

AMENDED

Form **8937**
(December 2017)
Department of the Treasury
Internal Revenue Service

**Report of Organizational Actions
Affecting Basis of Securities**

OMB No. 1545-0123

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name HECLA MINING COMPANY		2 Issuer's employer identification number (EIN) 77-0664171	
3 Name of contact for additional information KARI LARUE	4 Telephone No. of contact 208-769-4100	5 Email address of contact klarue@hecla-mining.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 6500 N MINERAL DRIVE, SUITE 200		7 City, town, or post office, state, and ZIP code of contact COEUR D'ALENE, ID 83815	
8 Date of action JULY 20, 2018		9 Classification and description COMMON STOCK	
10 CUSIP number 422704106	11 Serial number(s)	12 Ticker symbol HL	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On July 20, 2018, Hecla Mining Company acquired all of the issued and outstanding common shares of Klondex Mines Ltd. ("Klondex") for consideration valued at \$2.24 per Klondex share (the "Arrangement"). Under the terms of the Arrangement, each holder of Klondex common shares had the option to receive either (i) \$2.47 in cash (the "Cash Alternative"), (ii) 0.6272 of a Hecla share per Klondex share (the "Share Alternative"), or (iii) US\$0.8411 in cash and 0.4136 of a Hecla share per Klondex share (the "Combined Alternative"), subject in the case of the Cash Alternative and the Share Alternative to pro-ratio based on a maximum cash consideration of \$153.2 million and a maximum number of Hecla shares issued of 75,276,176. In connection with the Arrangement, Hecla also issued an aggregate of 2,068,000 warrants to purchase one share of common stock ("Hecla Warrants") to holders of warrants to purchase Klondex's common stock. An aggregate of 2,068,000 Hecla Warrants have an exercise price of \$8.02 and expire in April 2032. An aggregate of 2,068,000 Hecla Warrants have an exercise price of \$1.57 and expire in February 2029.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Tax basis in Hecla shares received pursuant to the Arrangement will be equal to the aggregate fair market value of Hecla Shares at the time of their receipt, and the holding period of Hecla Shares will begin on the day after the Effective Date.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ No basis adjustment to existing Hecla shareholders.
For new Hecla shareholders pursuant to the Arrangement, the fair market value of Hecla shares on July 20, 2018 was \$3.22 based on the NYSE closing price of Hecla Mining Company shares on July 20, 2018.

Additional information is available in the Management Information Circular filed by Klondex Mines Ltd. dated June 6, 2018.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ 1012

Horizontal lines for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ Not applicable.


Horizontal lines for providing information regarding loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ The reportable tax year is 2018.

Horizontal lines for providing other information necessary to implement the adjustment.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 9-17-18
Print your name ▶ Russell Lawler Title ▶ Treasurer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.