

Trinity Investment Research

**Special Report: 21st Century's Greatest
Silver Rush... And The One Jr. Mining
Company Sitting On The Jackpot...**



We're excited to bring you this special report for **Hecla Mining (NYSE: HL)**, a company we believe will see substantial growth and bring you a very significant profit.

Hecla Mining Company has provided precious and base metals to the U.S. economy and worldwide since its incorporation in 1891. They discover, acquire, develop, produce, and market silver, gold, lead and zinc. In doing so, the company intends “to manage their business activities in a safe, environmentally responsible and cost-effective manner that brings maximum profit to their shareholders.”

Hecla produces lead, zinc and bulk concentrates, which in turn the company sells to custom smelters, and unrefined gold bullion bars, which may be sold as bullion or further refined before sale to precious metals traders.

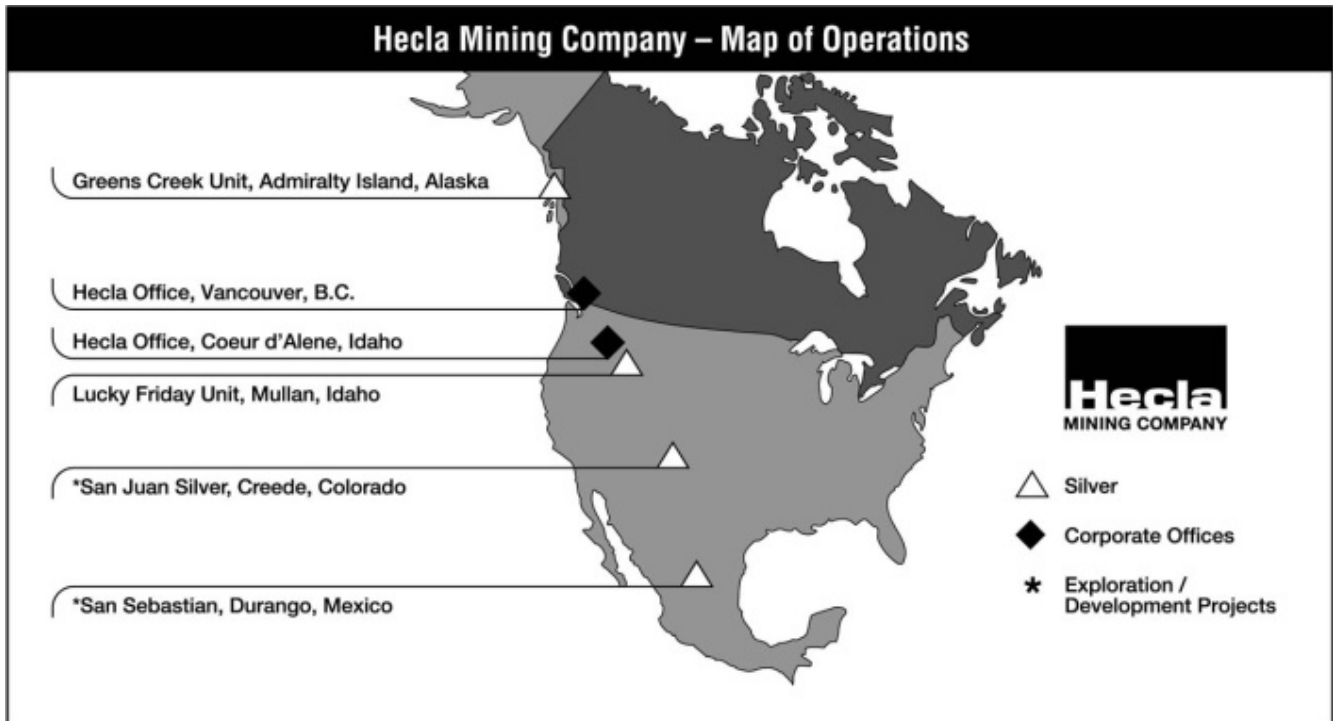
Hecla is organized and managed into two segments that encompass their operating units: the Greens Creek and Lucky Friday units.

Prior to the first quarter of 2009, Hecla reported an additional segment, the San Sebastian unit, for their various properties and exploration activities in Mexico. However, as a result of a decrease in exploration activity there in 2009, and their ownership of 100% of Greens Creek (discussed further below), Hecla determined that the San Sebastian unit no longer meets the criteria for disclosure as a reportable segment as of and for year ended December 31, 2009.

On April 16, 2008, Hecla completed the acquisition of all of the ownership interest of the two indirect Rio Tinto, PLC subsidiaries holding a 70.3% interest in the Greens Creek mine.

Hecla's wholly-owned subsidiary, Hecla Alaska LLC, previously owned an undivided 29.7% joint venture interest in the assets of Greens Creek. The acquisition gives the company various subsidiaries ownership of 100% of the Greens Creek mine.

The map below shows the locations of Hecla's operating units and their exploration projects, as well as their corporate offices located in Coeur d'Alene, Idaho and Vancouver, British Columbia.



