Whistler’s new owner raises C$3.4M

Brazil Resources Inc. Feb. 29 said it has increased a previously announced C$2 million private placement financing to C$3.7 million, or 8,222,222 common shares at C45 cents per share. The company has already closed an initial C$2 million initial tranche of this financing, issuing 7,540,050 shares at C45 cents per share. Brazil Resources intends to use the net proceeds from the financing to advance its existing property portfolio, acquire new projects and for general working capital purposes. Brazil Resources Chairman Amir Adnani said, “This financing positions us well to further execute on our business strategy of expanding our gold resources at a significant discount to their replacement value.” The Whistler copper-gold project in Southcentral Alaska is listed near the top of the company’s key assets. Following the purchase of Whistler last July, Brazil updated the resource for the project. According to the estimate, the Whistler deposit hosted an indicated resource of 79.2 million metric tons averaging 0.51 grams per metric ton (1.28 million ounces) gold, 1.97 g/t (five million oz.) silver and 0.17 percent (302 million lbs.) copper, or 2.25 million gold-equivalent oz.; and an inferred resource of 145.8 million metric tons grading 0.40 g/t (1.85 million oz.) gold, 1.75 g/t (8.2 million oz.) silver, 0.15 percent (467 million lbs.) copper, or 3.35 million gold-equivalent oz.

125 years and counting

Hecla Mining focuses on future while celebrating milestone anniversary

Established in 1891, Hecla Mining Company has survived two World Wars, the Great Depression and numerous crests and troughs of a cyclical metals market that has sunk many of the silver miner’s contemporaries over the past 125 years. Over this century-plus span, Hecla has grown adept at navigating tumultuous markets in a way that enables the company to be well-positioned for smooth sailing in calm waters.

“We have been in business longer than iconic American companies such as Hershey Co., Dow Chemical and General Electric,” said Hecla Mining Co. president and CEO Phillips Baker Jr. “We have operated through many price cycles; from recessions and depressions to boom times, and it is a testament to the power of our projects and the strength of our team that we have weathered them all and are now a transformed company having recently seen the highest reserves and production of our history.”

Tumultuous start

Hecla traces its roots to a largely overlooked claim covering a lead prospect in the Coeur d’Alene mining district of northern Idaho. This unassuming hillside deposit changed ownership several times before Patsy Clark, Amasa Campbell and John Finch recognized the potential of what would become Hecla’s namesake mine. Capitalized for US$500,000, Hecla Mining was incorporated in Idaho on Oct. 14, 1891, marking the start of a company that is now the largest primary silver producer in the United States. Going into business at the close of the 19th Century, a period marked by widespread economic uncertainty in the United States, it did not take long before the fledgling Hecla Mining Company got its first experience with tumultuous markets. By 1893, a number of American banks and railroads failed, leading to a chain reaction that culminated in more than 15,000 companies going out of business and unemployment in the United States spiking to nearly 20 percent.

Riding out the first of what would become...
Banyan first to try Klondike Strike crowdfunding

Banyan Gold Corp. March 2 reported plans to complete a C$750,000 brokered private placement financing via a crowdfunding platform recently launched by Red Cloud Klondike Strike Inc. “We are very excited to be the first company to offer our securities on the inaugural online mining investment platform created by Red Cloud Klondike Strike,” said Banyan President and CEO Matt Turner. “The platform offers a revolutionary financing mechanism, which will provide a unique opportunity for a much wider range of investors to participate in Banyan’s value-driven strategies of building a gold development company which is managed and operated by experienced industry professionals.” Klondike Strike is a crowdfunding platform tailored to facilitate equity fundraising in the mining sector. Red Cloud Klondike Strike President and CEO Chad Williams said, “We are very happy to feature Banyan as the first issuer on our new platform as we strive to provide greater access for investors to participate in mining securities offerings.” Banyan said it will use the funds raised from the financing for evaluation of acquisitions, general and administrative costs and exploration of its flagship Hyland gold project in eastern Yukon Territory. More information on the investment platform offered by Klondike Strike as well as the financing being offered by Banyan is available at www.klondikestrike.com.

