic Board. At the same time, it is also important to benefit from the valuable experience and familiarity that longer-serving directors bring to the boardroom. The Board is also very conscious of the benefits of diversity on the Board. Ensuring diverse perspectives, including a mix of skills, experience and backgrounds, is key to effectively representing the long-term interests of shareholders. Doing so is a top priority of the Board. In just the last year and a half, three new directors have been appointed to our Board. As a result, the average tenure for our directors has been reduced and our Board now includes a woman director.

We remain committed to ensuring your Board is composed of a highly capable and diverse group of directors, well-equipped to oversee the success of the business and effectively represent the interests of our shareholders. We will continue to seek qualified candidates that will further enhance our Board's diversity.

Your participation and your votes are important to the future of our Company. We encourage you to vote your shares in accordance with the Board's recommendations. Details of the items to be voted upon are provided throughout this Proxy Statement.

Ted Crumley

Chairman

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A Message from our President and Chief Executive Officer

Dear Fellow Shareholder:

On behalf of your entire Board and the management team, I deeply appreciate your support and faith in our Company. I also want to express my gratitude to our Board for its guidance and support as we execute our strategy, which we expect to yield long-term shareholder value as it has throughout 2016 and into 2017. To all our employees, please accept my appreciation for your readiness to adapt, your responsiveness, creativity and willingness to work together towards attaining that success.

Our Responsibility

At Hecla, our Integrated Corporate Responsibility Policy begins with the belief that a safe mine is a productive mine – each day, each shift, home safely. We will strive to guard the health and safety of our employees and the community. Second, we will be responsible environmental stewards and strive to minimize environmental effects during exploration, development and operations and then reclaim our projects to productive post mining land uses. Third, we believe that by being responsive to community needs, the Company builds trust and relationships that foster our social license to operate. This encompasses taking a mutually-beneficial approach to issues affecting the community, treating others with respect, and engaging in open and honest communication. Each of these aspects is integrated into our business planning as they are considered key to our core business strategy and continued profitability.

Our Strategy and 2016 Accomplishments

Our simple strategy is to explore, develop and operate properties that have consistent, long-lived production that grows and whose margins improve over time.

At the heart of our strategy is long-lived, low-cost mines: both our existing mines and acquiring assets with the ability to be long-lived, making smart investments to further extend the mine life, which in turn enables us to work toward lowering both operating and capital costs and to take advantage of the metals' price cycle.

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Building around the core of long-lived, low-cost mines are the four elements necessary to be successful. The first is metals that we mine. While our focus is primarily on silver and gold, we continue to produce a substantial amount of lead and zinc as by-products. The recent acquisitions of Rock Creek and Montanore in northwestern Montana gives us two of the largest undeveloped silver and copper deposits in North America. The advantages of this diversity include multiple revenue streams, which lowers our risk profile and provides a natural hedge with more stability and predictability of revenues, enabling us to better run our business.

Second is our committed and talented employees, many of whom have been with the Company for decades, who are working together making our mines more safe, efficient and productive.

Third is financial discipline. During my tenure as president and CEO we have issued a significant amount of equity only three times: 2003, 2008-2009, and 2013 – the latter two were to acquire new assets (Greens Creek and Casa Berardi). Over the past several years we have seen our production and reserves per share grow more than an average of our peers. Combined with low-cost growth, this disciplined approach has also created shareholder value.

Finally, our North American focused asset portfolio takes advantage of low-risk, mining-friendly jurisdictions where, by being responsive to community needs, we've built trust and relationships that foster our social license to operate.

In 2016, some of our key achievements included the following:

- silver equivalent production of 46.1 million ounces, the highest in the Company's history;[1]
- a 48% increase in silver production to 17.2 million ounces, a record, with cost of sales of $298.7 million, and cash cost after by-product credits, per silver ounce of $3.10;[2]

[1] 2016 silver equivalent calculation is based on the following prices: $17.10 for silver, $1,248 for gold, $0.85 for lead, and $0.95 for zinc.

[2] Cash cost, after by-product credits, per silver and gold ounce represents a non-GAAP measurement, a reconciliation of which to cost of sales and other direct production costs and depreciation, depletion and amortization, the most comparable GAAP measure, can be found in Appendix F under *Reconciliation of Cash Cost, Before By-product Credits and Cash Cost, After By-product Credits (non-GAAP) to Cost of Sales and Other Direct Production Costs and Depreciation, Depletion and Amortization (GAAP)*. It is an important operating statistic that management utilizes to

measure each mine’s operating performance. It also allows the benchmarking of performance of each mine versus those of our competitors. As a primary silver mining company, management also uses the statistic on an aggregate basis – aggregating the Greens Creek, Lucky Friday and San Sebastian mines – to compare performance with that of other primary silver mining companies. With regard to Casa Berardi, management uses cash cost, after by-product credits, per gold ounce to compare its performance with other gold mines. The statistic is also useful in identifying acquisition and investment opportunities as it provides a common tool for measuring the financial

