Resource Company Report: Hecla Mining Company

Report Date	August 17, 2026	**Company Type**	Primary Silver Producer (U.S. / Canada)
Company Name	Hecla Mining Company	**Stock Symbol**	HL (NYSE)
Operating Mines	Greens Creek (AK), Lucky Friday (ID), Keno Hill (Yukon)	**Market Cap (approx.)**	~US$11 – 15 billion
2026 Ag Guidance	15.1 – 16.1 million ounces (updated)	**Q2 2026 Highlights**	FCF $136M; CFO $175M; Lucky Friday record 1.5 Moz Ag
Cost Profile	Greens Creek cash cost negative after by-product credits; strong margins	**Balance Sheet**	Strongest in company history; significant debt reduction
Stage	Established multi-mine primary silver producer with free-cash-flow focus	**CEO**	Rob Krcmarov

1. Company Overview & Investment Thesis

Hecla Mining Company (NYSE: HL) is the largest primary silver producer in the United States and Canada, with three operating mines: Greens Creek in Alaska, Lucky Friday in Idaho, and Keno Hill in the Yukon. The company has focused on silver production, free-cash-flow generation and balance-sheet strength. In the second quarter of 2026 Hecla reported cash flow from continuing operations of US$175 million (up 61% year-over-year) and free cash flow of US$136 million (more than double year-over-year), describing the balance sheet as the strongest in the company's history. Lucky Friday set a new quarterly silver production record of 1.5 million ounces. Updated 2026 consolidated silver production guidance is 15.1–16.1 million ounces, with Greens Creek raised to 8.0–8.3 Moz, Lucky Friday tightened to 4.9–5.2 Moz, and Keno Hill lowered to 2.2–2.6 Moz as the company prioritizes a more modest, sustainable operating rate while advancing permitting and infrastructure. Greens Creek continues to deliver negative cash costs and AISC after by-product credits. CEO is Rob Krcmarov. Market capitalization is approximately US$11–15 billion.

Investment Thesis: Hecla offers exposure to a large-scale, low-cost primary silver producer with a multi-mine North American portfolio, strong free-cash-flow generation at current silver prices, and a strengthened balance sheet. The combination of Greens Creek's by-product credits, Lucky Friday's record performance, and disciplined capital allocation underpins the free-cash-flow profile. Key risks include silver price volatility, operational performance and grade variability at the underground mines, Keno Hill ramp and infrastructure timing, and cost inflation. Relative to junior silver explorers or single-asset producers, HL ranks substantially lower risk as an established multi-mine producer with a history of free-cash-flow generation.

2. Mining and Development Projects

Hecla's production and cash flow are generated from three underground silver mines in North America. Casa Berardi (gold) was in the process of being divested.

2.1 Greens Creek (Alaska)

Location / Ownership	Admiralty Island, Alaska, USA – underground polymetallic mine; long-life flagship operation; 100% owned
Metals / Interest	Silver (primary), gold, zinc and lead – concentrates; strong by-product credits
Status	Producing; 2026 silver guidance raised to 8.0–8.3 million ounces; gold guidance 51–55 koz
Key Metrics / Work	Q2 2026 silver production ~2.1 Moz with cash cost of approximately ($17.11)/oz and AISC of approximately ($10.71)/oz after by-product credits. Full-year cash-cost guidance improved to ($12.50)–($12.00)/oz and AISC to ($4.25)–($3.75)/oz after by-product credits. Consistent high-margin contributor
Notes	Lowest-cost and highest-margin asset in the portfolio; by-product credits drive negative cash costs and AISC at current metal prices
Outlook / Catalysts	Delivery of raised silver guidance; continued free-cash-flow generation; grade and recovery consistency

2.2 Lucky Friday (Idaho) & Keno Hill (Yukon)

Location / Ownership	Lucky Friday: Mullan, Idaho, USA – underground silver-lead-zinc mine; 100% owned. Keno Hill: Yukon, Canada – underground silver operation; 100% owned
Metals / Interest	Lucky Friday: silver, lead, zinc. Keno Hill: silver with lead and zinc credits

Status	Lucky Friday: producing; Q2 record 1.5 Moz Ag; 2026 guidance 4.9–5.2 Moz; surface cooling project ~88% complete and on track for September completion. Keno Hill: producing at a more modest, sustainable rate; 2026 guidance lowered to 2.2–2.6 Moz while permitting and infrastructure (including dry-stack tailings Phase 2) advance
Key Metrics / Work	Lucky Friday Q2 cash cost ~$3.95/oz and AISC ~$17.08/oz after by-product credits; full-year cash-cost guidance $9.00–$9.75/oz and AISC $20.50–$26.00/oz. Keno Hill has delivered multiple consecutive positive free-cash-flow quarters at current throughput and silver prices; medium-term objective remains higher permitted capacity once infrastructure is in place
Notes	Lucky Friday provides high-grade silver production and is benefiting from the surface cooling investment. Keno Hill is being managed for sustainable free cash flow while longer-term capacity is unlocked through permitting and infrastructure
Outlook / Catalysts	Lucky Friday surface cooling completion and sustained production; Keno Hill infrastructure and permitting progress; continued free-cash-flow contribution from both mines

Greens Creek is the cornerstone low-cost asset. Lucky Friday has demonstrated record quarterly production and is completing a surface cooling project. Keno Hill is being operated at a deliberate pace that supports free cash flow while the company invests in the infrastructure required for higher sustained throughput. Together the three mines give Hecla a diversified North American primary silver production base with strong margins at current prices.