Klaza PEA shows promise; enhancements likely

Rockhaven Resources Ltd. March 1 released results of a preliminary economic assessment for its Klaza gold property in southern Yukon Territory. The PEA reviewed a combination of open pit and underground techniques to mine the 9.4 million metric tons of inferred resources averaging 4.48 grams per tonne gold, 89.02 g/t silver, 0.95 percent zinc and 0.75 percent lead at Klaza. The material would be processed through a 1,500-metric-ton-per-day flotation-pressure oxidation-leach process. Over 14 years, a mine at Klaza is projected to produce 630,000 ounces gold, 11,364,000 oz. silver, 52.46 million pounds zinc and 51.23 million lbs. lead. The capital costs to develop the mine in the PEA are estimated to be C$262 million, which includes C$34 million in contingency costs; and life-of-mine sustaining capital costs total C$96 million. The average life-of-mine operating cash costs are estimated to be US$652 per gold-equivalent oz. produced and total all-in sustaining cost are US$966 per gold-equivalent oz. Taking high marks for both its mineral potential and mining policies, Western Australia is now viewed as the most attractive place on the planet for mining investment, according to respondents in this year’s Fraser Institute’s annual survey. “The mine has been taken from discovery to production faster than anywhere,” a president of a mid-sized development company commented on the permitting process in Western Australia. 

Alaska’s PPI improves

Though there is still plenty of room for improvement, Alaska made healthy gains on the “Policy Perception Index” section of the Fraser survey. Considered a report on the mining policies of governments, the PPI is a compilation of responses on a broad range of policy topics important to miners. “In today’s globally competitive environment, this perception of policies could make the difference where a mining company chooses to invest its exploration and development capital – potentially even settling on a less mineral endowed project in a jurisdiction that fosters quicker and safer development,” said Susan Green, director of the 2015 Fraser Institute Survey. Participants ranked Alaska 23rd globally on the survey’s “Policy Perception Index,” up from 38th the previous year.

While Alaska has room to rise to the level of its United States contemporaries – such as Wyoming at No. 2, Nevada at No. 5 and Utah at No. 10 – the Far North State is seen to have better mining policies than both British Columbia and Canadian Territories. Yukon’s PPI has been slipping in recent years, landing the westemmost Canadian territory in the 39th position this year; followed by British Columbia at 41st; Nunavut at 54th and Northwest Territories at 58th. Fresher on the survey, however, as ranked the fourth best mining jurisdiction overall, is considered by miners to have the best mining policies on the planet.

“Ireland has clear policies with regard to licenses,” one exploration company commented in its response to the Fraser survey.

EPA weighs heavy

For Alaska, environmental policies are an area of lingering concern for mining executives. When asked about uncertainty concerning environmental regulations, the response was split. Alaska ranked No. 59th, right below Zimbabwe. While less than ideal, this is a marked improvement compared to the 97th place perception of the Far North State last year.

The U.S. Environmental Protection Agency’s attempt to utilize its presumed authority under the federal Clean Water Act to proactively veto or place restrictions on permits needed to develop the world-class Pebble copper-gold-molybdenum project seems to continue to weigh heavy on the minds of miners considering the regulatory climate in Alaska. “The EPA’s effort to circumvent the law and stop Pebble at all costs has had significant negative ramifications on mining development in Alaska,” observed a mining manager responding to the survey. Despite complaints about federal agencies, many feel that regulators at the state level somewhat offset their more antagonistic federal counterparts. Alaska’s Large Mine Permitting Team within the Office of Project Management and Permitting has the unique ability to bring federal and local permitting agencies to the table in order to avoid duplicative efforts in the permit process. Without this group in place, developers and operators would face an uphill battle in attempting to open and operate mining projects,” a mining manager commented.

“At 52nd, Yukon eked into the top half of the jurisdictions in terms of certainty concerning environmental regulations. Northwest Territories (63rd), Nunavut (78th) and British Columbia (84th) all see Fraser survey” page 11

Mining executives see Alaska in better light

Perceptions of Far North state’s mining policies, mineral potential improve; mixed bag for British Columbia, Canadian territories

By Shane Lasley

Mining News

Alaska and the Yukon Territory continue to be perceived as among the best places in the world to seek and develop a mine, according to 449 mining executives who responded to the Fraser Institute’s Survey of Mining Companies 2015. This group of miners, explorers and consultants ranked these northern neighbors as two of the richest mineral jurisdictions on Earth, but found certain mining policies in each a cause for concern.