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- a 24% increase in gold production to 233,929 ounces Company-wide, with 145,975 ounces produced at Casa Berardi; with cost of sales and other direct production costs and depreciation, depletion and amortization of $155.7 million and cash cost, after by-product credits, per gold ounce of $764;[2]
- cash provided by operating activities of $225.3 million, a 112% increase compared to 2015;
- net income of $69 million and Adjusted EBITDA of $264.6 million, a 179% and 127% increase compared to 2015;[3]
- achieved the above milestones while ending the year with a cash, cash equivalents and short-term investments balance of $198.9 million as of December 31, 2016, an increase of $43.7 million during the year;
- commenced development of the East Mine Crown Pillar ("EMCP") open pit project at Casa Berardi, with processing of ore from EMCP that began in July 2016;
- completed the #4 Shaft at Lucky Friday, the largest capital project in our history, which started in 2008;
- acquisition of Mines Management, Inc., giving us ownership of the Montanore project, a very large silver/copper project undergoing permitting in northwestern Montana; and
- the first hardrock mining company to receive independent certification under CORESafety.[4]

In 2016, Hecla celebrated its 125th anniversary. We believe our strategy and accomplishments provided Hecla's shareholders with substantial share value.

performance of other mines with varying geologic, metallurgical and operating characteristics. In addition, the Company may use it when formulating performance goals and targets under our incentive program.

[3] Adjusted EBITDA is a non-GAAP measurement, a reconciliation of which to net income (loss), the most comparable GAAP measure, can be found in Appendix F under *Reconciliation of Adjusted EBITDA (non-GAAP) to Net Income (Loss) (GAAP)*. Adjusted EBITDA is a measure used by management to evaluate the Company's operating performance but should not be considered an alternative to net income (loss), or cash provided by operating activities as those terms are defined by GAAP, and does not necessarily indicate whether cash flows will be sufficient to fund cash needs. In addition, the Company may use it when formulating performance goals and targets under our incentive program.

[4] CORESafety is a partnership led by the members of the National Mining Association. It is an approach to mining safety and health to prevent accidents before they happen using a management system that involves leadership, management and assurance. Its objective is to have zero fatalities and a 50 percent reduction in mining's injury rate within five years (0:50:5).

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We sincerely hope you will be able to attend and participate in our Annual Meeting. We welcome the opportunity to meet with many of you and give you a firsthand report on our progress, as well as express our appreciation for your confidence and support.

Phillips S. Baker, Jr.

President and Chief Executive Officer

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ANNUAL MEETING OF SHAREHOLDERS

May 25, 2017

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all the information you should consider and you should read the entire Proxy Statement before voting. For more complete information regarding the Company's 2016 performance, please review our Annual Report on Form 10-K.

ADMISSION TO ANNUAL MEETING

Only record or beneficial owners of Hecla's common stock as of the Record Date, or a valid proxy or representative of such shareholder, or an invited guest of management, may attend the Annual Meeting in person. Any shareholder, proxy or representative who wishes to attend the Annual Meeting must present the documentation described under "General Information about the Meeting – Rules for Attending the Annual Meeting" on page _____.

PROXY PROPOSALS

	Proposals	Board Vote Recommendation	Page Reference For More Information
Proposal 1 –	Election of Two Class I Directors	**FOR** each Director Nominee	
Proposal 2 –	Ratification of BDO USA, LLP as the Company's Independent Registered Public Accounting Firm for 2017	**FOR**	
Proposal 3 –	Advisory Vote on Executive Compensation	**FOR**	
Proposal 4 –	Advisory Vote on Frequency of Vote on Executive Compensation	**ANNUAL**	
Proposal 5 –	Approval of Amended and Restated Hecla Mining Company Stock Plan for Nonemployee Directors, including to Increase to 3,000,000 the Number of Shares of Common Stock Available for Issuance under the Hecla Mining Company Stock Plan for Nonemployee Directors	**FOR**	
Proposal 6 –	Amendment to the Company's Certificate of Incorporation to Increase the Number of Authorized Shares	**FOR**	
Proposal 7 –	Approval of Amendments to the Company's Certificate of Incorporation and Bylaws to Remove Certain 80% Supermajority Voting Provisions	**FOR**	
Proposal 8 –	Approval of Amendments to the Company's Certificate of Incorporation and Bylaws to Permit Shareholders to Call Special Meetings of Shareholders Under Certain Circumstances	**FOR**	

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CLASS I DIRECTOR NOMINEES TO SERVE UNTIL THE 2020 ANNUAL MEETING

Our Board is composed of nine members divided into three classes, with each class serving a term of three years. Our director, Dr. Anthony P. Taylor, has reached the mandatory retirement age of 75 and will not be standing for re-election at the Annual Meeting. The size of the Board will be reduced to eight at the Annual Meeting.

The Board and the Governance Committee believe the two director nominees (Baker and Johnson) possess the necessary qualifications to provide effective oversight of our business and quality advice and counsel to the Company's management.

The following table summarizes important information about each director nominee standing for re-election to the Board for a three-year term expiring in 2020.

Class I Director Nominees	**Experience and Qualifications**
Phillips S. Baker, Jr. (age 57) Director since 2001 Chairman of the Executive Committee Serves on one other public company board	· Public company board service · CEO/administration and operations · Finance · Industry and mining experience · Reputation in the industry · Legal
George R. Johnson (age 68) Independent Director since 2016 Retired mining executive Serves on one other public company board	· Public company board service · Industry and mining experience · International business · Leadership/executive officer experience · Reputation in the industry · Mining engineering

CORPORATE GOVERNANCE HIGHLIGHTS

We are committed to good corporate governance practices and believe that Proposals 7 and 8 are in the best interests of our shareholders. We believe that if passed they would enhance Board and management accountability and help build public trust in the Company. In addition to Proposals 7 and 8 described beginning on pages ___ and ____, respectively, the *Corporate Governance and Related Matters* section beginning on page ____ further describes our current governance framework, which includes the following highlights:

SHAREHOLDER RIGHTS

Director Resignation Policy	Directors who receive more “Against” votes than “For” votes must tender their resignation to the Board for consideration.
No Poison Pill	We do not have a shareholder rights plan (commonly referred to as a “poison pill”).
Majority Voting for Director Elections	Directors are elected by a majority of votes cast, which increases Board accountability to shareholders.