3. Exploration & Development Activity

Near-term activity is focused on delivering the updated 2026 silver production guidance, completing the Lucky Friday surface cooling project, advancing Keno Hill infrastructure and permitting (including the Phase 2 dry-stack tailings facility), and maintaining the free-cash-flow and balance-sheet strength achieved in the first half of 2026. Exploration and pre-development spending continues across the portfolio. Success metrics are on-guidance production, completion of the surface cooling project, Keno Hill infrastructure progress, and sustained free-cash-flow generation.

4. Management and Board of Directors

Management

Name	Title	Notes	Experience / Focus
Rob Krcmarov	President & CEO	Leadership	Overall strategy, multi-mine operations, free-cash-flow focus and capital allocation
Operations / technical team	Operations & projects	Technical	Greens Creek, Lucky Friday and Keno Hill performance, cost control and infrastructure projects
Corporate team	Finance & administration	Support	Treasury, balance-sheet management, reporting and capital returns

Board of Directors

Name / Group	Role	Key Background
Board (collective)	Governance	Oversight of strategy, multi-mine operations, capital allocation, safety and risk
Independent directors	Oversight	Mining, finance and capital-markets experience

5. Financial Information

Hecla is an established primary silver producer with a multi-mine North American portfolio. Market capitalization is approximately US$11–15 billion. Second-quarter 2026 cash flow from continuing operations was US$175 million and free cash flow was US$136 million, with the company describing its balance sheet as the strongest in its history following significant debt reduction. Updated 2026 silver production guidance is 15.1–16.1 million ounces. Consolidated silver cash cost and AISC guidance (Greens Creek and Lucky Friday) has been improved. Exact current cash, debt and liquidity metrics should be confirmed from the latest financial statements. Capital is directed to sustaining investments, the Lucky Friday surface cooling project, Keno Hill infrastructure and exploration.

Project / Corporate Summary

Line Item	Amount / Notes
Market capitalization (approx.)	~US$11 – 15 billion
2026 Silver Production Guidance	15.1 – 16.1 million ounces
Greens Creek / Lucky Friday / Keno Hill	8.0–8.3 / 4.9–5.2 / 2.2–2.6 Moz Ag

Q2 2026 Free Cash Flow	US$136 million
Q2 2026 Cash Flow from Operations	US$175 million
Greens Creek AISC (after by-product)	Negative (guidance improved)

Corporate Summary

Item	Value / Notes
Primary listing	NYSE (HL)
CEO	Rob Krcmarov
Strategy	Maximize free cash flow from the three silver mines; strengthen balance sheet; advance Keno Hill infrastructure

6. Company Valuation

At a market capitalization of approximately US$11–15 billion, Hecla trades as a large-cap primary silver producer. Valuation is supported by the multi-mine North American portfolio, negative cash costs and AISC at Greens Creek after by-product credits, record production at Lucky Friday, strong free-cash-flow generation, and the strengthened balance sheet. Relative valuation should consider peer primary silver producers and the prevailing silver price.

Discounted NPV discussion: A practical framework values the cash-flow streams from Greens Creek, Lucky Friday and Keno Hill at risk-adjusted discount rates based on guided production, costs after by-product credits and remaining mine lives, then adjusts for net cash/debt. Key sensitivities are the silver price (and by-product metal prices), grade and recovery performance at the underground mines, and the timing of Keno Hill infrastructure that unlocks higher sustained throughput. Continued free-cash-flow delivery and guidance achievement are the primary near-term valuation catalysts.

Merger & Acquisition Activity

Hecla has focused on optimizing its three silver mines, strengthening the balance sheet and generating free cash flow. The company has pursued the divestiture of Casa Berardi. No formal public takeover offer for Hecla has been announced. As the largest primary silver producer in the United States and Canada with a multi-mine portfolio and strong free-cash-flow generation, the company could attract strategic interest over time from larger precious-metals producers, while management continues to execute the independent operational and capital-allocation plan.

7. Risks

- Silver price volatility (and by-product metal prices).
- Underground operational, grade and recovery risk at Greens Creek, Lucky Friday and Keno Hill.
- Keno Hill infrastructure, permitting and sustained-throughput timing risk.
- Cost inflation and sustaining-capital intensity.
- Geotechnical and mining-method risks in mature underground operations.
- Regulatory, environmental and community risks in Alaska, Idaho and the Yukon.
- Single-commodity (silver) concentration risk relative to diversified precious-metals producers.
- General mining, safety and labour risks.

8. Comparative Risk Analysis

On a relative-risk scale of 1 to 7 (1 = lowest risk, 7 = highest risk) versus other junior and intermediate mining companies, Hecla Mining is ranked **2**. The ranking reflects low-to-moderate relative risk: an established multi-mine primary silver producer with operations in the United States and Canada, negative cash costs and AISC at its flagship Greens Creek mine after by-product credits, record production at Lucky Friday, strong free-cash-flow generation (Q2 2026 FCF US$136 million), and the strongest balance sheet in the company’s history following significant debt reduction. Positive factors include the diversified North American production base, improved 2026 cost guidance, the completion trajectory of the Lucky Friday surface cooling project, and a demonstrated ability to generate free cash flow at current silver prices. Offsetting factors are residual underground operational risk, the more modest operating rate currently applied at Keno Hill, and silver-price sensitivity. Relative to pure explorers, single-asset developers or higher-cost silver producers, HL ranks substantially lower risk. Relative to the largest multi-commodity senior precious-metals producers, it ranks modestly higher risk due to silver concentration and underground mining intensity. The net result is a risk ranking of 2.

Sources: Company Q2 2026 results, 2026 production and cost guidance updates, corporate presentations, and market data as of mid-August 2026.