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ranked poorly on this topic. The Canadian province of Saskatchewan, on the other hand, was considered the best jurisdiction in the world in terms of environmental regulations certainty, according to the miners that responded to the Fraser survey.

“Saskatchewan has royalty regimes suited to each commodity, efficient and responsive regulatory process, environmental certainty arising out of end-of-mine legis-

lation (The Reclaimed Industrial Sites Act), and a sup-

portive government and opposition parties,” the vice

president of a producing company responded.

Remote, rugged

Infrastructure, more specifically the lack thereof, con-

tinues to drag on miners’ perceptions of the remote and

rugged regions of Alaska and Canadian territories.

Alaska, a state known as the Last Frontier for good

reason, hosts several undeveloped world-class mining

camps – such as the Pebble, Donlin Gold and the Ambler

Mining District – that have yet to be tapped due partially

to their remote locations.

Mineral leaders ranked Alaska 76th when it comes to

quality of infrastructure; Yukon at 81st; Northwest

Territories at 95th; and Nunavut at 100th, meaning that

miners considered only nine places in the world to be

more remote than this northeastern Canada territory.

British Columbia, with its well-established road sys-

tem and recently completed Northwest Transmission

Line feeding industrial power to the northern half of the

province, was considered to have the 39th best mining

infrastructure in the world.

“The Northwest Transmission Line is a visionary and

much appreciated infrastructure investment in BC that

has given new hope to projects in the northwest corner of

the province,” an exploration company vice president

commented.

Mineral-rich North

Countering, and partially due to, the lack of infra-

structure, mining leaders participating in the Fraser

Survey identify Alaska, British Columbia and the

Canadian territories as being among the top 20 percent

of richest mineral jurisdictions on Earth.

Each year, the Fraser Institute asks mining executives
to ignore current policies that may sway investment deci-
sions and rank global jurisdictions strictly on their geo-

logical endowment. Referred to as the Best Practices

Mineral Potential Index, this portion of the survey is

meant to level the playing field in terms of policy and

measure each jurisdiction’s pure mineral potential in the

eyes of survey participants.

Alaska has always been a strong contender when it
comes to its perceived mineral endowment. In the most
recent Fraser survey, miners ranked the 49th State as the
2nd richest endowed mining jurisdiction on the planet,
moving up one notch from 3rd last year.
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The new Lynden phone app is now available to download!
Congratulations Hecla on 125 years of success! Persistence, perspective, and position have allowed Hecla Mining Company to weather two World Wars, the Great Depression and 125 years of ups and downs in the metals markets — characteristics that are propelling the largest primary silver producer in the United States to new heights in the 21st Century.

"This is our 125th anniversary but we are not looking backwards, we are looking forwards." —Hecla Mining Company President and CEO Phillips Baker, Jr.
92 Resources cuts deal to buy Yellowknife-area lithium claims

92 Resources Corp. March 1 said it has entered into an agreement to acquire the Hidden Lake lithium property in the Northwest Territories. Located roughly 40 kilometers (25 miles) northeast of Yellowknife, the Hidden Lake property consists of about 1,100 hectares (2,720 acres) of land that is situated in the mid-1950s, when a number of the region’s pegmatites were sampled and found to contain highly anomalous concentrations of lithium. Prior to 1956, 92 Resources said, the property was not explored for two deposits within the region. It was also during this time that pegmatites were identified at the Hidden Lake property.

The introduction of low-cost production from lithium brine deposits, 92 Resources said, is expected to begin in third quarter of 2017. Colorado to drill high-grade gold targets at KSP this year