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BOARD STRUCTURE

Governance Policies	Our Corporate Governance Guidelines provide shareholders with information regarding the best practice principles of our corporate governance program and Board framework.
Board Refreshment and Tenure	We added two new directors in 2016 and one new director in 2017, thereby reducing the average tenure of the Board from 11 years to approximately 9 years.
90% Independent	Eight of nine directors are independent, including the Audit, Compensation, and Governance Committee members.
Independent Chairman of the Board	The positions of CEO and Chairman of the Board are held by separate persons. The Board believes this structure is optimal for the Company because it allows the CEO to focus on leading the Company's business and operations, and the Chairman to focus on broader strategies and leading the activities of the Board.
Regular Executive Sessions of Independent Directors	Executive sessions of non-management directors are included on the agenda for every regularly scheduled Board meeting.
Committee Governance	Our Board committees have written charters that clearly establish their respective roles and responsibilities, and are comprised exclusively of independent directors. Committee composition and charters are reviewed annually by our Board.
Mandatory Retirement	We have a mandatory director retirement age of 75, which helps ensure regular refreshment of our Board.
Annual Performance Evaluations	Our Governance Committee oversees an annual performance evaluation of our Board, while the Committees perform their own self-evaluations on an annual basis.
Access to Management and Experts	Our Board and Committees have complete access to all levels of management and can engage advisors at our expense, giving them access to employees with direct responsibility for managing our Company and experts to help them fulfill their oversight responsibilities on behalf of our shareholders.
Succession Planning	Our Board's Compensation Committee and/or our full Board reviews potential CEO and other senior executive successors annually to develop our future leaders and ensure we can sustain business continuity, if any of these key employees were to leave our Company.

EXECUTIVE COMPENSATION

Stock Ownership Guidelines	We have rigorous share ownership guidelines for our Section 16(b) officers and our directors.
Annual Say-on-Pay Vote	Shareholders have the opportunity annually to cast an advisory vote on our executive compensation. In Proposal 4 of this Proxy Statement, the Board is recommending that the shareholders continue to have the opportunity to cast an annual advisory vote on our executive compensation.
At-Risk, Performance-Based Compensation	84% of CEO and 74% of NEO pay is at-risk[5]. Over 68% of total compensation for the CEO is performance-based and 54% of total compensation for the other NEOs is performance-based.
Stock Awards	We grant restricted stock units to retain our senior executives and align their interests with long-term interests of our shareholders. The restricted stock units vest in equal amounts with annual vesting dates over a three-year period.

[5] Pay at-risk refers to the portion of an employee's compensation that is variable, and therefore "at-risk" of not being paid out. This "at-risk pay" is typically performance-based, and is in contrast to the fixed pay (salary) that the NEO receives as a condition of employment.

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Change in Control Agreements	Our change in control agreements are double-trigger and contain no excise tax gross-up provision.
Insider Trading Policy	Our Insider Trading Policy prohibits all directors, executive officers and certain other employees from purchasing or selling any Company securities three weeks before through two days after the public release of any of our periodic results, or at any other time during the year while in possession of material non-pubic information about the Company.
Anti-hedging and Anti-pledging policies	Our Insider Trading Policy provides that directors and officers are prohibited from hedging or pledging any securities of the Company.
Clawback Policy	Each of the Company's incentive plans (Annual Incentive Plan, Long-term Incentive Plan, Key Employee Deferred Compensation Plan, and 2010 Stock Incentive Plan) have clawback provisions.

SHAREHOLDER OUTREACH

Over the last several years we have undertaken significant shareholder outreach efforts in order to elicit and understand the concerns of our shareholders. After implementing certain changes in 2014 and 2015 to our executive compensation program, our 2016 say-on-pay vote received 81% support. The Compensation Committee believes the changes made in 2014 and 2015 impacted the vote because they were responsive to the feedback from investors and proxy advisory firms, and enhanced the performance orientation of our executive compensation program. The current frequency of shareholder advisory votes on executive compensation is every year.

Once again, in advance of our 2017 Annual Meeting, we engaged with our shareholders and others to seek their feedback. We held one-on-one discussions with shareholders holding over 50,000,000 shares of our common stock, as well as a face-to-face discussion with one of the proxy advisory firms. The response was overwhelmingly supportive to the changes we made to our executive compensation program in 2014 and 2015. The results of this engagement, and the Compensation Committee's ongoing efforts to ensure a strong alignment between executive pay and Company performance, led the committee to make no substantive changes to its executive compensation program in 2016. However, in December 2015, due to budget reductions for 2016, our Chief Executive Officer's ("CEO") base salary was reduced by 20%, and all base salaries for other named executive officers (NEOs) were reduced by 10%, effective through all of calendar year 2016. In addition, our Board's annual cash payments were reduced by 10% through calendar year 2016.

In addition to seeking input on our compensation practices, our shareholder outreach program seeks to identify corporate governance matters that are of concern primarily to our shareholders, but also to the major proxy advisory firms.

During our shareholder outreach in 2015 and 2016, three corporate governance issues were discussed with our shareholders: (i) the ability of shareholders to call special meetings, (ii) the 80% supermajority voting requirement to amend provisions in our Certificate of Incorporation and Bylaws impacting special meetings, and (iii) the absence of a director resignation policy.