Products and Segments

Hecla's segments are differentiated by geographic region and principal products produced. The company produces zinc, lead and bulk concentrates at the Greens Creek unit and lead and zinc concentrates at the Lucky Friday unit, which the company sells to custom smelters on contract, and unrefined gold bullion bars (doré) at Greens Creek, which are sold directly to customers or further refined before sale to precious metals traders.

In 2009, Hecla was one of the lowest-cost primary silver producers in North America, producing a record 10.9 million ounces of silver at an average total cash cost of \$1.91 per ounce.

The concentrates produced at the Greens Creek and Lucky Friday units contain silver, zinc and lead, and the concentrates produced at Greens Creek also contain gold. The company's segments as of December 31, 2009 included:

- [The Greens Creek unit](#), a joint venture arrangement which is 100%-owned by the company through their subsidiaries Hecla Alaska LLC, Hecla Greens Creek Mining Company and Hecla Juneau Mining Company.

One of the largest silver mines in the world (in the top ten), produced 7.5 million ounces of silver. The company acquired 70.3% of ownership of Greens Creek in April 2008 from indirect subsidiaries of Rio Tinto, plc. Greens Creek is located on Admiralty Island, near Juneau, Alaska, and has been in production since 1989, with a temporary shutdown from April 1993

through July 1996. During 2009, Greens Creek contributed \$229.3 million, or 73.4%, to their consolidated sales. Greens Creek also has title to mineral rights on 7,500 acres of federal land adjacent to the properties. The entire project is accessed by boat and served by 13 miles of road and consists of the mine, an ore concentrating mill, a tailings impoundment area, a ship-loading facility, camp facilities and a ferry dock.

The net book value of the Greens Creek unit property and its associated plant, equipment and mineral interests was approximately \$703 million as of December 31, 2009.

- [The Lucky Friday unit](#) located in northern Idaho. Lucky Friday is, through the company's subsidiaries Hecla Limited and Silver Hunter Mining Company, 100%-owned and has been a producing mine since 1958. During 2009, Lucky Friday contributed \$83.2 million, or 26.6%, to Hecla's consolidated sales.

Ore was processed at an average rate of approximately 950 tons per day. The net book value of the Lucky Friday unit property and its associated plant, equipment and mineral interests was approximately \$102 million as of December 31, 2009.

- [San Juan](#): Historically, the district has produced about 84 million ounces of silver from underground mining.

The consolidated land package encompasses more than 30 miles of prospective veins and vein splays. Large portions of the Bulldog, Amethyst,

Equity, Alpha Corsair, and OH veins will provide exploration opportunities for many years.

Much like Hecla's land position in Idaho's Silver Valley, this area was part of a major silver-producing district that had never been consolidated into one venture. In addition to the 48-million-ounce resource outlined by Hecla from historic records and targets established on patented mining claims, potential exists to find in excess of 100 million ounces in the future. Development and production will follow as soon as possible thereafter.

Completion of resource modeling in 2009 increased Hecla's attributable resource on the project to 25.9 million ounces of silver. Two holes drilled on the Bulldog target tested for lateral extensions of the vein while holes on the Midwest structure confirmed broad zones of diffuse base metal mineralization. One intercept on the Bulldog vein returned a 26-ounce per ton silver assay over a true width of 5.8 feet.

Below summarizes Hecla's production for the years ended December 31, 2009, 2008 and 2007, which reflects the company's previous 29.7% ownership of Greens Creek until April 16, 2008, and their 100% ownership thereafter:

- 2005: (\$25 million)
- 2006: \$69 million
- 2007: \$53 million
- 2008: (\$66 million)

- 2009: \$67 million

Fluctuations in prices of the metals Hecla produces... and the high and low daily closing market prices for silver and gold for each of the last five years are illustrated below:

Silver			Gold		
Year	Price		Year	Price	
	2005	\$9.23		2005	\$536.50
	2006	\$14.94		2006	\$725.00
	2006	\$15.82		2006	\$841.10
	2008	\$20.92		2008	\$1,011.25
	2009	\$19.18		2009	\$1,212.50

While Hecla's average realized prices for silver and gold increased in 2009 compared to 2008, and were higher than average market prices in 2009, due in part to the timing of concentrate shipments and their final settlement in comparison to fluctuating prices, the company believes that market metal price trends are a significant factor in their operating and financial performance.

Vitals

Hecla has a market cap of almost \$1.8 billion.

In terms of profitability, HL's operating margin and profit margin are 29% and 27.56% respectively, which is solid for a mining company.

As far as income is concerned, they booked roughly \$352 million in revenues, with a year-over-year quarterly revenue growth of 18.8%... and an impressive 583.6% quarterly earnings growth (yoy).

The company has a float of 253.52 million shares, of which approximately 41 million shares are held short.

In the end, we think that because of this company's low extraction costs (\$1.91/ounce) and the escalating prices of silver, which we believe should go as high as \$84/ounce, presents tremendous upside potential. With proven properties and capable production, each ounce of silver Hecla produces and sells should command increasing value as the prices of silver continue to move higher on an almost daily basis.

ACTION: Go Long on Hecla Mining (HL) and hold.