Colorado Resources Ltd. Feb. 29 said it plans to carry out a 5,000-meter drill program at the KSP property in northwestern British Columbia. The company said this work will target high-grade gold zones that the company has identified at the Inel zone. The company said its surface geological work and review of historical drill logs indicate that there are at least three north-trending, more than 1,000-meter-long, gently dipping, stacked target zones within a 1.5-square-kilometer (0.58 square mile) soil anomaly at Inel that are associated with the margins of mafic intrusions. Gold-in-soil anomalies upslope of known mineralization indicate that other unidentified trends remain to be discovered. A compilation of 1,215 soil samples collected over an 8.5-square-kilometer (3.28 square miles) area of Inel averaged 800 parts per billion gold, including a 1,000-by-1,500-meter area with 628 soil samples averaging 1,270 ppb (1.27 grams per metric ton) gold with a maximum value of 31,200 ppb (31.2 g/t) gold. Historical drilling at Inel was completed from 1984-1991 and consisted of both small-sized underground and surface holes. Colorado said a review of the results from these holes, in the context of new geological understanding, indicates that the favorable trends have only been drilled over roughly 25 percent of their combined more than 3,000-meter prospective strike lengths. Significant results historically encountered include: 423.8 g/t gold over 3 meters in the Inel zone; 209.0 g/t gold over 7.4 meters at the AK zone; and 203.3 g/t gold over four meters at the Discovery Zone. Based on its surface geological work, Colorado said it is now understood that these historical high-grade gold drill intercepts are located along mineralized intrusive-sediment contacts, which have good strike continuity. The presence of at least three laterally continuous intrusive bodies which are spatially associated with these large gold-in-soil anomalies provides a number of compelling near-surface drill targets. Colorado plans to target these zones with a 5,000-meter drill program using larger-size core this summer.

Group Ten seeks instrument to enforce regulatory compliance

British Columbia Minister of Energy and Mines Bill Bennett Feb. 25 introduced amendments to the Mines Act aimed at strengthening the provincial government’s regulatory oversight of the mining industry and giving the ministry additional compliance and enforcement tools. The proposed changes would enable government to include administrative monetary penalties as an additional compliance and enforcement tool under the province’s mines act. Currently, compliance and enforcement tools under the act are limited to shutting down a mine through the cancellation of a permit, issuance of a stop-work order, or pursuing prosecutions. Administrative monetary penalties may be imposed for contraventions without involving the courts. This type of penalty is already used by other ministries and has proven to be an efficient and effective compliance tool. “The legislative changes … provide my ministry with more tools for compliance and enforcement, strengthening British Columbia’s regulatory framework so we can build an even safer, more sustainable mining industry in this province,” Bennett said. Existing penalties available for court prosecutions under the act will also increase under the amendment. The maximum penalties will be raised from the current $100,000 and/or up to one year imprisonment to $250,000 and/or up to three years imprisonment. The amendments introduced by Bennett are part of government’s ongoing actions to implement the 26 recommendations of an independent panel and the chief inspector of mines following their respective investigations into the Mount Polley tailings storage facility failure. British Columbia said work to implement the recommendations is either substantially underway or complete, including improving corporate governance, improving professional engineering practices and strengthening current regulatory operations. “It is my goal that B.C.’s regulatory regime for health and safety on mine sites is the best in the world, and we will get there by implementing all of the recommendations of the independent expert panel and the chief inspector of mines,” Bennett said.

nickel and 10.45 percent copper. Group Ten said sampling, prospecting, mapping and geophysical re-inter- pretation of airborne geophysical data on the property has previously raised the KSP project’s en- vidence in the eastern portion of the KSP prop- erty which it has optioned to earn an 80 percent interest from Snip Gold.
HECLA MINING

many tough markets, Hecla got off to a slow start. With many of the mining companies that rushed to the Silver Valley during its heyday no longer around, in 1989 Hecla re-organized and raised more money, much of which was used to buy up claims adjacent to its Hecla lead mine. Campbell, who was then president of the company, proclaimed: “The Hecla is developing into a wonderful mine.”

With a growing demand for lead in the United States at the turn of the 20th Century, the mine flourished. By 1907, however, Hecla had to endure a second banking crisis in the United States, this one sending panic rippling through the financial markets and causing the New York Stock Exchange to tumble almost 50 percent in less than a year.

Over the next 35 years, Hecla Mining persevered, through two World Wars which bookended the Great Depression and a 1923 fire that leveled the town of Burke and all of Hecla’s facilities located there.

With the Depression eliminating virtually all demand for silver, net profits from all of the mines in the Coeur d’Alene Mining District plummeted to just US$437,000 in 1932 from US$4.2 million in 1930.