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At our 2014 Annual Meeting, we asked shareholders to vote on a proposal to amend our Certificate of Incorporation and Bylaws to permit shareholders to call special meetings under certain circumstances. Under our Certificate of Incorporation, this change required the approval by holders of 80% of our outstanding shares of common stock, yet we only received approval from 41%. We again submitted this proposal at last year's Annual Meeting and only received approval from 47%. In addition, last year we added another proposal to amend our Certificate of Incorporation and Bylaws to change the required approval of certain amendments to those documents relating to the ability to call a special meeting from 80% to a two-thirds voting standard. This change also required the approval by holders of 80% of our outstanding shares of common stock, and we only received approval from 46%. In a continued effort to show our support of shareholder feedback, we are again adding these two proposals to the ballot for shareholders to approve at the 2017 Annual Shareholder Meeting.

In February 2017, the Board approved amendments to our Corporate Governance Guidelines, which included a director resignation policy. Any director who is not elected by a majority of the votes cast, shall tender his or her resignation to the Governance Committee which will then recommend to the Board whether to accept or reject the resignation offer, and the Board will act on the Governance Committee's recommendation within ninety (90) days following certification of the election results. Any director who tenders his or her resignation pursuant to this provision will not participate in the proceedings of either the Governance Committee or the Board with respect to his or her own resignation offer.

KEY COMPENSATION ACTIONS TAKEN IN 2016

Below is a brief summary of actions taken by the Compensation Committee in 2016. The compensation of our NEOs for 2016 is more fully described in the *Compensation Discussion and Analysis* section of this Proxy Statement, starting on page ____ and in the compensation tables starting on page _____.

Reduction in Annual Cash Compensation for our Board. Effective January 1, 2016, the Compensation Committee recommended and the Board approved a 10% reduction in our Board's annual cash compensation in 2016.

Reduction in Base Salaries for the CEO and other NEOs. Effective January 1, 2016, the Compensation Committee approved base salary reductions for our NEOs. Our CEO's base salary was reduced by 20%, and all other NEOs' base salaries were reduced by 10%.

Annual Incentive Plan ("AIP"). 2016 was the strongest year in Hecla's history, from a silver and silver equivalent production perspective, a result driven by the tremendously successful San Sebastian mine, as well as production at our other mines that exceeded our expectations. Silver production increased by 48%, which drove our excellent financial performance, generating cash provided by operating activities of $225.3 million, $264.6 million in adjusted EBITDA, and adding $44 million cash and short-term investments to the balance sheet, while reducing the net debt/EBITDA ratio by 60%. The life of our San

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Sebastian mine was increased by more than a year and it provided cash, provided by operating activities of $93.9 and $92.4 million in free cash flow in 2016.[6] These strong results were recognized by the market, and our share price increased by 177% in 2016, significantly outpacing most of our peers.

For 2016, Company performance for quantitative AIP purposes was determined by the Compensation Committee to be 150% of target. This result was comprised of 85% for quantitative measures (listed below); 40% for qualitative factors; and 25% was discretionary.

2016 AIP Quantitative Measure Results	**Target**	**Actual**	**Performance Value**
Production Silver equivalent ounces	42.0 mm ozs.	46.5 mm ozs.	30%
Adjusted EBITDA	$255 mm	$264.6 mm	17.5%
Cash	$100 mm	$198.9 mm	30%
Work-related injury reduction	15%	25%	7.5%
Total Quantitative			**85%**

The Compensation Committee approved payout of the AIP awards to be 75% cash and 25% in Hecla common stock issued under the 2010 Stock Incentive Plan. The AIP (qualitative and discretionary factors) is more fully described in the *Compensation Discussion and Analysis* section of this Proxy Statement, starting on page _____.

2014-2016 Long-term Incentive Plan ("LTIP"). The 2014-2016 LTIP had a maximum potential unit value of $375. The Compensation Committee assessed performance under the 2014-2016 LTIP as follows:

Performance Measure	**Target**	**Actual Performance**	**% of Target**	**Value Earned Per Unit**
Silver Reserve Growth	30.0 silver oz. added (millions)	Silver oz. decreased by 2.7 mm oz.	-9	No Payout
Production Growth	70.5 silver oz. (millions)	76.5 silver oz. (millions)	108	$50.00
Cash Flow	$628.75 Cash Flow (millions)	$829.36 Cash Flow (millions)	132	$75.00
Total Shareholder Return	60% Hecla ranking vs. peers	92.9% Hecla ranking vs. peers	155	$82.25
#4 Shaft Completion	Shaft Completed by 5/1/16	1/20/17 completion date	0	No Payout
Total Earned Per Unit				**$207.25**

[6] Free cash flow is a non-GAAP measurement used by management to analyze cash flows generated from operations. It is calculated as cash provided by operating activities (GAAP) less additions to properties, plants, equipment and mineral interests (GAAP). The Company believes free cash flow is also useful as one of the bases for comparing the Company's performance with its competitors. Although free cash flow and similar measures are frequently used as measures of cash flows generated from operations by other companies, the Company's calculation of free cash flow is not necessarily comparable to such other similarly titled captions of other companies.

