

Form 62-103F1

Required Disclosure under the Early Warning Requirements

Item 1 – Security and Reporting Issuer.

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Common shares (“**Common Shares**”) of Havilah Mining Corporation
Havilah Mining Corporation
82 Richmond Street East
Toronto, Ontario
M5C 1P1

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable. The transactions described in this Early Warning Report were effected pursuant to a statutory plan of arrangement under the provisions of the *Business Corporations Act* (British Columbia) (the “**Arrangement**”).

Item 2 – Identity of the Acquiror.

2.1 State the name and address of the acquiror.

Hecla Mining Company (“**Hecla**”)
6500 N. Mineral Drive, Suite 200
Couer d’Alene, Idaho
83815-9408

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On July 20, 2018, Hecla acquired 3,539,332 Common Shares under the terms of the Arrangement by cash subscription at a price of C\$2.61 per share for a gross purchase price of C\$9,242,800 (being the Canadian dollar equivalent of US\$7 million).

The Arrangement also involved the acquisition of all of the issued and outstanding common shares of Klondex Mines Ltd. by Hecla, the details of which are set out in a Form 62-013F1 filed by Hecla on July 23, 2018 regarding Klondex Mines Ltd.

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer.

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities.

Prior to the to the closing of the Arrangement, Hecla owned no Common Shares, and accordingly, the acquisition of 3,539,332 Common Shares pursuant to the Arrangement represents an increase in Hecla’s ownership from nil to 13.46% of the issued and outstanding Common Shares following completion of the Arrangement.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

See Item 3.1.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

See Item 3.1.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

- (a) the acquiror, either alone or together with any joint actors, has ownership and control,**

See Item 3.1.

- (b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and**

See Item 3.1.

- (c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

See Item 3.1.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

State if the securities lending arrangement is subject to the exception provided in section 5.7 of NI 62-104.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

See Item 2.2.

- 4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.**

See Item 2.2.

- 4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.**

See Item 2.2.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**

Hecla has acquired the Common Shares for investment purposes. It is the intention of Hecla to evaluate its investment in Havilah on a continuing basis and Hecla's holdings of Common Shares may be increased or decreased in the future, however Hecla has no current plans or future intentions to dispose of the Common Shares nor to acquire ownership of, or control over, additional Common Shares.

- (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**

Hecla has no current plans or future intentions regarding any such transaction;

- (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**

Hecla has no current plans or future intentions regarding any such transaction;

- (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**

Hecla has no current plans or future intentions in this regard;

- (e) a material change in the present capitalization or dividend policy of the reporting issuer;**

Hecla has no current plans or future intentions in this regard;

- (f) a material change in the reporting issuer's business or corporate structure;**

Hecla has no current plans or future intentions in this regard;

- (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company;**

Hecla has no current plans or future intentions in this regard;

- (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**

Hecla has no current plans or future intentions in this regard;

(i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;

Hecla has no current plans or future intentions in this regard;

(j) solicitation of proxies from securityholders;

Hecla has no current plans or future intentions in this regard;

(k) an action similar to any of those enumerated above.

Not applicable.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not Applicable.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not Applicable.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not Applicable.

Item 9 – Certification

The acquiror must certify that the information in this report is true and complete in every respect. In the case of an agent, the certification is based on the agent’s best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his or her authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

I certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

July 25, 2018

HECLA MINING COMPANY

By: (signed) “Dean W.A. McDonald”
Dean W.A. McDonald
Vice President