While this was a lean time for Hecla – with taxes and only about half of the lead produced at its mine being sold – the miner again used the downturn as an opportunity to pick up properties in the prolific Silver Valley area that hosts the Hecla Mine.

Today, the company owns more than 25 square miles of Silver Valley properties covering mines that together have produced more than 340 million ounces of silver, including the Lucky Friday and Star mines.

These properties, along with the lessons learned over these tumultuous first five decades formed the foundation of the 21st Century Hecla Mining Company.

“Hecla hasn’t just weathered the storms of the last 125 years, it’s been shaped by them,” a gravelly voiced narrator summarizes the silver miner’s history in a video marking the company’s anniversary.

Lucky Friday bridge

Four miles south of Hecla’s namesake mine, the Lucky Friday Mine provides a bridge between the company’s roots in the Silver Valley and its future as a precious metals miner expanding into the 21st Century.

Over the past 75 years, Lucky Friday has produced more than 155 million oz. of silver, along with healthy quantities of lead and zinc. Hecla first bought into Lucky Friday Silver-Lead Mines Company, operator of the underground mine located on the outskirts of Mullan, Idaho, in 1958. Six years later the two companies merged, bringing Lucky Friday into the Hecla portfolio.

Today, Hecla is taking Lucky Friday to new depths by investing roughly US$225 million in the No. 4 shaft, which will develop mineralization 10,000 feet below the surface and add more than 20 years of silver-rich resources to the operation.

This deep underground development, the largest capital project in Hecla’s storied history, is on pace to be finished this year.

Lucky Friday produced 3.2 million oz. of silver in 2015, and after crediting the operation for the 20,104 tons of lead and 8,139 tons of zinc recovered, the cost of each ounce of silver produced was US$59.44. Hecla expects silver recoveries and costs at the underground mine to be about the same this year.

By 2018, the mill at Lucky Friday is expected to process higher grade ore reached by deeper underground development associated with the No. 4 Shaft.

During a Feb. 23 presentation, Baker said “the No. 4 Shaft... will add more than 25 years of life to the Lucky Friday and provide access to the higher grades that we see at depth.”

Hecla estimates that only about half of the silver remaining underground at Lucky Friday are included in the current estimated mine-life, providing outstanding potential to extend the life of this deep underground mine well into the 21st Century.

Foundation for growth

The Greens Creek Mine has been the foundation of Hecla’s growth since the company invested US$750 million to buy out Rio Tinto’s 70.27 percent ownership of the Southeast Alaska property in 2008.

The Idaho-based silver miner got its foot in the door at Greens Creek when it purchased a 28 percent interest in the high-grade volcanogenic massive sulfide project in 1987, two years before the mine went into production.

Today, Greens Creek is one of the largest and lowest-cost primary silver mines on the planet – producing roughly 200 million oz. of silver and 1.5 million oz. of gold since its startup in 1989.

The 8.5 million oz. of silver recovered at Greens Creek in 2015 helped propel Hecla’s company-wide silver production to a record 11.6 million oz. for the year.

After crediting the operation for the gold, zinc and lead produced as by-products, the cost of mining the silver was US$3.91 per oz. last year.

This year, Hecla anticipates Greens Creek will produce roughly 7.5 million oz. of silver at US$6.00 per oz. – assuming an average of US$1.150 per oz. of gold, US$75 cents per pound of zinc, and 80 cents per lb. of lead; recovered this year. Rising metals prices would help drive down the already low production costs at the Juneau-area mine.

In 2015, Hecla invested roughly US$20.7 million on expanding the dry-stack tailings facility at Greens Creek.

“This is an investment in the future of Greens Creek providing another 10 years of tailings storage capacity,” explained Hecla Senior Vice President – Operations Lawrence Radford.

The company plans to invest US$48 million on capital spending at Greens Creek in 2016, including another US$14 million to finish the tailings storage project.

Going for the gold

While Hecla has enjoyed the benefits of some 55,000 oz. of gold per year as a by-product at Green Creek, aurum has traditionally ranked behind silver, lead and zinc in the company’s metals profile. The 2013 purchase of the Casa Berardi Mine in Quebec, however, has put gold above silver in terms of the value of the metals that the company mines.