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During this three-year period, performance in production exceeded the maximum threshold, and cash flow generation and TSR components fell between target and the maximum threshold. The #4 Shaft completion and silver reserve growth were each below the threshold. As a result, with a range in potential value per unit of $0 to $375, in February 2017, the Compensation Committee determined that the total 2014-2016 LTIP payout was $207.25 per unit. The Compensation Committee further approved payout of the LTIP awards to be 75% in cash and 25% in Hecla common stock issued under the 2010 Stock Incentive Plan. The 2014-2016 LTIP is more fully described in the *Compensation Discussion and Analysis* section of this Proxy Statement, starting on page _____.

CEO PAY MIX FOR 2016

ØJ016 Base Salary - $484,000 (20% reduction in 2016).

Ø Annual Incentive Plan Payout - $907,500 (150% of target). Paid 75% in cash and 25% in common stock.

Ø Long-term Incentive Plan Payout - $1,968,875. In June 2014, our CEO was awarded 9,500 units under our 2014-2016 Long-term Incentive Plan. For 2016, the plan paid out $207.25 per unit. Paid 75% in cash and 25% in common stock.

Ø Restricted Stock Units – In June 2016, our CEO was awarded 113,636 restricted stock units with a grant date fair value of $500,000 ($4.40 per share), subject to a three-year vesting schedule (one-third in June 2017, one-third in June 2018, and one-third in June 2019).

Ø Performance-based Shares: In June 2016, our CEO was awarded 113,636 performance-based shares with a grant date fair value of $500,000 ($4.40 per share), the ultimate value of which is based on our three-year TSR ranking in a peer group (payable in 2019).

2016 SUMMARY COMPENSATION AND REALIZED COMPENSATION

Set forth on the following page is the 2016 compensation for each NEO as determined under Securities and Exchange Commission ("SEC") rules. Total compensation, as reported in the *Summary Compensation Table for 2016* and calculated under SEC rules, includes several items that are driven by accounting and actuarial assumptions. Accordingly, it is not necessarily reflective of the compensation our NEOs actually realized in 2016. To supplement that disclosure, we have added the "W-2/T4 Realized Comp." column to the right of the table below to compare our

NEOs' 2016 compensation as determined under SEC rules with W-2/T4 income for 2016, which is the federally taxable (under the U.S. and Canada) compensation our NEOs received in 2016 inclusive of vested stock and exercised stock options, if any.

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This supplemental table is not designed to replace the *Summary Compensation Table for 2016* found on page _____, but rather to provide additional, supplemental compensation disclosure.

The differences between this supplemental table and the *Summary Compensation Table for 2016* are (i) the supplemental table includes compensation related to stock awards that became fully vested in 2016, whereas the *Summary Compensation Table for 2016* includes compensation for stock awards as it is expensed for financial accounting purposes; (ii) the supplemental table does not reflect the FASB ASC Topic 718 expense associated with equity awards; (iii) the supplemental table includes compensation related to incentive compensation that was paid in 2016, whereas the *Summary Compensation Table for 2016* includes incentive compensation as it is expensed for financial accounting purposes; and (iv) the supplemental table does not include the change in pension value and the Company matching contribution for individual 401(k) deferral. For more information on total compensation as calculated under SEC rules, see the narrative and footnotes accompanying the *Summary Compensation Table for 2016* on page _____.

2016 Summary Compensation and Realized Compensation

2016 Summary Compensation							Realized Compensation	
Name and Principal Position	Salary ($)	Stock Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	SEC Total ($)	SEC Total Without Change in Pension Value ($)	**W-2/T4 Realized Comp.[1] ($)**
Phillips S. Baker, Jr. President and CEO	484,000	2,074,935	2,876,475	924,335	15,900	6,375,645	5,451,310	1,897,266[2]
Lindsay A. Hall* Senior Vice President and CFO	156,750	344,999	326,027	13,146	9,200	850,122	836,976	204,622[3]
Lawrence P. Radford Senior Vice President – Operations	342,000	789,999	1,388,650	125,898	15,900	2,662,447	2,536,549	1,902,528
Dr. Dean W. A. McDonald	247,500	589,999	882,600	196,766	15,900	1,932,765	1,735,999	1,777,226[3]

Senior Vice President – Exploration								
David C. Sienko Vice President – General Counsel	225,000	352,500	723,775	82,310	15,900	1,399,485	1,317,175	853,950
James A. Sabala* Former Senior Vice President and CFO	168,588	411,001	786,399	203,085	15,900	1,584,973	1,381,888	1,526,103

*Mr. Hall started with the Company in July 2016, and Mr. Sabala retired in June 2016. Their compensation was prorated accordingly for base salary and non-equity incentive plan compensation.

1. The amounts reported in this column include 2016 salary, vested stock received in 2016, equity and cash portion of 2015 Annual Incentive, and equity and cash portion of 2013-2015 Long-term Incentive, which were paid in March 2016. Also includes performance-based shares that vested in 2016 for Mr. Baker.

2. Mr. Baker deferred all vested equity received in 2016, except for performnace-vested based shares received. See *Option Excercises and Stock Vested for 2016* on page ___.

3. Dr. McDonald and Mr. Hall's realized compensation is reflected in Canadian dollars as reported on their T4.

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BOARD OF DIRECTORS SELECTION PROCESS

Our Bylaws require the Board to have not less than five nor more than nine members. The size of the Board may be increased or decreased within that range from time-to-time by resolution approved by the affirmative vote of a majority of the Board. In December 2016, the Board increased the size of the Board from eight members to nine members and appointed one new director, effective as of January 1, 2017.