Casa Berardi, Hecla’s only mine that primarily produces gold, reported output of 127,891 oz. of the yellow metal in 2015. This, combined with the 60,566 oz. of gold produced at Greens Creek, put the value of the gold mined by Hecla in 2015 at roughly US$219.6 million, compared with about US$182.1 million of silver during the same period.

Hecla recently decided to move ahead with development of East Mine Crown Pillar, a near-surface deposit expected to add 5.5 years of production by augmenting underground ore mined at Casa Berardi.

“We expect it to begin producing ore by year-end adding about 5,000 ounces of gold this year and about 30,000 ounces next year,” said Radford.

“We expect to take the mill to 3,100 short tons per day from its current approximately 2,300 tpd for the life of the mine starting in 2017,” he added.

As a result, Hecla is anticipating the Casa Berardi Mine to produce 135,000 oz. of gold at a cash-cost of US$700 during 2016, boosting the company’s total gold production to roughly 207,000 oz. this year.

Mexican mine online

Some of the added gold will come from the San Sebastian Mine in Mexico, which began processing ore

continued from page 9
Dec. 10 and produced 75,552 oz. of silver and 705 oz. of gold before the year came to a close.

“We … said we would start up our fourth mine, San Sebastian, by year’s end, and we did that ahead of schedule. The veins are extraordinarily high grade as we thought, and it will start kicking off cash this quarter,” Baker informed investors on Feb. 23.

“In January, the feed grade averaged 0.23 ounces per ton gold and 22.5 ounces per ton silver. And I’m pleased to note that the mill is handling the high-grade just fine, and we ship the first doré in January,” the Hecla CEO added.

Hecla operated an underground mine at San Sebastian from 2001-2005. During that time, the mine produced 545,476 tons of ore containing 177,541 oz. of gold and 11.6 million oz. of silver from the Francine Vein with an average grade of 0.32 oz./ton gold and 22.5 oz./ton silver, making it one of the highest-grade producers in Mexico.

Going into 2016, San Sebastian had 289,000 tons of proven and probable reserves, averaging 27.7 oz./ton silver and 0.22 oz./ton gold.

“The focus in 2016 will be to maximize cash flow and to investigate opportunities to extend the life of these surface pits or to go underground,” Radford said.

With a fourth operating mine in its portfolio, Hecla is looking to have another banner year in 2016.

“All three mines exceeded guidance and San Sebastian has begun production,” said Baker. “We are continuing to see results from our strategy of investing in production growth, causing our silver-equivalent production to be the most in our 125-year history.”

**Well-positioned approach**

A longtime veteran of navigating the notoriously cyclical metals markets, Hecla Mining has once again positioned itself to be ready to benefit from the inevitable rebound in precious metals prices.

“Because our balance sheet allowed us to continue investing during the price decline of the last few years, we expect more than a 15 percent increase in silver production and about a 10 percent increase in gold production this year, positioning us to take advantage of the rally in prices we have seen in 2016,” Baker touted.

Even in this environment of metals prices trending higher, Hecla is implementing important cost-cutting measures, including across-the-board pay reductions for senior managers.

“Our senior management has taken a 10 percent pay cut, and I’ve taken a 20 percent pay cut,” the Hecla CEO explained. “We’re not doing this because of liquidity issues, we just think it’s the right thing to do during these times of price weakness.”

In addition to issuing smaller paychecks to its top executives, the company expects to reduce non-payroll costs by roughly US$25 million in 2016 – cuts expected to come from all areas of the business.

Despite these precautionary reductions in cash outflow, Hecla is confident its high-quality properties will continue to yield larger gold and silver reserves even as the company’s mines are expected to increase their outputs of these precious metals.

“The strength of our mineral resources, particularly at Greens Creek, and the historically high conversion rate at all the mines, give us confidence that we can continue to add reserves in the coming years,” Baker said.

For this reason, even at the bottom of a metals market cycle Hecla can celebrate 125 years of mining while focusing on reaching new heights in the future.

“This is our 125th anniversary but we are not looking backwards, we are looking forwards,” Baker said.

“We have mines that have demonstrated they can survive low prices, but we are adding production that’s going to allow us to take advantage of higher prices,” he added.