Identifying and Evaluating Nominees for Directors

The Governance Committee uses a variety of methods for identifying and evaluating nominees for director. The committee is responsible for ensuring that the composition of the Board accurately addresses the needs of our business. In the event vacancies are anticipated, or arise, the committee considers various potential candidates for director. Candidates may come to the attention of the committee through current Board members, professional search firms, shareholders or other persons. Consideration of new director nominee candidates typically involves a series of internal discussions, review of information concerning candidates and interviews with selected candidates. The committee then determines the best qualified candidates based on the established criteria and recommends those candidates to the Board for election.

We hold the view that the continuing service of qualified incumbents promotes stability and continuity in the boardroom, contributing to the Board’s ability to work as a collective body, while giving us the benefit of familiarity and insight into our affairs that our directors have accumulated during their tenure. Recent additions to the Board may provide new perspectives, while directors who have served for a number of years bring experience, continuity, institutional knowledge, and insight into the Company’s business and industry. Directors with relevant business and leadership experience can provide the Board a useful perspective on business strategy and significant risks and an understanding of the challenges facing the business. Accordingly, the process for identifying nominees reflects our practice of re-nominating incumbent directors who (i) continue to satisfy the committee’s criteria for membership on the Board, (ii) the committee believes continue to make important contributions to the Board, and (iii) consent to continue their service on the Board.

The committee reviews annually with the Board the composition of the Board as a whole and recommends, if necessary, measures to be taken so that the Board reflects the appropriate balance of knowledge, experience, skills, expertise and diversity required for the Board as a whole and contains at least the minimum number of independent directors required by applicable laws and regulations. Board members should possess such attributes and experience as are necessary for the Board as a whole and contain a broad range of personal characteristics, including diversity of backgrounds, management skills, mining, accounting, finance and business experience. Directors should be able to commit the

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requisite time for preparation and attendance at regularly scheduled Board and committee meetings, as well as be able to participate in other matters necessary to ensure good corporate governance is practiced.

In general, and as more fully outlined in our Bylaws and Corporate Governance Guidelines, in evaluating director candidates for election to our Board, the committee will: (i) consider if the candidate satisfies the minimum qualifications for director candidates as set forth in the Corporate Governance Guidelines; (ii) consider factors that are in the best interests of the Company and its shareholders, including the knowledge, experience, integrity and judgment of each candidate; (iii) consider the contribution of each candidate to the diversity of backgrounds, experience and competencies which the Board desires to have represented, with such diversity being considered among the other desirable attributes of the Board; (iv) assess the performance of an incumbent director during the preceding term; (v) consider each candidate's ability to devote sufficient time and effort to his or her duties as a director; (vi) consider a candidate's independence and willingness to consider all strategic proposals; (vii) consider any other criteria established by the Board and any core competencies or technical expertise necessary to manage and direct the affairs and business of the Company, including, when applicable, to enhance the ability of committees of the Board to fulfill their duties; and (viii) determine whether there exists any special, countervailing considerations against nomination of the candidate.

Shareholder Nominees

The committee will consider persons recommended by shareholders as nominees for election as directors. Our Bylaws provide any shareholder who is entitled to vote for the election of directors at a meeting called for such purpose may nominate persons for election to the Board by following the procedures set forth on page ______. Shareholders who wish to submit a proposed nominee to the committee should send written notice to the Corporate Governance and Directors Nominating Committee Chairman, c/o Corporate Secretary, Hecla Mining Company, 6500 N. Mineral Drive, Suite 200, Coeur d'Alene, Idaho 83815-9408, within the time period set forth on page _____. The notification should set forth all information relating to the nominee that is required to be disclosed in solicitations of proxies for elections of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended ("Exchange Act"), including the nominee's written consent to being named in the Proxy Statement as a nominee and to serving as a director if elected; the name and address of the shareholder or beneficial owner making the nomination or on whose behalf the nomination is being made; and the class and number of shares of stock of the Company owned beneficially and of record by such shareholder or beneficial owner. The committee will consider shareholder nominees on the same terms as nominees selected by the committee.

Regardless of how a candidate is brought to the committee, qualified candidates are subjected to one or more interviews with appropriate members of the Board. Chosen candidates are extended invitations to join the Board. If a candidate accepts, he or she is formally nominated.

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Director Qualifications, Evaluation, and Nomination

The committee believes nominees for election to the Board should also possess certain minimum qualifications and attributes. The nominee must: (i) exhibit strong personal integrity, character and ethics, and a commitment to ethical business and accounting practices; (ii) not be involved in ongoing litigation with the Company or be employed by an entity engaged in such litigation; and (iii) not be the subject of any ongoing criminal investigations in the jurisdiction of the United States or any state thereof, including investigations for fraud or financial misconduct. In December 2016, the Board amended our Bylaws and Corporate Governance Guidelines to provide that directors will not be nominated for re-election after their 75th birthday (previously the age limit was 72).

In connection with the director nominees who are up for re-election at the Annual Meeting, the committee also considered the nominees' roles in: (i) overseeing the Company's efforts in complying with its SEC disclosure requirements; (ii) assisting in improving the Company's internal controls and disclosure controls; (iii) assisting with the development of the strategic plan of the Company; and (iv) working with management to implement the strategic plan and mission statement. Directors are expected to exemplify high standards of personal and professional integrity and to constructively challenge management through their active participation and questioning.

In addition to fulfilling the above criteria, each nominee for election to the Board at the upcoming Annual Meeting brings a strong and unique background and set of skills to the Board, giving the Board as a whole competence and experience in a wide variety of areas, including corporate governance, executive management, legal, accounting, finance, mining, and board service. The committee has reviewed the nominees' overall service to the Company during their terms, including the number of meetings attended, level of participation and quality of performance.

Selection of New Directors in 2016 and 2017

On March 1, 2016, the Governance Committee recommended and the Board approved the appointment of two new directors to our Board (Messrs. Ralbovsky and Johnson). Effective January 1, 2017, upon the recommendation of the Governance Committee, the Board also appointed Catherine "Cassie" J. Boggs as a new director to our Board.

Mr. Stephen F. Ralbovsky was appointed as a Class II director (standing for election in 2018). Mr. Ralbovsky is a certified public accountant and was a partner with PricewaterhouseCoopers, LLP from February 1987 until his retirement in June 2014. He has over 37 years' experience in taxation, auditing and accounting, where he specialized in the mining industry. The Governance Committee and Board determined that Mr. Ralbovsky was independent under the New York Stock Exchange listing standards. The Board appointed Mr. Ralbovsky to serve on the Audit Committee and Governance Committee.

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Mr. George R. Johnson was appointed as a Class I director (standing for election in 2017). Mr. Johnson is a mining engineer and formerly served as Senior Vice President of Operations at B2Gold Corporation from August 2009 until his retirement in May 2015. Mr. Johnson also held many positions with Hecla in the early 1980's through 1999 and is very familiar with the Company's operations. He has over 45 years of foreign and domestic experience in underground and open-pit mine construction and operations management. The Governance Committee and Board determined that Mr. Johnson was independent under the New York Stock Exchange listing standards. The Board appointed Mr. Johnson to serve on the Audit Committee and the Health, Safety, Environmental and Technical Committee.

Ms. Catherine "Cassie" J. Boggs was appointed as a Class II director (standing for election in 2018). Ms. Boggs is an attorney and has served as General Counsel at Resource Capital Funds since January 2011. She has over 35 years' experience as a mining and natural resources lawyer with experience in domestic and international mining projects. The Governance Committee and Board determined that Ms. Boggs was independent under the New York Stock Exchange listing standards. The Board appointed Ms. Boggs to serve on the Audit Committee and Governance Committee.

PROPOSAL 1 – ELECTION OF DIRECTORS

In accordance with our Certificate of Incorporation, the Board is divided into three classes. The terms of office of the directors in each class expire at different times. There are three directors whose terms will expire at the 2017 Annual Meeting: Phillips S. Baker, Jr., George R. Johnson and Anthony P. Taylor.

As of the 2017 Annual Meeting, Dr. Taylor will have attained the mandatory retirement age of 75 and will not stand for re-election. Dr. Taylor was elected to the Board by preferred shareholders in May 2002. He has over 52 years' experience in the mining industry in all levels of exploration from a field geologist to senior management. The Board recognizes and commends, with great appreciation, Dr. Taylor's 15 years of invaluable and devoted service to Hecla, and for his substantial contributions as a director of the Company, as chairman of the Governance Committee and as a member of the Health, Safety, Environmental and Technical Committee and Compensation Committee of the Board.

At the May 2017, Annual Meeting, the size of the Board is expected to be reduced from nine persons to eight persons.

At a meeting held by the Governance Committee in February 2017, the committee determined that the two remaining directors whose terms are expiring - Messrs. Baker and Johnson - were qualified candidates to stand for re-election at the Annual Meeting, and the Board designated Messrs. Baker and Johnson as nominees for re-election as directors of the Company, each for a three-year term expiring in 2020. Each nominee has accepted the nomination and agreed to serve as a director if elected by the Company's shareholders.

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It is intended that the proxies solicited hereby from our shareholders that do not provide voting instructions will be voted **FOR** the election of Phillips S. Baker, Jr. and George R. Johnson. The Board knows of no reason why the nominees will be unable or unwilling to accept election. However, if any nominee becomes unable or is unwilling to accept election, the Board will either reduce the number of directors to be elected or select substitute nominees submitted by the Governance Committee. If substitute nominees are selected, proxies that do not provide voting instructions will be voted in favor of such nominees.

Summary of Director Qualifications and Experience

Director Qualifications and Experience	**Baker**	**Boggs**	**Crumley**	**Johnson**	**Nethercutt**	**Ralbovsky**	**Rogers**	**Stanley**	**Taylor**
Audit Committee Financial Expert						l	l	l	
Board Service on Public Companies	l			l			l	l	
CEO/Administration and Operations	l		l	l			l	l	l
Corporate Governance		l			l	l		l	l
Finance	l	l	l	l		l	l	l	
Geology, Mining and Engineering				l			l	l	l
Industry and Mining	l	l		l	l	l	l	l	l
Industry Association Participation	l	l		l		l	l	l	l
International Business		l		l	l		l	l	l
Leadership	l	l	l	l	l	l	l	l	l
Legal and Compliance	l	l			l	l			
Reputation in the Industry	l	l		l			l	l	l
Risk Management	l	l	l	l	l	l	l	l	l

Biographical Information

Set forth below is biographical information for each of the director nominees, including the key qualifications, experience, attributes, and skills that led our Board to the conclusion that each of the director nominees should serve as a director. There are no family relationships among any of our directors or executive officers.

Our Board includes individuals with strong backgrounds in executive leadership and management, legal, accounting and finance, and Company and industry knowledge, and we believe that, as a group, they work effectively together in overseeing our business.

Current Nominees for Election to the Board – Term Ending at the 2017 Annual Meeting

If elected, the nominees will each serve for a three-year term ending in 2020. The nominees are as follows:

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PHILLIPS S. BAKER, JR.

Director since 2001
President and Chief Executive Officer
Age 57

Other Directorships:

QEP Resources, Inc.

Hecla Committees:

- *Executive (Chairman)*

Mr. Baker has been our CEO since May 2003 and has served as our President since November 2001. He has served as a Director of QEP Resources, Inc., an independent natural gas and oil exploration and production company, since May 2010, as well as serving as a Director for Questar Corporation, a Western U.S. natural gas-focused exploration and production, interstate pipeline and local distribution company, from February 2004 through June 2010. Mr. Baker has served as Vice Chairman of the Board for the National Mining Association, a U.S. mining advocate and national trade organization that represents the interests of mining businesses, since October 2015, and has been a Board member since

September 2010. He has also served as a Board member of the National Mining Hall of Fame and Museum, a federally-chartered non-profit national mining museum, since February 2012.

Board Qualification and Skills:

High Level of Financial Experience: Substantial financial experience gained in his roles of President, CEO, and previously as Chief Financial Officer of the Company and other companies.

Extensive Senior Leadership/Executive Officer Experience: Serving as Hecla's President and CEO for 13 years Has 22 years' of executive and management experience in the mining industry.

Significant Public Company Board Experience: In addition to serving on the Board of Hecla, has served on the board of QEP Resources for 7 years, and prior to that served on the board of

Questar Corporation for 6 years. He serves as chair of the audit committee and as a member of the governance committee for QEP Resources, Inc.

Extensive Knowledge of the Company's Business and Industry: Over 30 years' experience in the mining industry.

Designations: Mr. Baker received a Bachelor of Business Administration in Accounting from Texas A&M University in 1981, and a law degree and Master of Business Administration from the University of Houston in 1985. He became a member of the State Bar of Texas in 1985, and received his Certified Public Accountant designation in 1986 from the Texas State Board of Public Accounting.

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GEORGE R. JOHNSON

Director since 2016
Former Senior Vice President of Operations with B2Gold Corporation
Age 68

Other Directorships:

B2Gold Corporation

Hecla Committees:

· *Health, Safety, Environmental and Technical*

· *Audit*

Mr. Johnson served as Senior Vice President of Operations of B2Gold Corporation, a Canadian-based gold producing company, from August 2009 until his retirement in April 2015. He is a former Senior Vice President of Russian Operations of Kinross Gold Corporation, a senior gold mining company, from March 2007 to August 2009, and Senior Vice President of Operations of Bema Gold Corporation, a gold producing company, from October 1999 to March 2007. He has served on the Board of Directors of B2Gold Corporation since March 2016.

Board Qualification and Skills:

Extensive Knowledge of the Company's Business and Industry: Over 45 years of foreign and domestic experience in underground and open-pit mine construction and operations management. Served in a variety of positions culminating as Vice President – Metal Mining for Hecla from 1983 to 1999.

Senior Leadership/Executive Officer Experience: Has extensive experience in management in the mining industry

Designations: Mr. Johnson received a Bachelor of Science with a major in Mining Engineering from the University of Washington in 1972.

The Board recommends that shareholders vote "FOR" the election of Phillips S. Baker, Jr. and George R. Johnson

Our directors whose terms are not expiring this year follow. They will continue to serve as directors for the remainder of their terms or until their respective successors are appointed or elected.

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Continuing Members of the Board – Term Ending at the 2018 Annual Meeting

GEORGE R. NETHERCUTT, JR.

Director since 2005
Chairman of The George Nethercutt Foundation and Of Counsel for Lee & Hayes PLLC
Age 72

Other Directorships:

Washington Policy Center
ARCADIS Corporation
Juvenile Diabetes Research Foundation International (Board of Chancellors)

Hecla Committees:

- *Compensation (Chairman)*
- *Corporate Governance and Directors Nominating*

Mr. Nethercutt has served as Chairman of The George Nethercutt Foundation, a non-profit student leadership and civics education charity, since 2005, and was appointed Of Counsel at Lee & Hayes PLLC, a law firm, in September 2010. He has been a board member of Washington Policy Center, a public policy organization providing analysis on issues relating to the free market and government regulation, since January 2005; board member of ARCADIS Corporation, an international company providing consultancy, engineering and management services, since May 2005; and Board of Chancellors, Juvenile Diabetes Research Foundation International, a charity and advocate of juvenile diabetes research worldwide, since June 2011. He was a Principal of Nethercutt Consulting LLC, a strategic planning and consulting firm, from January 2007 to January 2012, and served as a member on the board of IP

Street, a software company, from May 2011 to January 2015.

Board Qualification and Skills:

Extensive Knowledge of the Company's Business and Industry: Served as a U.S. Congressman and focused on natural resource policies, mining legislation and environmental policies on public lands.

Extensive Government Leadership Experience: Has extensive political background, including working as a staff member in the U.S. Senate in Washington, D.C., where he focused on issues relating to oil and gas, natural resources, mining and commerce. Served as chief of staff to a U.S. Senator from Alaska, working on such issues as agriculture, fisheries, timber and mining. He had his own consulting business which consisted of representing clients with mining and natural resource issues.

Significant Public Company Board Experience: Over 11 years of service on Hecla's Board.

Designations: Mr. Nethercutt received his Bachelor of Arts in English from Washington State University in 1967, and a law degree from Gonzaga

University Law School in 1971. He has been a member of the Washington State Bar Association since 1972.

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